



**Q4 and FY 2021 Earnings**  
**February 15, 2022**

# Disclaimer

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This presentation contains “forward-looking” statements that are based on our management’s beliefs and assumptions and on information currently available to management. Forward-looking statements include all statements, other than statements of historical fact contained in this presentation, including but not limited to, information or predictions concerning our future financial performance, including our financial outlook for Q1 2022 and FY 2022 under the heading “Outlook,” expected auto financing volumes, projected growth and other strategies, business plans and objectives, potential market and growth opportunities, competitive position, technological or market trends and industry environment. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “could,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “intend,” “potential,” “would,” “continue,” “ongoing” or the negative of these terms or other comparable terminology. You should not put undue reliance on any forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved, if at all.

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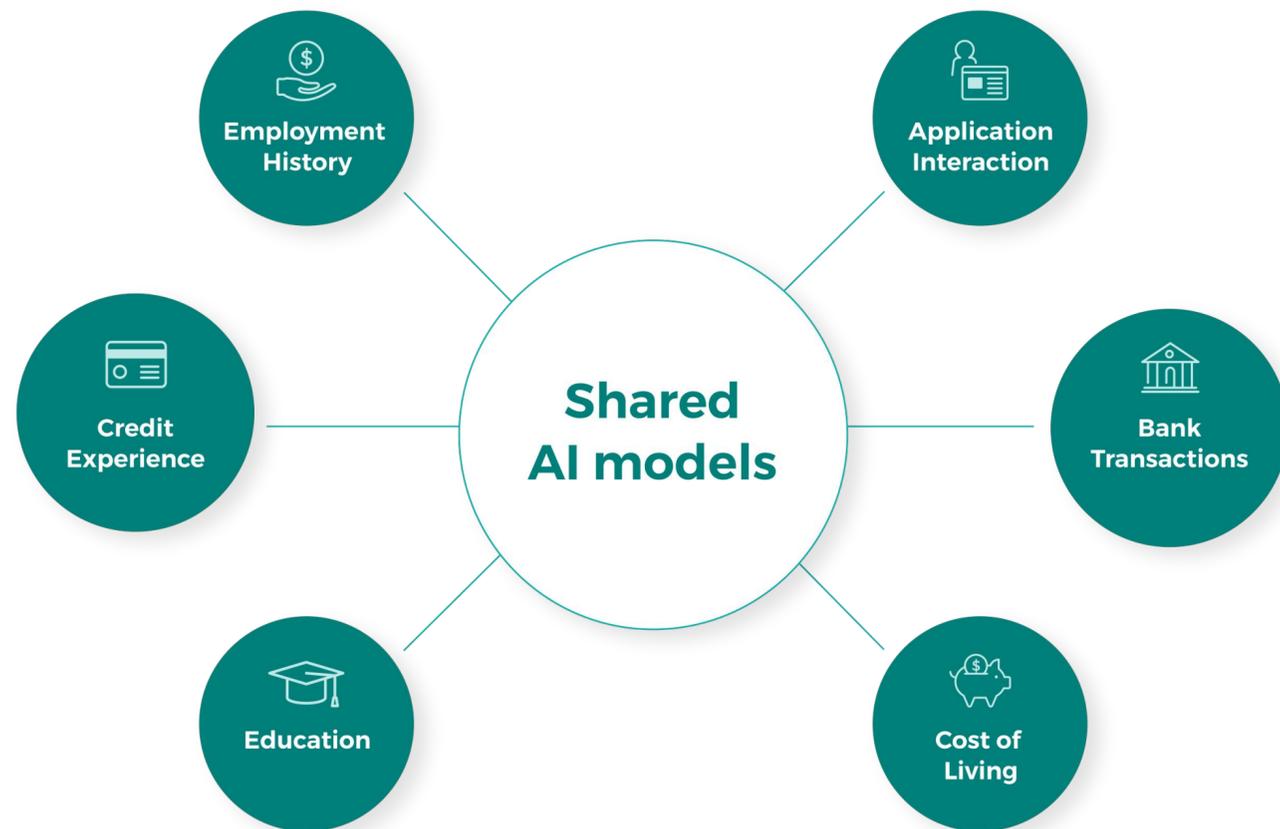
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This presentation includes non-GAAP financial measures, including contribution profit (loss), contribution margin, adjusted EBITDA, adjusted EBITDA margin, adjusted net income or loss, and adjusted net income or loss per share. These non-GAAP financial measures are in addition to, and not as a substitute for or superior to measures of financial performance prepared in accordance with GAAP. There are a number of limitations related to the use of these non-GAAP financial measures. For example, other companies may calculate similarly-titled non-GAAP financial measures differently. Refer to slides 22-24 for a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures.

**Enable effortless credit  
based on true risk**

# Upstart at a glance

Upstart is an AI lending platform partnering with banks to improve access to affordable credit



**A leading AI lending platform** with scale, rapid growth and profits

**Two-sided business** – connects consumers to AI-enabled bank partners

Growth driven by **continual improvement of AI models**

**70% of loans instantly approved** and fully automated<sup>1</sup>

**94% of revenue** – fees from banks or servicing with no credit exposure<sup>1</sup>

GAAP net income **profitable**<sup>2</sup>

• <sup>1</sup> In Q4 2021.  
• <sup>2</sup> GAAP net income profitable since FY 2020.

# Our value propositions to consumers and bank partners



## Consumers

Higher approval rates, lower APRs  
70% instantly approved - no document uploads, calls or waiting<sup>1</sup>  
More inclusive - improved credit access for all demographics tested



## Banks

Highly automated, all-digital experience  
Customizable to bank's credit policies and risk appetite  
More inclusive and profitable lending programs



***"[With Upstart], I was able to use a loan to wipe out the credit card debt and consolidate all of the payments into one. This one payment was less than all three minimum payments for each credit card,"***



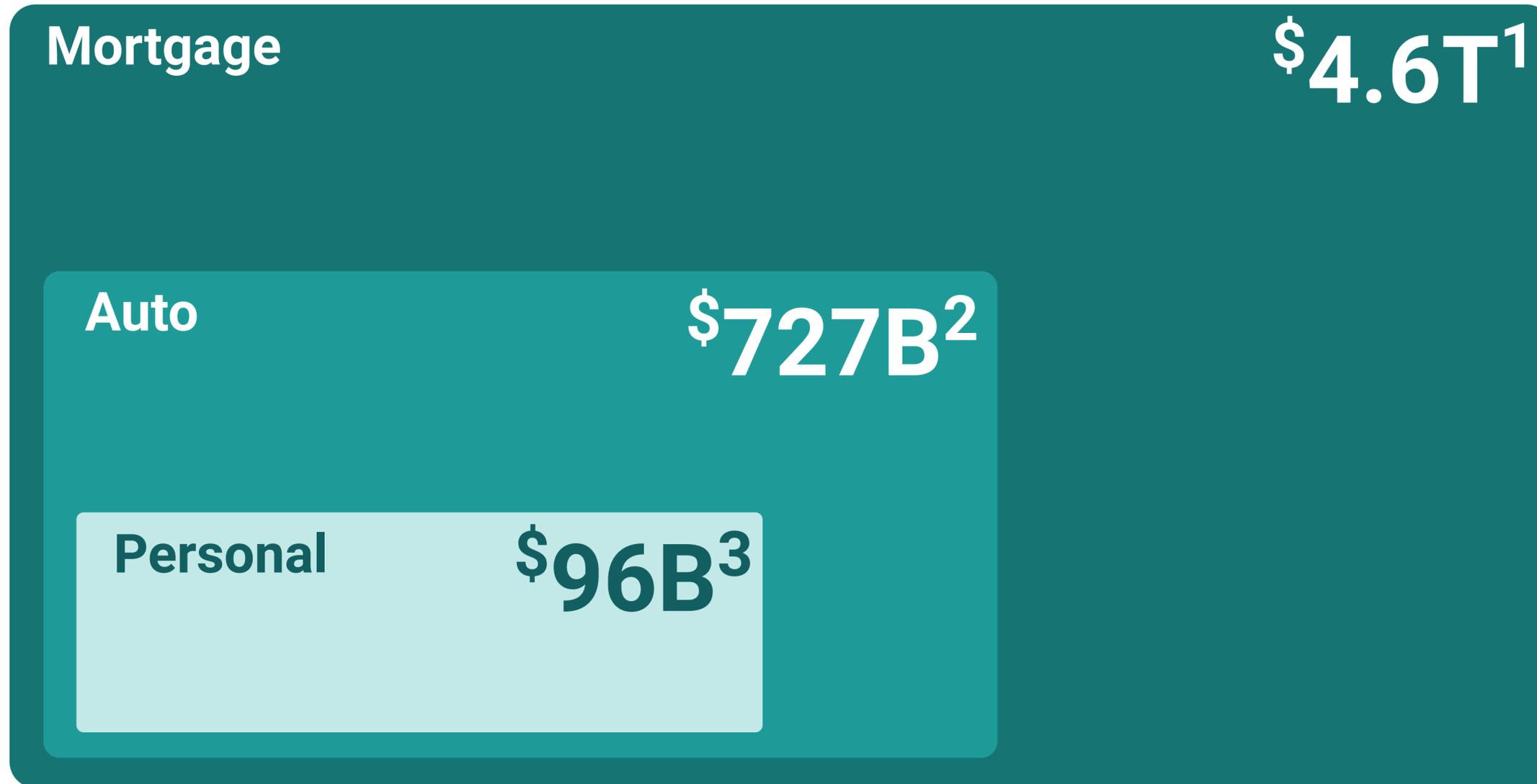
***— Julia***

<sup>1</sup> In Q4 2021

# \$6T annual loan origination TAM

## Consumer

## Business



<sup>1</sup> Total mortgage originations using data provided by TransUnion for Q3 2020 – Q2 2021

<sup>2</sup> Total auto loans using data provided by TransUnion for Q3 2020 – Q2 2021

<sup>3</sup> Total unsecured personal loans using data provided by TransUnion for Q3 2020 – Q2 2021

<sup>4</sup> Total small business loans using data provided by the Office of Advocacy U.S. Small Business Administration, September 2020, for 2019 fiscal year

# Q4'21 Key financial highlights



**Revenue:**  
\$305M, up 252% Y|Y



**Income from Operations:**  
\$60.4M, up 481% Y|Y



**Contribution Profit:**  
\$149M, up 261% Y|Y, and representing 52% of fee revenue

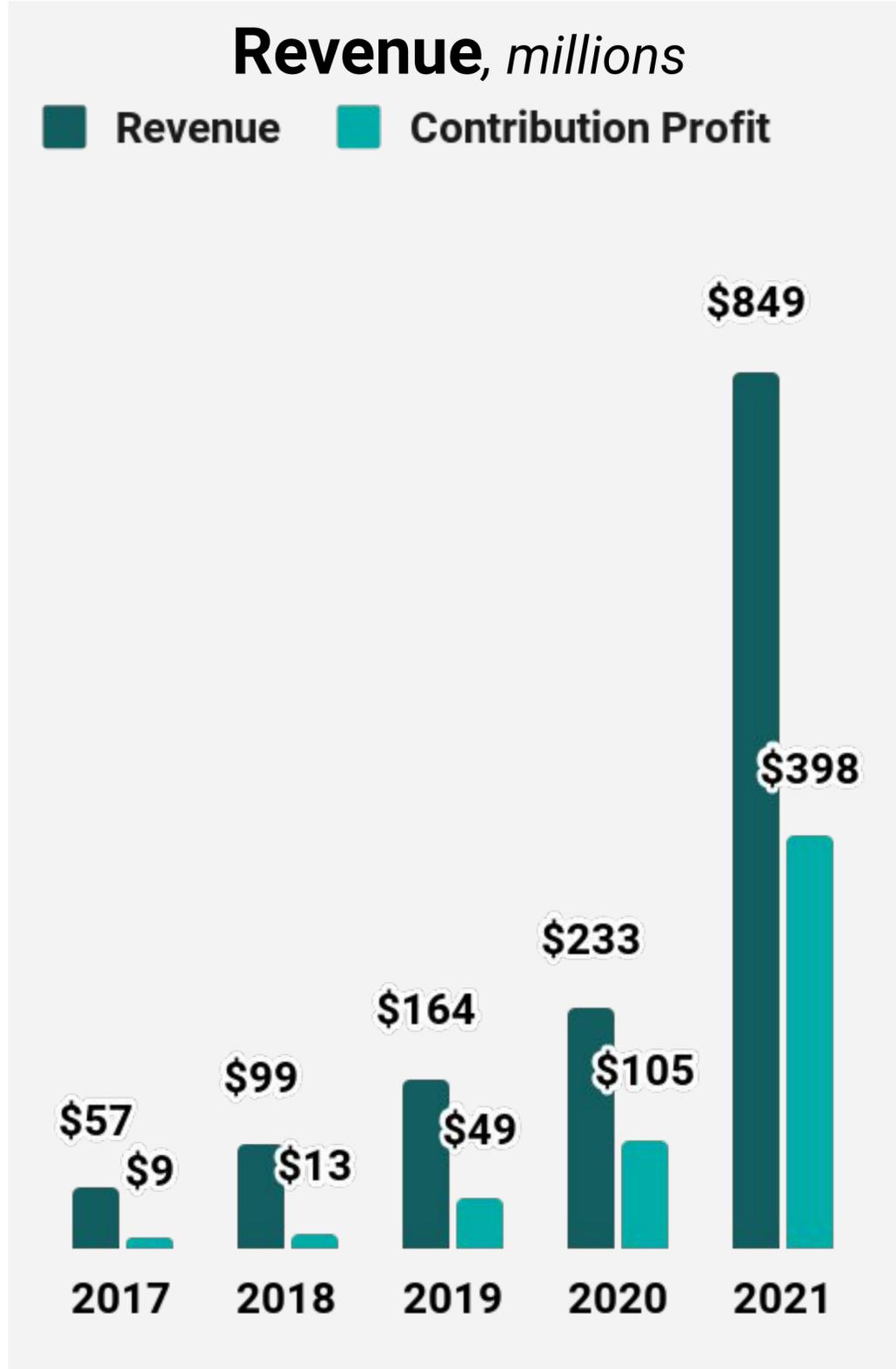


**Net Income:**  
\$58.9M, up 5,639% Y|Y



**Adjusted EBITDA:**  
\$91.0M, or 30% of revenue, up 1,197 bps Y|Y

# FY21 Key financial highlights



**Revenue:**  
\$849M, up 264% Y|Y



**Income from Operations:**  
\$141M, up 1,097% Y|Y



**Contribution Profit:**  
\$398M, up 279% Y|Y, and representing 50% of fee revenue



**Net Income:**  
\$135M, up 2,164% Y|Y



**Adjusted EBITDA:**  
\$232M, or 27% of revenue, up 1,396 bps Y|Y



# Auto opportunity update



**Expect \$1.5B in FY22**  
Auto financing volume



**Tripled dealership footprint Y|Y**  
and grew 41% Q|Q

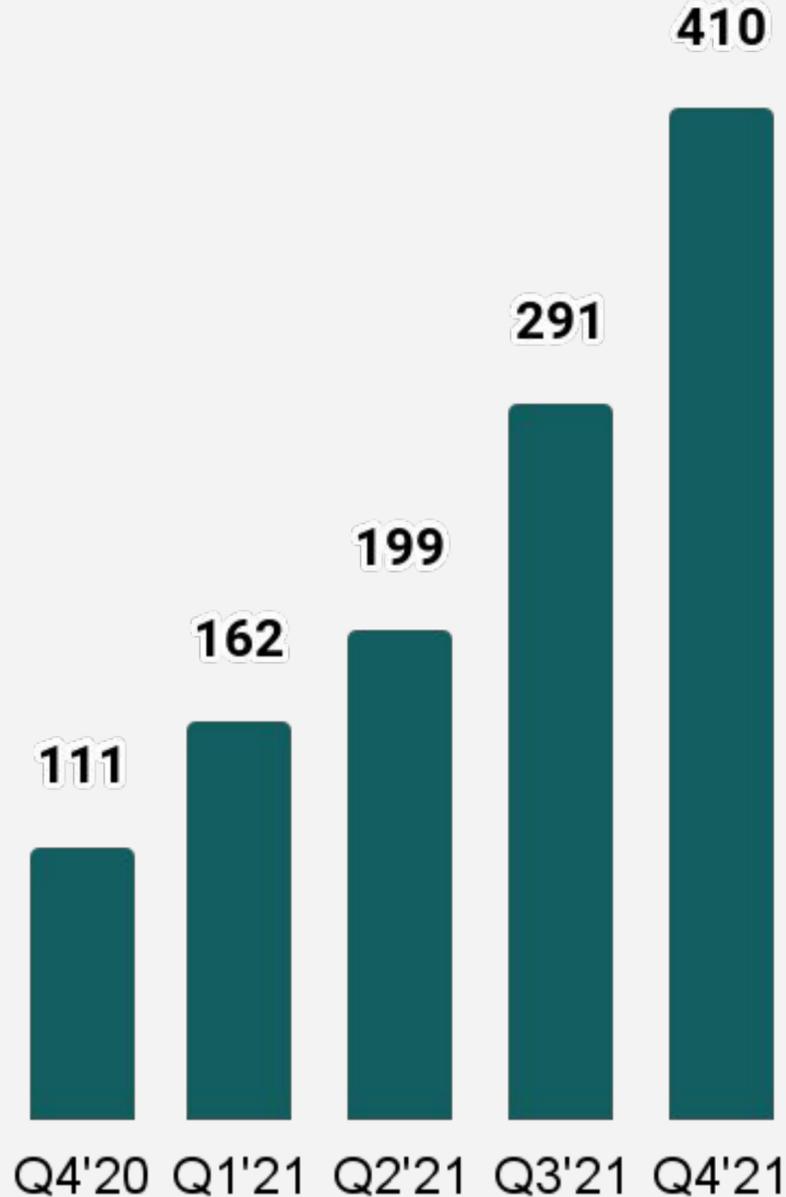


**Auto Refi funnel performance is now**  
**comparable to personal loan funnel circa 2019**



**10 Banks Partners**  
signed up for auto lending on our platform

## Dealer Rooftops



# Q4'21 summary P&L and non-GAAP metrics

(in millions, except ratios and per share data)

	Q4'21	Q3'21	Q Q	Q4'20	Y Y
<b>Revenue</b>	\$304.8	\$228.4	33%	\$86.7	252%
<b>Revenue from Fees</b>	\$287.4	\$210.4	37%	\$84.4	240%
<b>Income from Operations</b>	\$60.4	\$28.6	111%	\$10.4	481%
<b>Net Income</b>	\$58.9	\$29.1	102%	\$1.0	5,639%
<b>Adjusted Net Income</b>	\$87.0	\$57.4	51%	\$5.4	1,499%
<b>Earnings Per Share (Diluted)</b>	\$0.61	\$0.30	103%	-	n/a
<b>Adjusted Earnings Per Share (Diluted)</b>	\$0.89	\$0.60	48%	\$0.07	1,214%
<b>Contribution Profit</b>	\$149.5	\$95.9	56%	\$41.4	261%
<b>Contribution Margin</b>	52%	46%	6.4pts	49%	3.0pts
<b>Operating Expenses</b>	\$244.4	\$199.9	22%	\$76.3	220%
<b>Adjusted EBITDA</b>	\$91.0	\$59.1	54%	\$15.5	487%

# FY21 summary P&L and non-GAAP metrics

(in millions, except ratios and per share data)

	FY21	FY20	Y Y
<b>Revenue</b>	\$848.6	\$233.4	264%
<b>Revenue from Fees</b>	\$801.3	\$228.6	251%
<b>Income from Operations</b>	\$140.9	\$11.8	1,097%
<b>Net Income</b>	\$135.4	\$6.0	2,164%
<b>Adjusted Net Income</b>	\$224.1	\$17.5	1,181%
<b>Earnings Per Share (Diluted)</b>	\$1.43	-	n/a
<b>Adjusted Earnings Per Share (Diluted)</b>	\$2.37	\$0.23	929%
<b>Contribution Profit</b>	\$397.9	\$105.1	279%
<b>Contribution Margin</b>	50%	46%	3.7pts
<b>Operating Expenses</b>	\$707.7	\$221.7	219%
<b>Adjusted EBITDA</b>	\$231.9	\$31.5	640%

## Balance Sheet items and key operating metrics

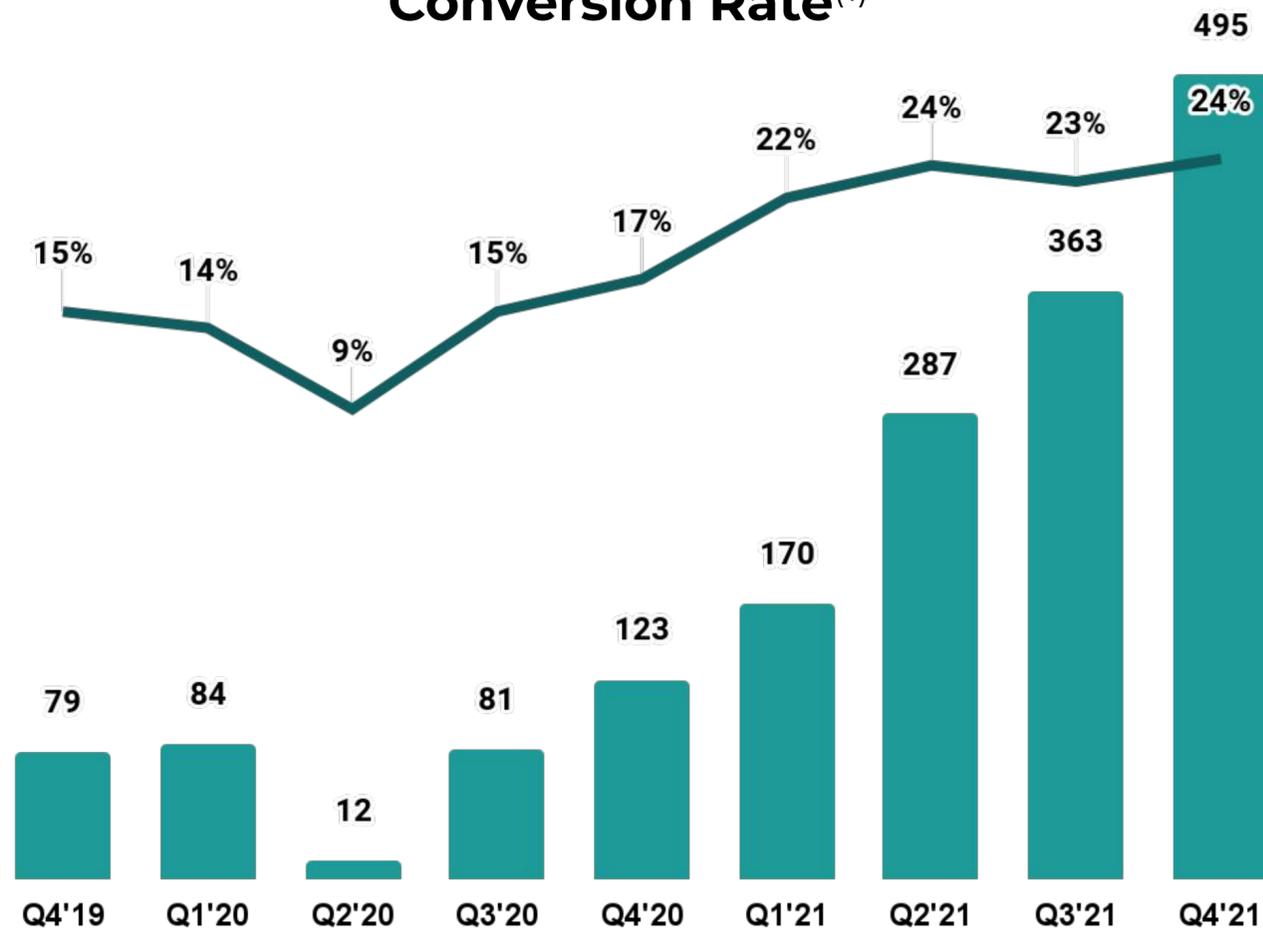
(in millions, except Transaction Volume (number of loans), % fully automated, ratios and conversion rate)

	Q4'21	Q3'21	Q4'20
<b>Cash and Restricted Cash</b>	\$1,191.2	\$1,171.8	\$311.3
<b>Loans, Notes, and Residuals</b>	\$260.8	\$140.1	\$97.5
<b>Total Assets</b>	\$1,820.5	\$1,606.1	\$477.3
<b>Total Liabilities</b>	\$1,013.4	\$887.0	\$177.0
<b>Transaction Volume, Number of Loans</b>	495,205	362,780	123,396
<b>Transaction Volume, Dollars</b>	\$4,098	\$3,130	\$1,249
<b>% Fully Automated</b>	70%	67%	71%
<b>Conversion Rate*</b>	24.4%	23.0%*	17.4%

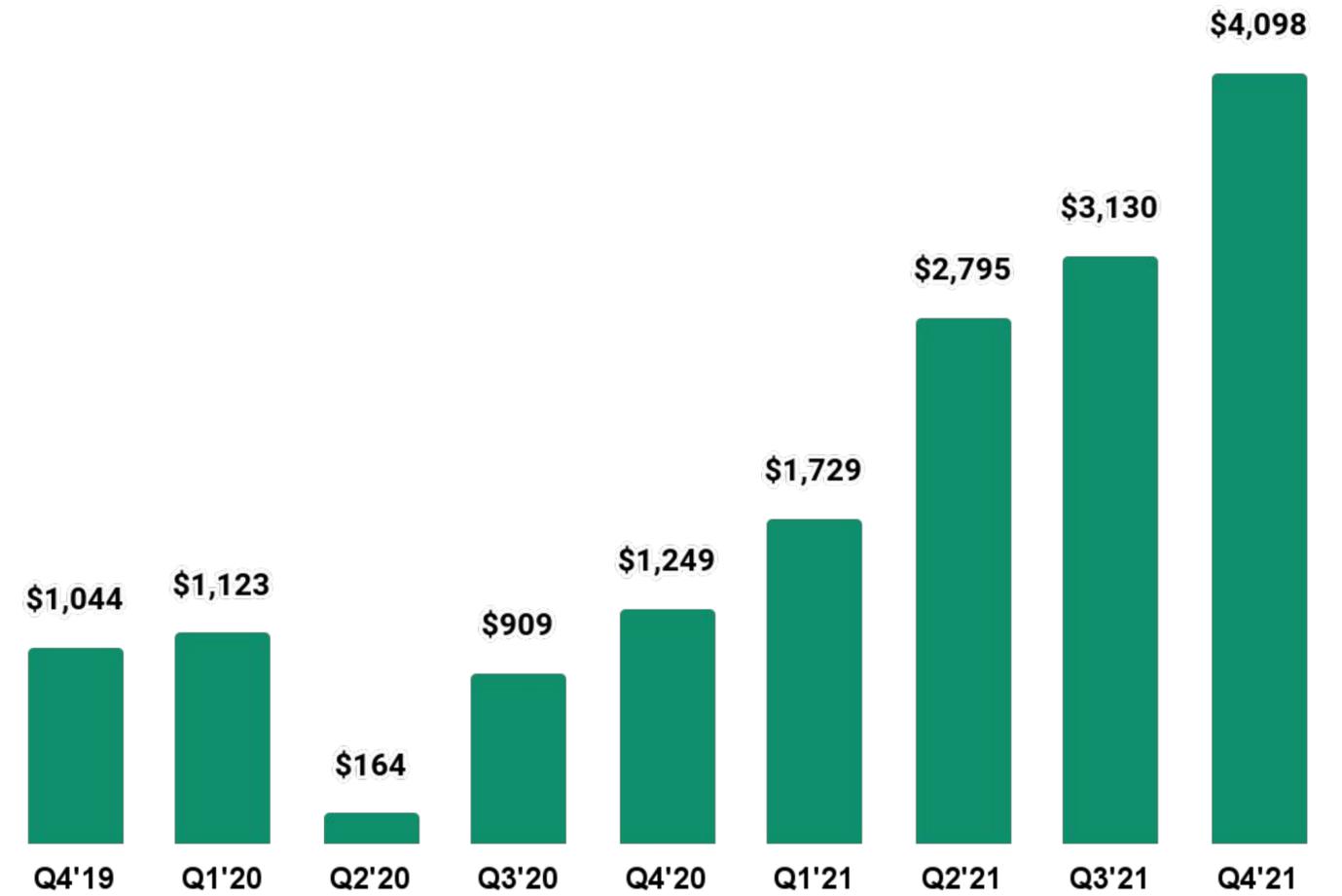
\*In the third quarter of 2021, we modified our calculation of Conversion Rate to remove what we believe to be fraudulent loan requests from the total number of rate inquiries received to better reflect actual borrower behavior.

# Key operating metrics

**Transaction Volume, Number of Loans (000s), Conversion Rate<sup>(1)</sup>**



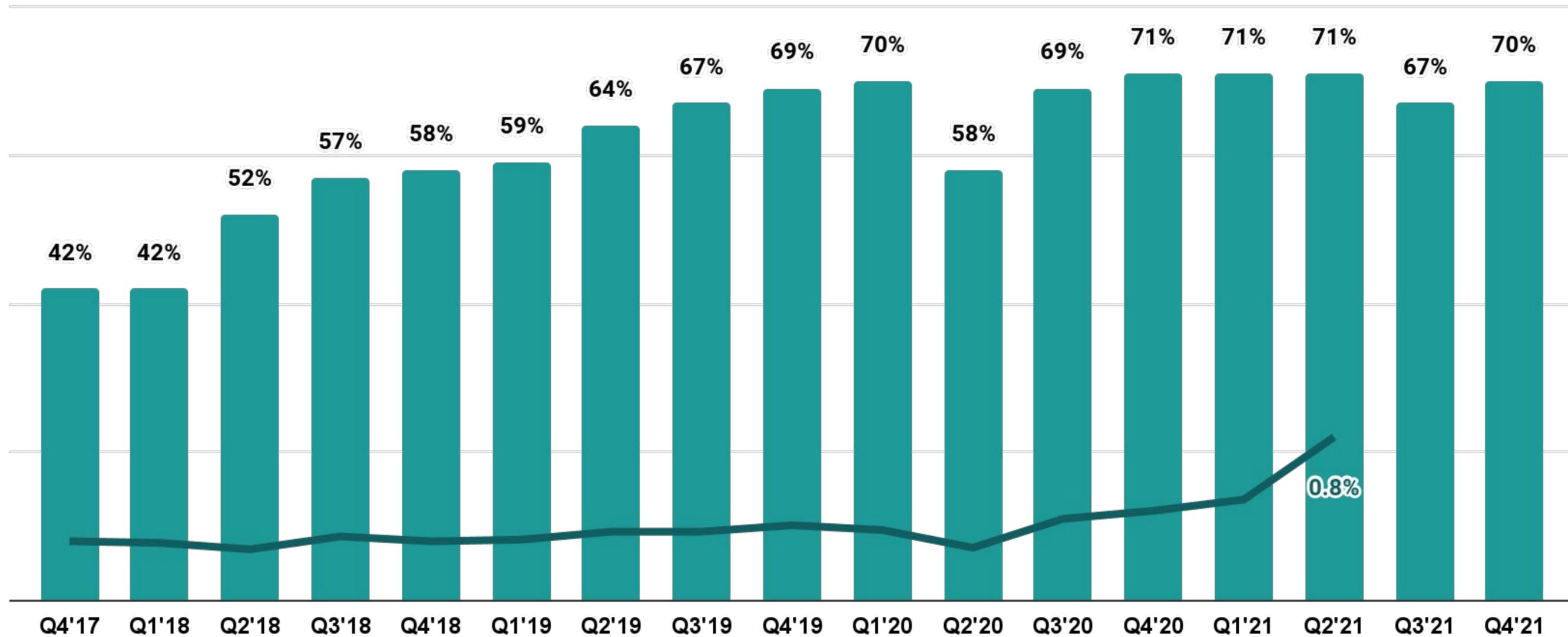
**Transaction Volume, Dollars (Millions)**



<sup>1</sup> In the third quarter of 2021, we modified our calculation of Conversion Rate to remove what we believe to be fraudulent loan requests from the total number of rate inquiries received to better reflect actual borrower behavior. Using the prior methodology for calculating Conversion Rate, which did not exclude estimated fraudulent loan requests, our Conversion Rates for the three months ended December 31, 2021 would have been 22.1%. The impact of this change in calculating our Conversion Rate for prior years is insignificant.

# Fully automated loans

70% of Upstart loans were fully automated and instantly approved in Q4'21 while fraud rates remained minimal

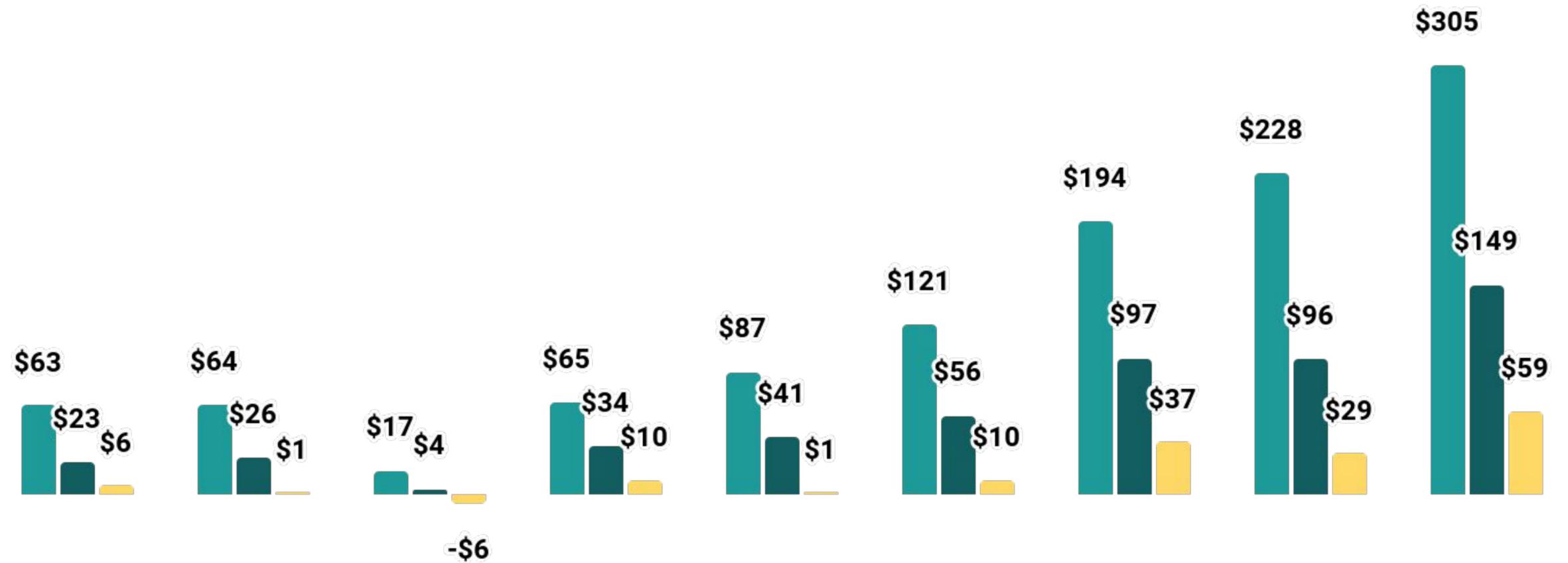


Note: Fraud rate represents recorded instances of ID theft and first payment charge offs as a percent of total funded loans. The tightening of verification procedures in response to COVID emergency in late March 2020 resulted in the Q2'20 fraud rate being lower than our historical average. Q3'21 and Q4'21 fraud data not yet available

# Continued profitable growth

## Q4'19 – Q4'21 Quarterly Financial Summary (\$ millions)

- GAAP Total Revenue
- Contribution Profit
- GAAP Net Income / (Loss)



Q4'19 Q1'20 Q2'20 Q3'20 Q4'20 Q1'21 Q2'21 Q3'21 Q4'21

% GAAP Total Revenue YoY Growth	162%	226%	(47%)	32%	39%	90%	1,018%	250%	252%
% Contribution Margin	38%	38%	32%	54%	49%	48%	52%	46%	52%
% GAAP Net Income Margin	10%	2%	(36%)	15%	1%	8%	19%	13%	19%

Note: Contribution margin calculated by dividing Contribution Profit by revenue from fees. GAAP net income margin calculated as a percent of GAAP total revenue. We define Contribution Profit as our revenue from fees, net, less certain costs that we consider to be variable and closely correlated to our fee revenue. See slides 22-24 for a reconciliation of Contribution Profit to the most directly comparable financial measure stated in accordance with GAAP.

# Outlook

	Q1'22	FY22
<b>Revenue</b>	\$295 to \$305 million	approximately \$1.4 billion
<b>Contribution Margin</b>	approximately 46%	approximately 45%
<b>Net Income</b>	\$18 to 22 million	
<b>Non-GAAP Adjusted Net Income</b>	\$50 to \$52 million	
<b>Adjusted EBITDA</b>	\$56 to \$58 million	approximately 17%
<b>Diluted weighted average share count</b>	approximately 95.9 million shares	
<b>Auto Transaction Volume</b>		approximately \$1.5 billion



# Financial Statements

*(in thousands, except share and per share data)*

	December 31, 2020	December 31, 2021
<b>Assets</b>		
Cash	\$ 250,819	\$ 986,608
Restricted cash	60,514	204,633
Loans (at fair value)	78,460	252,477
Notes receivable and residual certificates (at fair value)	19,074	8,288
Property, equipment, and software, net	10,032	24,259
Operating lease right of use assets	18,310	96,118
Non-marketable equity security	—	40,000
Goodwill	—	67,062
Intangible assets, net	—	19,906
Other assets (includes \$6,831 and \$18,388 at fair value as of December 31, 2020 and December 31, 2021, respectively)	40,046	121,104
Total assets	\$ 477,255	\$ 1,820,455
<b>Liabilities and Stockholders' Equity</b>		
Liabilities:		
Accounts payable	\$ 13,775	\$ 6,563
Payable to investors	45,501	107,598
Borrowings	62,626	695,432
Accrued expenses and other liabilities (includes \$9,530 and \$13,095 at fair value as of December 31, 2020 and December 31, 2021, respectively)	35,669	103,418
Operating lease liabilities	19,432	100,366
Total liabilities	177,003	1,013,377
Stockholders' equity:		
Common stock, \$0.0001 par value; 700,000,000 shares authorized; 73,314,026 and 83,659,665, shares issued and outstanding as of December 31, 2020 and December 31, 2021, respectively	7	8
Additional paid-in capital	369,467	740,849
Retained earnings (accumulated deficit)	(69,222)	66,221
Total stockholders' equity	300,252	807,078
Total liabilities and stockholders' equity	\$ 477,255	\$ 1,820,455

# Financial Statements

*(in thousands, except share and per share data)*

	Three Months Ended December 31,		Year Ended December 31,	
	2020	2021	2020	2021
Revenue:				
Revenue from fees, net	\$ 84,421	\$ 287,387	\$ 228,600	\$ 801,275
Interest income and fair value adjustments, net <sup>(a)</sup>	2,289	17,461	4,816	47,314
Total revenue	86,710	304,848	233,416	848,589
Operating expenses:				
Sales and marketing	34,546	114,815	99,659	333,453
Customer operations	12,789	41,049	37,581	117,579
Engineering and product development	14,151	46,495	38,802	133,999
General, administrative, and other	14,831	42,075	45,609	122,677
Total operating expenses	76,317	244,434	221,651	707,708
Income from operations	10,393	60,414	11,765	140,881
Other income (expense)	52	22	5,549	(5,174)
Expense on warrants and convertible notes, net	(9,047)	(1,169)	(11,364)	(1,976)
Net income before income taxes	1,398	59,267	5,950	133,731
Provision (benefit) for income taxes	371	323	371	(1,712)
Net income before attribution to noncontrolling interests	1,027	58,944	5,579	135,443
Net loss attributable to noncontrolling interests	—	—	(404)	—
Net income attributable to Upstart Holdings, Inc. common stockholders	\$ 1,027	\$ 58,944	\$ 5,983	\$ 135,443
Net income per share attributable to Upstart Holdings, Inc. common stockholders, basic	\$ —	\$ 0.71	\$ —	\$ 1.73
Net income per share attributable to Upstart Holdings, Inc. common stockholders, diluted	\$ —	\$ 0.61	\$ —	\$ 1.43
Weighted-average number of shares outstanding used in computing net income per share attributable to Upstart Holdings, Inc. common stockholders, basic	26,001,856	82,616,735	17,513,670	78,106,359
Weighted-average number of shares outstanding used in computing net income per share attributable to Upstart Holdings, Inc. common stockholders, diluted	26,001,856	98,804,259	17,513,670	94,772,641

(a) Includes \$1,014 from related parties expense and \$4,238 of related parties fair value adjustments for the year ended December 31, 2020.

# Financial Statements

*(in thousands, except share and per share data)*

	Year Ended December 31,	
	2020	2021
<b>Cash flows from operating activities</b>		
Net income before attribution to noncontrolling interests	\$ 5,579	\$ 135,443
Adjustments to reconcile net income to net cash provided by operating activities:		
Change in fair value of financial instruments <sup>(a)</sup>	29,049	(228)
Stock-based compensation	11,513	73,186
Gain on loan servicing arrangements and sale of noncontrolling interests, net	(1,530)	(6,916)
Depreciation and amortization	2,278	7,541
Incentive share expense	787	—
Non-cash interest expense	73	1,983
Net changes in operating assets and liabilities:		
Purchase of loans for immediate resale	(2,540,948)	(8,713,476)
Proceeds from immediate resale of loans	2,540,948	8,713,476
Purchase of loans held-for-sale	(116,127)	(219,128)
Principal payments received for loans held-for-sale	18,218	8,659
Net proceeds from sale of loans held-for-sale	47,604	112,569
Other assets	(13,186)	(62,042)
Operating lease liability and right-of-use asset	251	3,126
Accounts payable	7,033	(7,513)
Payable to investors	19,446	62,097
Accrued expenses and other liabilities	4,709	59,576
Net cash provided by operating activities	15,697	168,353

<sup>(a)</sup> Includes \$(4,238) from related parties for the years ended December 31, 2020.

# Financial Statements

*(in thousands, except share and per share data)*

	Year Ended December 31,	
	2020	2021
<b>Cash flows from investing activities</b>		
Principal payments received for loans held by consolidated securitizations	24,018	—
Net proceeds from sale of loans held-for-investment	97,340	51,403
Principal payments received for loans held-for-investment	15,758	24,532
Principal payments received for notes receivable and repayments of residual certificates	14,665	11,458
Purchase of loans held-for-investment	(9,655)	(159,398)
Purchase of non-marketable equity security	—	(40,000)
Purchase of notes receivable and residual certificates	(4)	—
Purchase of property and equipment	(1,355)	(8,427)
Capitalized software costs	(4,250)	(6,688)
Acquisition, net of cash acquired	—	(16,757)
Net cash (used in) provided by investing activities	136,517	(143,877)

# Financial Statements

*(in thousands, except share and per share data)*

	Year Ended December 31,	
	2020	2021
<b>Cash flows from financing activities</b>		
Proceeds from initial public offering, net of underwriting discounts and offering costs	159,488	—
Proceeds from secondary offering, net of underwriting discounts, commissions, and offering costs	—	263,931
Proceeds from borrowings	92,057	718,422
Payment of debt issuance costs	—	(15,727)
Purchase of capped calls	—	(58,523)
Taxes paid related to net share settlement of equity awards	—	(236)
Payments made on securitization notes and certificates <sup>(b)</sup>	(26,126)	—
Repayments of borrowings	(148,113)	(71,316)
Distributions made to noncontrolling interests	(622)	—
Proceeds from exercise of convertible preferred stock warrants	6	—
Proceeds from issuance of common stock under employee stock purchase plan	—	4,145
Proceeds from exercise of stock options	2,362	14,736
Net cash provided by financing activities	79,052	855,432
<b>Net increase in cash and restricted cash</b>	231,266	879,908
Cash and restricted cash at beginning of year	80,067	311,333
<b>Cash and restricted cash at end of year</b>	<b>\$ 311,333</b>	<b>\$ 1,191,241</b>

<sup>(b)</sup> Includes \$1,034 paid to related parties for the years ended December 31, 2020.

# Reconciliation of non-GAAP financial measures

(in thousands, except ratios)

	Three Months Ended December 31,		Year Ended December 31,	
	2020	2021	2020	2021
Revenue from fees, net	\$ 84,421	\$ 287,387	\$ 228,600	\$ 801,275
Income from operations	10,393	60,414	11,765	140,881
<i>Operating Margin</i>	12 %	21 %	5 %	18 %
Sales and marketing, net of borrower acquisition costs <sup>(1)</sup>	\$ 2,308	\$ 11,364	\$ 7,959	\$ 25,840
Customer operations, net of borrower verification and servicing costs <sup>(2)</sup>	1,996	6,596	5,769	21,797
Engineering and product development	14,151	46,495	38,802	133,999
General, administrative, and other	14,831	42,075	45,609	122,677
Interest income and fair value adjustments, net	(2,289)	(17,461)	(4,816)	(47,314)
<b>Contribution Profit</b>	<b>\$ 41,390</b>	<b>\$ 149,483</b>	<b>\$ 105,088</b>	<b>\$ 397,880</b>
<i>Contribution Margin</i>	49 %	52 %	46 %	50 %

(1) Borrower acquisition costs were \$32.2 million and \$103.5 million for the three months ended December 31, 2020 and 2021, respectively, and were \$91.7 million and \$307.6 million for the year ended December 31, 2020 and 2021, respectively. Borrower acquisition costs consist of our sales and marketing expenses adjusted to exclude costs not directly attributable to attracting a new borrower, such as payroll-related expenses for our business development and marketing teams, as well as other operational, brand awareness and marketing activities.

(2) Borrower verification and servicing costs were \$10.8 million and \$34.5 million for the three months ended December 31, 2020 and 2021, respectively, and were \$31.8 million and \$95.8 million for the year ended December 31, 2020 and 2021, respectively. Borrower verification and servicing costs consist of payroll and other personnel-related expenses for personnel engaged in loan onboarding, verification and servicing, as well as servicing system costs. It excludes payroll and personnel-related expenses and stock-based compensation for certain members of our customer operations team whose work is not directly attributable to onboarding and servicing loans.

# Reconciliation of non-GAAP financial measures

(in thousands, except ratios)

	Three Months Ended December 31,		Year Ended December 31,	
	2020	2021	2020	2021
Total revenue	\$ 86,710	\$ 304,848	\$ 233,416	\$ 848,589
Net income attributable to Upstart Holdings, Inc. common stockholders	1,027	58,944	5,983	135,443
<i>Net Income Margin</i>	1 %	19 %	3 %	16 %
Adjusted to exclude the following:				
Stock-based compensation and certain payroll tax expenses <sup>(1)</sup>	\$ 4,411	\$ 28,013	\$ 11,513	\$ 87,461
Depreciation and amortization	647	2,557	2,278	7,541
Expense on warrants and convertible notes, net <sup>(2)</sup>	9,047	1,169	11,364	1,976
Provision for income taxes	371	323	371	(1,712)
Acquisition-related costs	—	—	—	1,237
Adjusted EBITDA	\$ 15,503	\$ 91,006	\$ 31,509	\$ 231,946
<i>Adjusted EBITDA Margin</i>	18 %	30 %	13 %	27 %

(1) In 2021, we began excluding the amount of employer payroll tax-related expense on employee stock transactions, as the amount is dependent on our stock price and other factors that are beyond our control and do not correlate to the operation of our business.

(2) Consists of fair value adjustments to our warrant liability for the three months ended December 31, 2020 and year ended December 31, 2020 and interest expense for all periods presented.

# Reconciliation of non-GAAP financial measures

(in thousands, except ratios, and per share data)

	Three Months Ended December 31,		Year Ended December 31,	
	2020	2021	2020	2021
Net income attributable to Upstart Holdings, Inc. common stockholders	\$ 1,027	\$ 58,944	\$ 5,983	\$ 135,443
Adjusted to exclude the following:				
Stock-based compensation and certain payroll tax expenses <sup>(1)</sup>	4,411	28,013	11,513	87,461
Acquisition-related costs	—	—	—	1,237
Adjusted Net Income	\$ 5,438	\$ 86,957	\$ 17,496	\$ 224,141
Net income per share:				
Basic	\$ —	\$ 0.71	\$ —	\$ 1.73
Diluted	\$ —	\$ 0.61	\$ —	\$ 1.43
Adjusted Net Income per Share:				
Basic	\$ 0.21	\$ 1.05	\$ 1.00	\$ 2.87
Diluted	\$ 0.07	\$ 0.89	\$ 0.23	\$ 2.37
Weighted-average common shares outstanding:				
Basic	26,001,856	82,616,735	17,513,670	78,106,359
Diluted	80,275,422	98,804,259	76,098,275	94,772,641

(1) In 2021, we began excluding the amount of employer payroll tax-related expense on employee stock transactions, as the amount is dependent on our stock price and other factors that are beyond our control and do not correlate to the operation of our business



# Key Operating Metrics

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## Key Operating Metrics

We review a number of operating metrics, including number of loans transacted and conversion rate, to evaluate our business, measure our performance, identify trends affecting our business, formulate business plans, and make strategic decisions.

We define Transaction Volume, Dollars as the total principal of loans transacted on our platform between a borrower and the originating bank during the period presented. We define Transaction Volume, Number of Loans as the number of loans facilitated on our platform between a borrower and the originating bank during the period presented. We believe these metrics are good proxies for our overall scale and reach as a platform

We define Conversion Rate as the number of loans transacted in a period divided by the number of rate inquiries received that we estimate to be legitimate, which we record when a borrower requests a loan offer on our platform. We track this metric to understand the impact of improvements to the efficiency of our borrower funnel on our overall growth. Until June 30, 2021, Conversion Rate considered all rate inquiries received on our platform. In the third quarter of 2021, we experienced a large and coordinated fraud attack. While we were able to address this incident without significant losses, our borrower funnel conversion metrics were distorted by the volume of unsuccessful attempts to access loans. As a result, we modified our calculation of Conversion Rate to remove what we believe to be fraudulent loan requests from the total number of rate inquiries received to better reflect actual borrower behavior. For the three months ended September 30, 2021, our Conversion Rate was 22.5%. Using the prior methodology for calculating Conversion Rate, which did not exclude estimated fraudulent loan requests, our Conversion Rate for the three months ended September 30, 2021 would have been 13.5%. The impact of this change in calculating our Conversion Rate for prior periods is immaterial.

We define Percentage of Loans Fully Automated as the total number of loans in a given period originated end-to-end (from initial rate request to final funding) with no human involvement divided by Transaction Volume, Number of Loans in the same period.

# Non-GAAP Financial Metrics

## About Non-GAAP Financial Measures

In addition to our results determined in accordance with generally accepted accounting principles in the United States (“GAAP”), we believe the non-GAAP measures of contribution profit (loss), contribution margin, adjusted EBITDA, adjusted EBITDA margin, adjusted net income or loss, and adjusted net income or loss per share are useful in evaluating our operating performance. Certain of these non-GAAP measures exclude stock-based compensation, warrant expenses, depreciation, amortization, and other non-operating expenses. We exclude stock-based compensation and income and expense on warrants and other non-operating expenses because they are non-cash in nature and exclude in order to facilitate comparisons to other companies’ results.

We believe non-GAAP information is useful in evaluating the operating results, ongoing operations, and for internal planning and forecasting purposes. We also believe that non-GAAP financial measures provide consistency and comparability with past financial performance and assist investors with comparing Upstart to other companies some of which use similar non-GAAP financial measures to supplement their GAAP results. We believe non-GAAP financial measures are presented for supplemental informational purposes only and should not be considered a substitute for financial information presented in accordance with GAAP and may be different from similarly titled non-GAAP financial measures used by other companies.

Key limitations of our non-GAAP financial measures include:

- Contribution Profit is not a GAAP financial measure of, nor does it imply, profitability. Even if our revenue exceeds variable expenses over time, we may not be able to achieve or maintain profitability, and the relationship of revenue to variable expenses is not necessarily indicative of future performance;
- Contribution Profit does not reflect all of our variable expenses and involves some judgment and discretion around what costs vary directly with loan volume. Other companies that present contribution profit calculate it differently and, therefore, similarly titled measures presented by other companies may not be directly comparable to ours;
- Although depreciation expense is a non-cash charge, the assets being depreciated may have to be replaced in the future, and Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- Adjusted EBITDA excludes stock-based compensation expense and certain employer payroll taxes on employee stock transactions. Stock-based compensation expense has been, and will continue to be for the foreseeable future, a significant recurring expense for our business and an important part of our compensation strategy. The amount of employer payroll tax-related expense on employee stock transactions is dependent on our stock price and other factors that are beyond our control and which not correlate to the operation of the business;
- Adjusted EBITDA does not reflect: (1) changes in, or cash requirements for, our working capital needs; (2) interest expense, or the cash requirements necessary to service interest or principal payments on our debt, which reduces cash available to us; or (3) tax payments that may represent a reduction in cash available to us;
- The expenses and other items that we exclude in our calculation of Adjusted EBITDA may differ from the expenses and other items, if any, that other companies may exclude from Adjusted EBITDA when they report their operating results.

Reconciliation tables of the most comparable GAAP financial measures to the non-GAAP financial measures are used in this presentation.

**Thank you**