



Q4 and FY 2020 Earnings
March 17, 2021

Disclaimer

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 2021 and fiscal 2021 under the heading “Outlook,” performance of recent acquisition of Prodigy, expected closing of the Prodigy acquisition, impact and continued effects of the COVID-19 pandemic, 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.

Forward-looking statements are based on information available at the time those statements are made or management’s good faith beliefs and assumptions as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in, or suggested by, the forward-looking statements. In light of these risks and uncertainties, the events and circumstances contemplated by the forward-looking statements made in this presentation may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements. These risks and uncertainties are described in greater detail under the heading “Risk Factors” in our prospectus that we filed with the Securities and Exchange Commission (the “SEC”) on December 16, 2020, and include, but are not limited to, our ability to sustain our growth rates; the effectiveness of our credit decisioning models and risk management efforts; overall economic conditions; disruptions in the credit markets; our ability to retain existing, and attract new, bank partners and lenders; and our ability to operate successfully in a highly-regulated industry. Moreover, we operate in very competitive and rapidly changing environments, and new risks may emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. Additional information will be available in other future reports that we file with the SEC from time to time, which could cause actual results to vary from expectations. Except as required by law, Upstart does not undertake any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

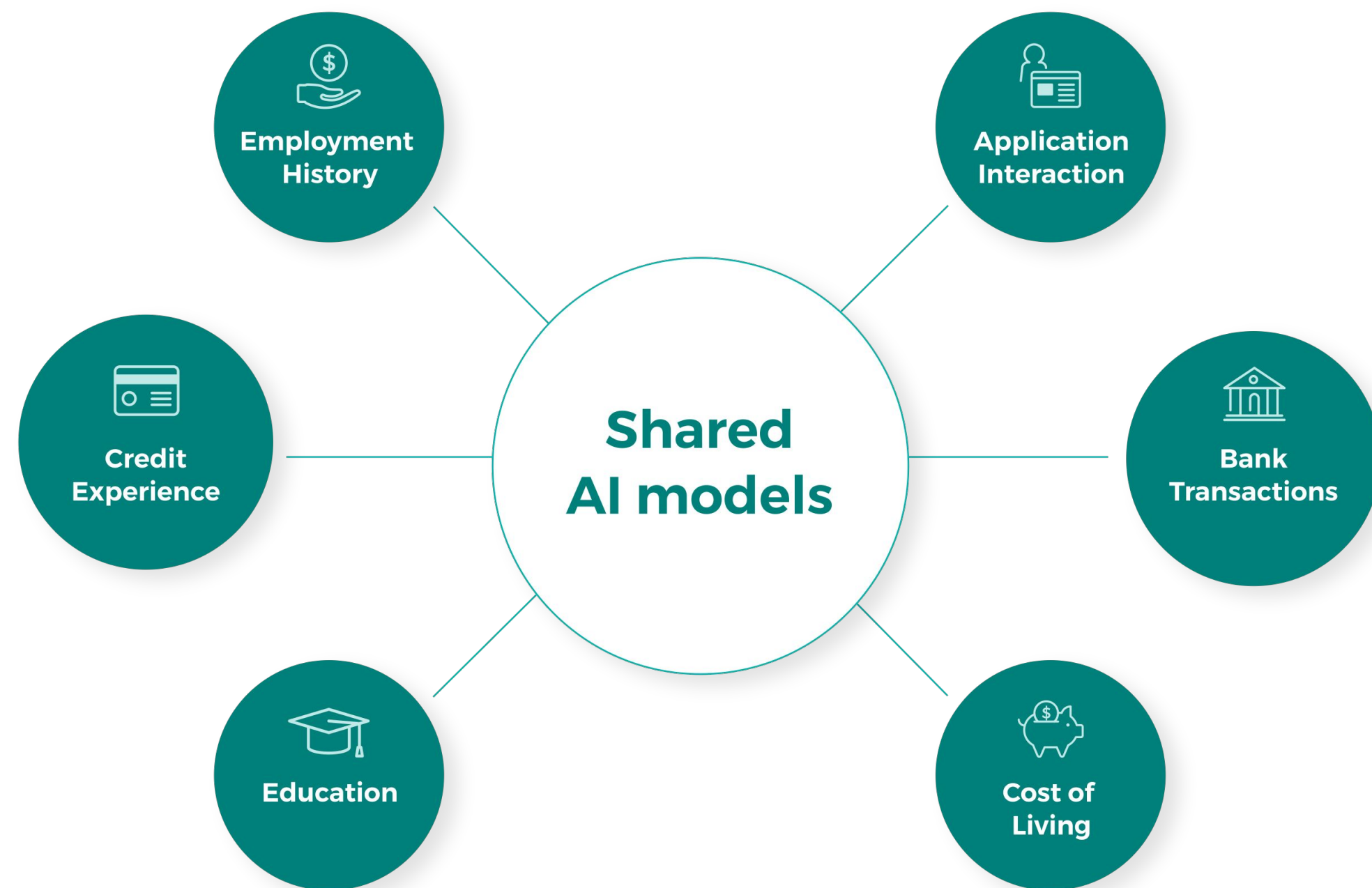
This presentation contains statistical data, estimates and forecasts that are based on independent industry publications or other publicly available information, as well as other information based on our internal sources. This information involves many assumptions and limitations, and you are cautioned not to give undue weight to these estimates. We have not independently verified the accuracy or completeness of the data contained in these industry publications and other publicly available information. Accordingly, we make no representations as to the accuracy or completeness of that data nor do we undertake to update such data after the date of this presentation.

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 18-20 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**

71% of loans instantly approved and fully automated¹

97% of revenue – fees from banks or servicing with no credit exposure¹

GAAP net income **profitable**²

¹ In Q4 2020.

² GAAP net income profitable for FY 2020.

Our value propositions to consumers and bank partners



Consumers

Higher approval rates, lower APRs
71% instantly approved - no document uploads, calls or waiting¹
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



Upstart was fantastic. Their process was quick, easy to understand and super efficient. I had my money in the bank in less than 24 hours and I've paid off all of my credit cards already at a much, much lower interest rate.



— **Deb C. | Jan 2020**



TrustScore 4.9 | 5,593 reviews

¹ In Q4 2020.

Upstart to acquire Prodigy Software



Auto Loan Originations

\$626B¹

Upstart **\$92B²**

**Unsecured Personal
Loan Opportunity**

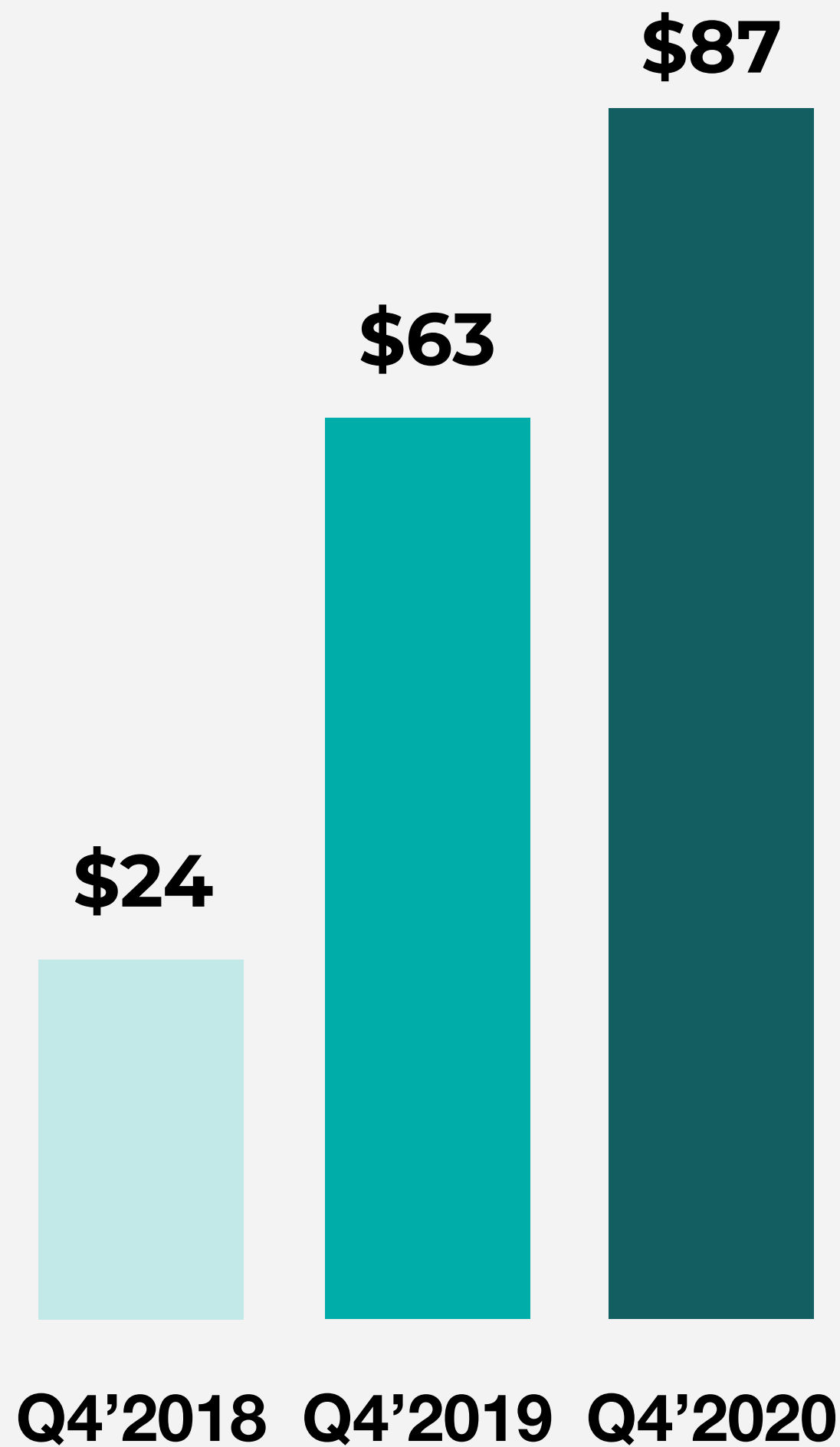
- Prodigy is one of the first end-to-end sales software companies to bridge the gap between how dealerships operate and the new way that people are shopping for cars.
- More than \$2 billion in vehicle sales have been powered by Prodigy at franchised dealers from top brands like Toyota, Honda, and Ford.
- “Auto retail is among the largest buy-now-pay-later opportunities, and together with Prodigy, we aim to help dealers create a seamless and inclusive experience worthy of 2021.”
– *Dave Girouard, CEO Upstart*
- The transaction is expected to close in the second quarter of calendar year 2021.

¹ Total auto loans using data provided by TransUnion for Q4 2019 – Q3 2020.

² Total unsecured personal loans using data provided by TransUnion for Q4 2019 – Q3 2020.

Q4'20 Key financial highlights

Revenue, *millions*



Revenue:
\$86.7M, up 39% Y|Y



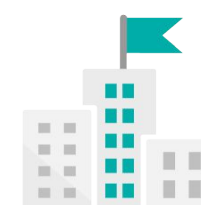
Income from Operations:
\$11.8M



Contribution Profit:
\$41.4M, up 77% Y|Y, and representing 49% of fee revenue

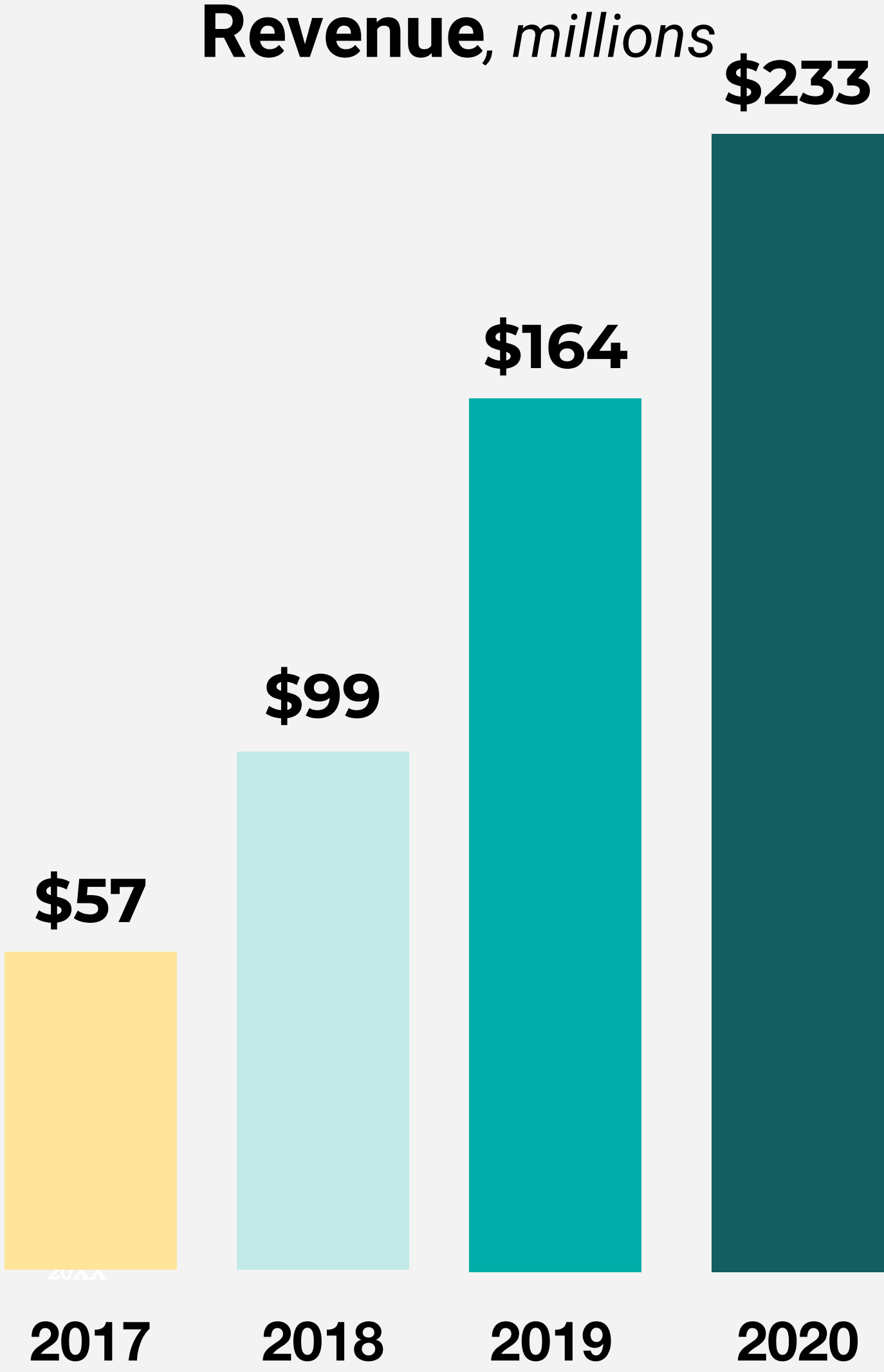


Net Income:
\$1.0M



Adjusted EBITDA:
\$15.5M, or 18% of revenue, up 470 bps Y|Y

FY20 Key financial highlights



Revenue:
\$233M, up 42% Y|Y



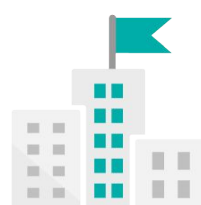
Income from Operations:
\$10.4M



Contribution Profit:
\$105M, up 115% Y|Y, and representing 46% of fee revenue



Net Income:
\$6.0M



Adjusted EBITDA:
\$31.5M, or 13% of revenue, up 1,010 bps Y|Y

FY20 summary P&L and non-GAAP metrics

(in millions, except ratios and per share data)

	FY20	FY19	Y Y
Revenue	\$233	\$164	42%
Revenue from Fees	\$228	\$160	43%
Income from Operations	\$11.8	(\$4.6)	n/a
Net Income (loss)	\$6.0	(\$0.5)	n/a
Adjusted Net Income	\$17.5	\$3.3	430%
Net Income (Loss) Per Share (Diluted)	\$0.00	(\$0.03)	n/a
Adjusted Net Income Per Share (Diluted)	\$0.23	\$0.05	360%
Contribution Profit	\$105	\$49	115%
Contribution Margin	46%	31%	1,540 bps
Operating Expenses	\$222	\$169	31%
Adjusted EBITDA	\$31.5	\$5.6	463%

Q4'20 summary P&L and non-GAAP metrics

(in millions, except ratios and per share data)

	Q4'2020	Q3'2020	Q4'2019	Q/Q	Y Y
Revenue	\$86.7	\$65.4	\$62.6	33%	39%
Revenue from Fees	\$84.4	\$62.9	\$61.1	34%	38%
Income from Operations	\$10.4	\$12.2	\$3.5	(15%)	196%
Net Income	\$1.0	\$9.7	\$6.1	(90%)	(84%)
Adjusted Net Income	\$5.4	\$12.3	\$7.7	(56%)	(30%)
Net Income Per Share (Diluted)	\$0.00	\$0.10	\$0.05	100%	(100%)
Adjusted Net Income Per Share (Diluted)	\$0.07	\$0.16	\$0.10	(56%)	(30%)
Contribution Profit	\$41.4	\$33.8	\$23.4	22%	77%
Contribution Margin	49%	54%	38%	(480) bps	1,100 bps
Operating Expenses	\$76.3	\$53.2	\$59.1	43%	29%
Adjusted EBITDA	\$15.5	\$15.5	\$7.0	0%	121%

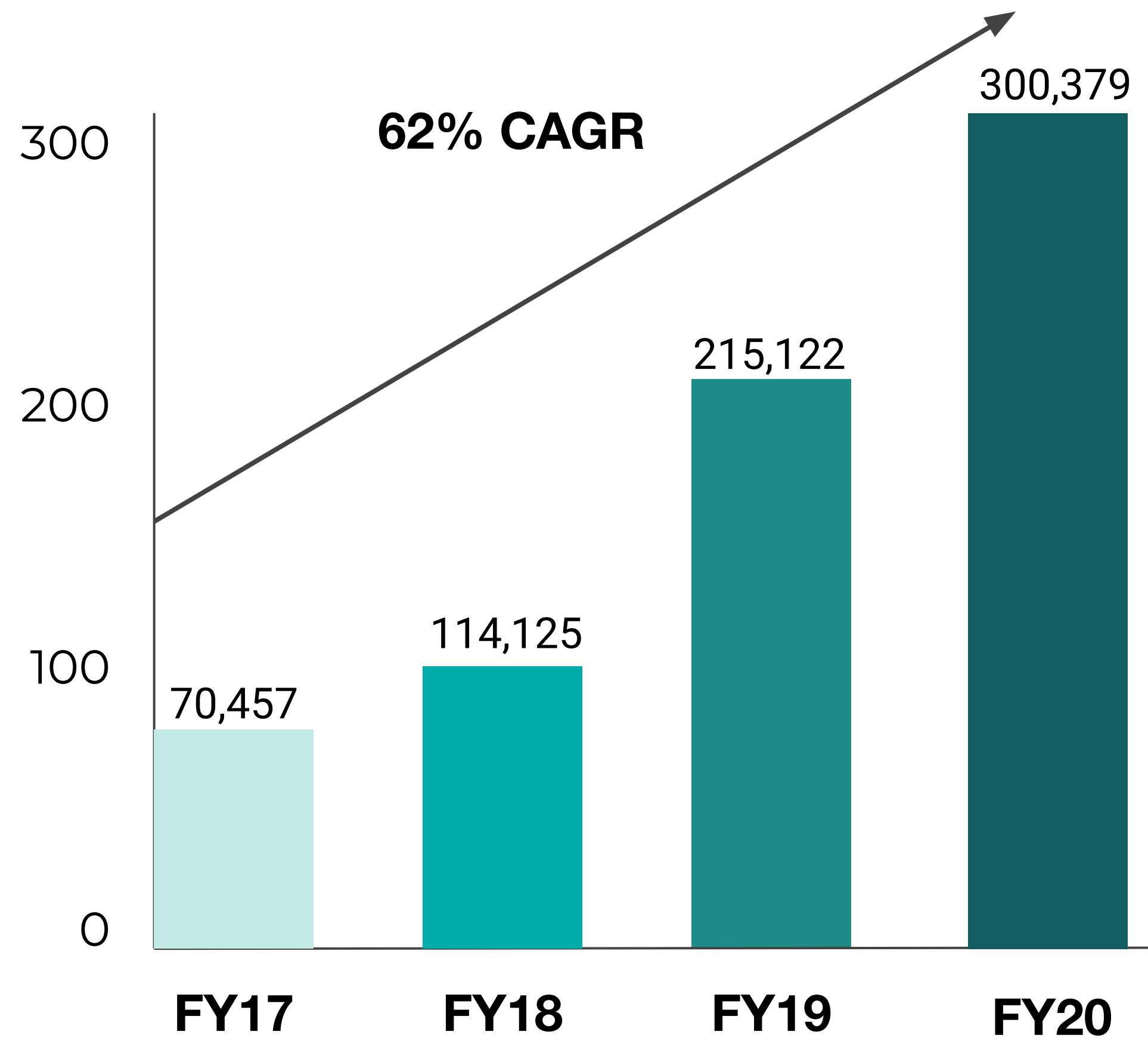
Balance Sheet items and key operating metrics

(in millions, except loans transacted, % fully automated, ratios and conversion rate)

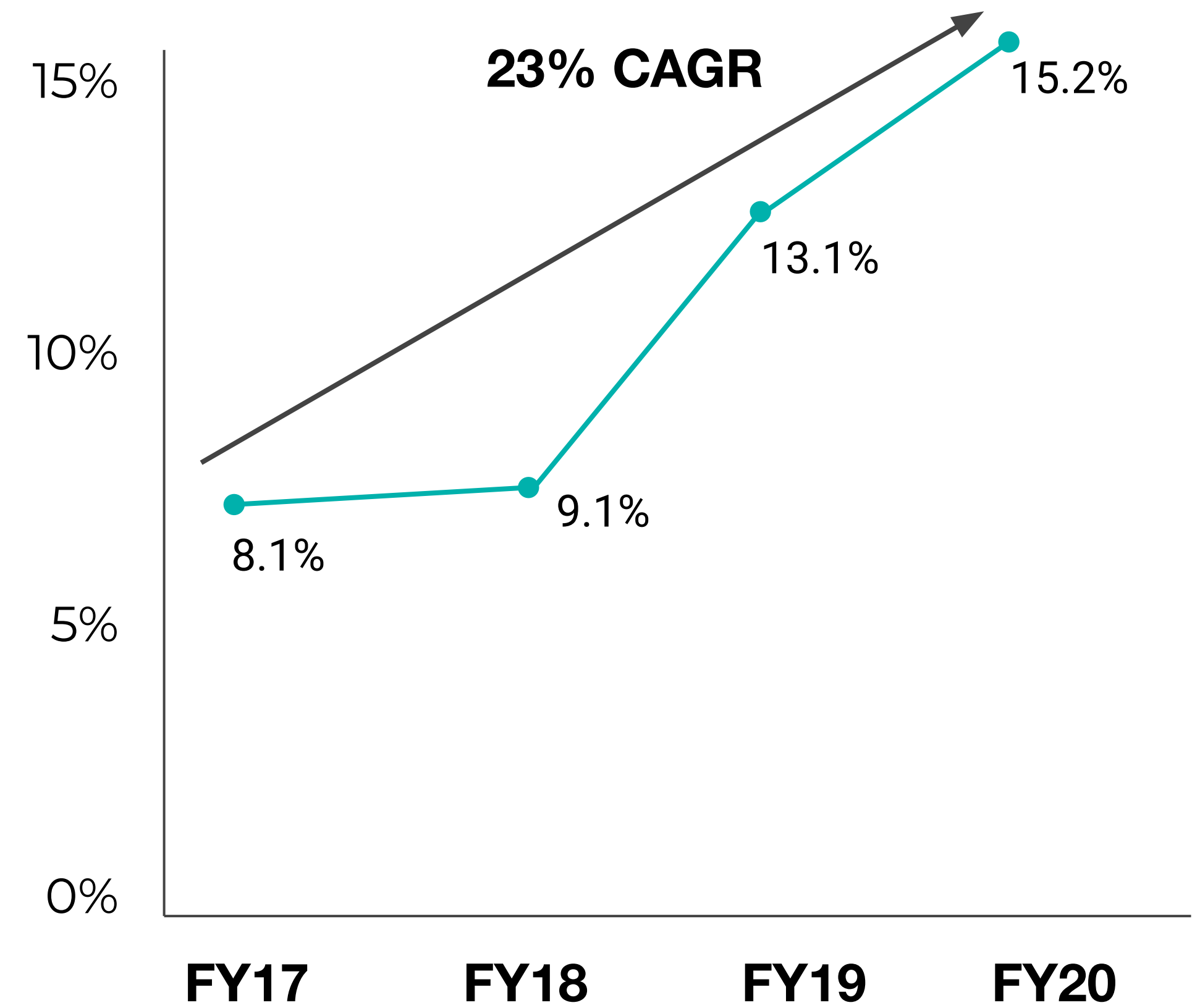
	Q4'20	Q3'20	Q4'19
Cash and Restricted Cash	\$311	\$111	\$80.1
Loans, Notes, and Residuals	\$97.5	\$145	\$266
Total Assets	\$477	\$310	\$394
Total Liabilities	\$177	\$195	\$293
Loans Transacted	123,396	80,893	78,654
% Fully Automated	71%	69%	69%
Conversion Rate	17.4%	15.2%	14.9%

Key operating metrics

Loans Transacted (000s)



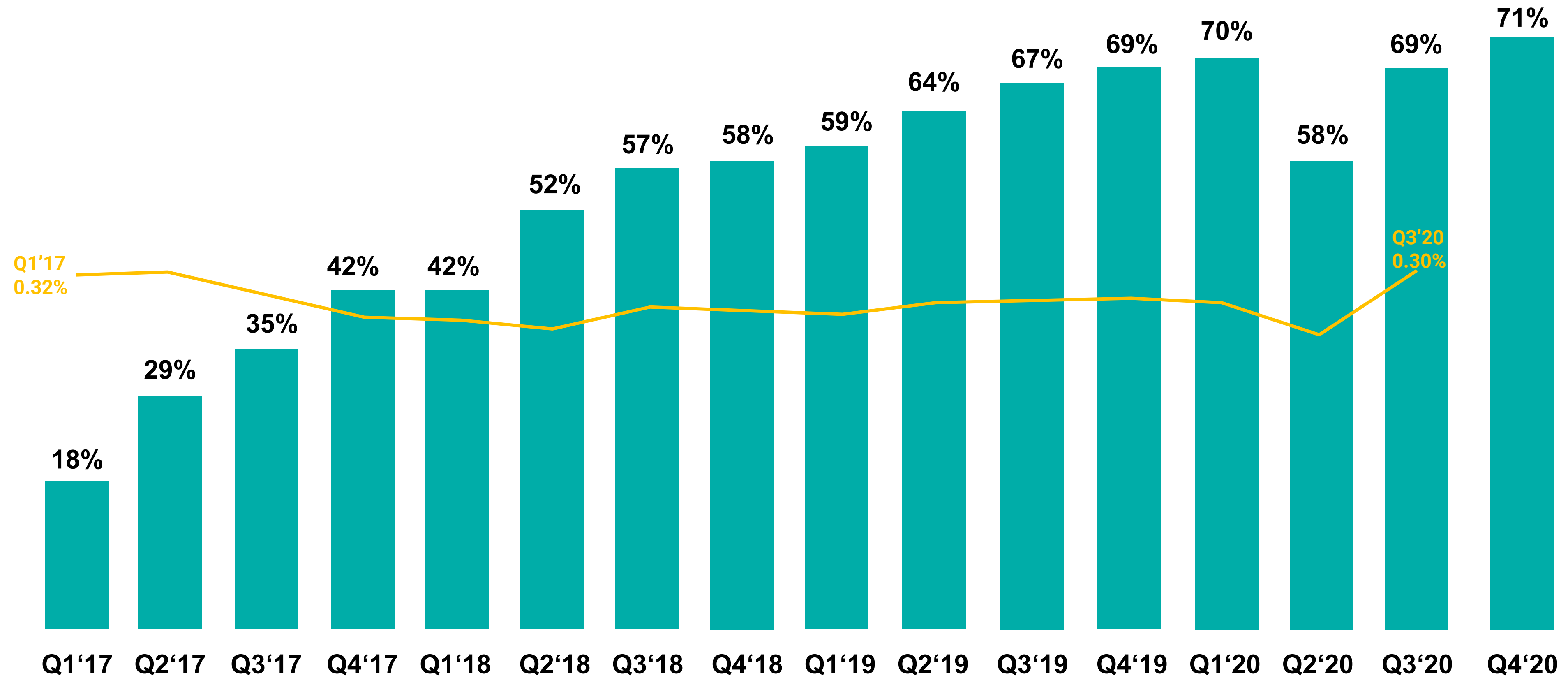
Conversion Rate¹



¹ Conversion Rate equals number of loans transacted in a period divided by the number of rate inquiries received

Fully automated loans

71% of Upstart loans were fully automated and instantly approved in Q4'20 while fraud rates remained minimal



Source: Internal company analysis. Q4 2020 % fraud rate data is not available as of March 17, 2021.

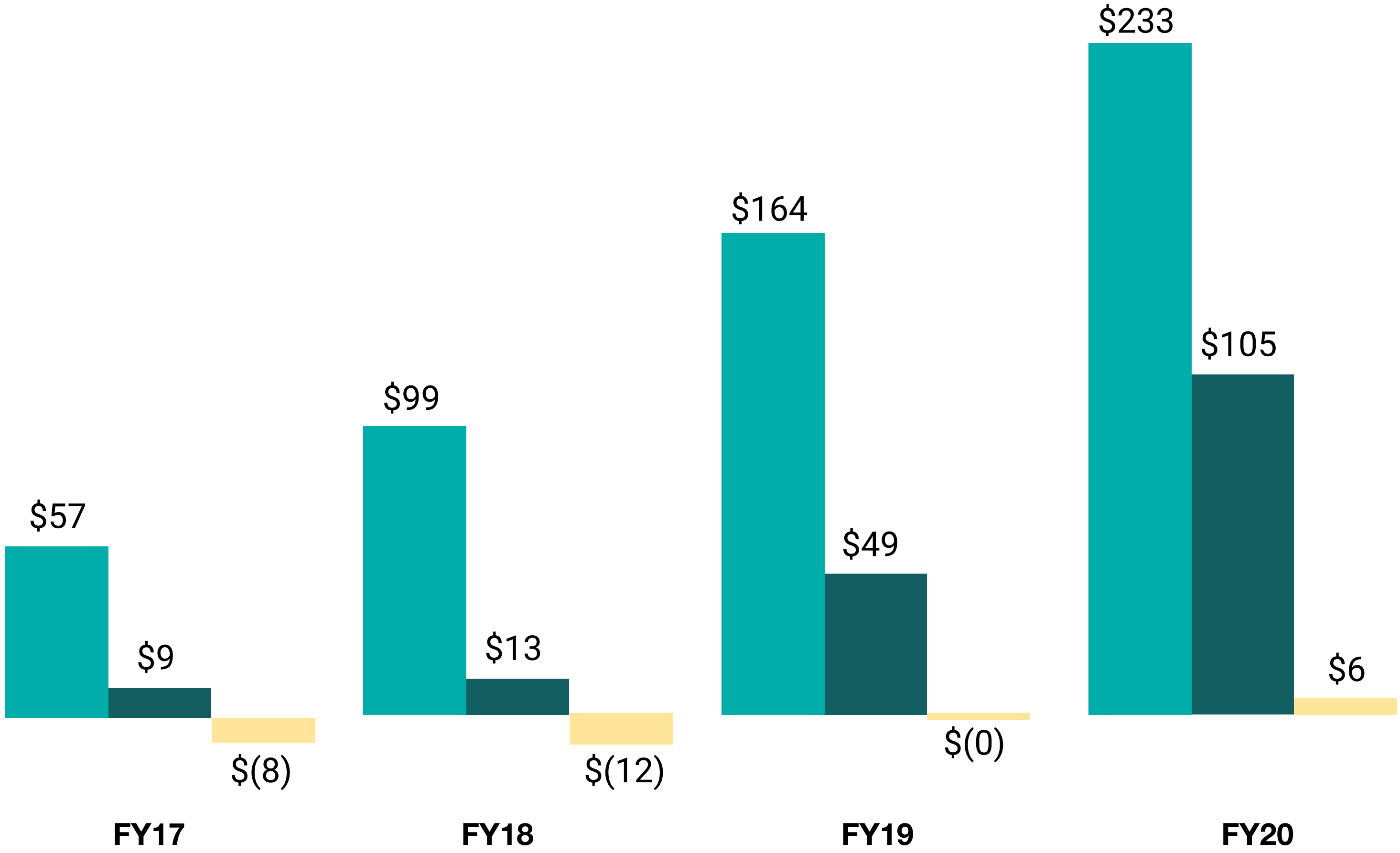
Note: Fraud rate represents recorded instances of ID theft and first payment charge offs as a percent of total funded loans.

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.

Financial highlights – steady growth, healthy margins, GAAP profitable

**2017 – 2020
Financial Summary** (\$ millions)

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



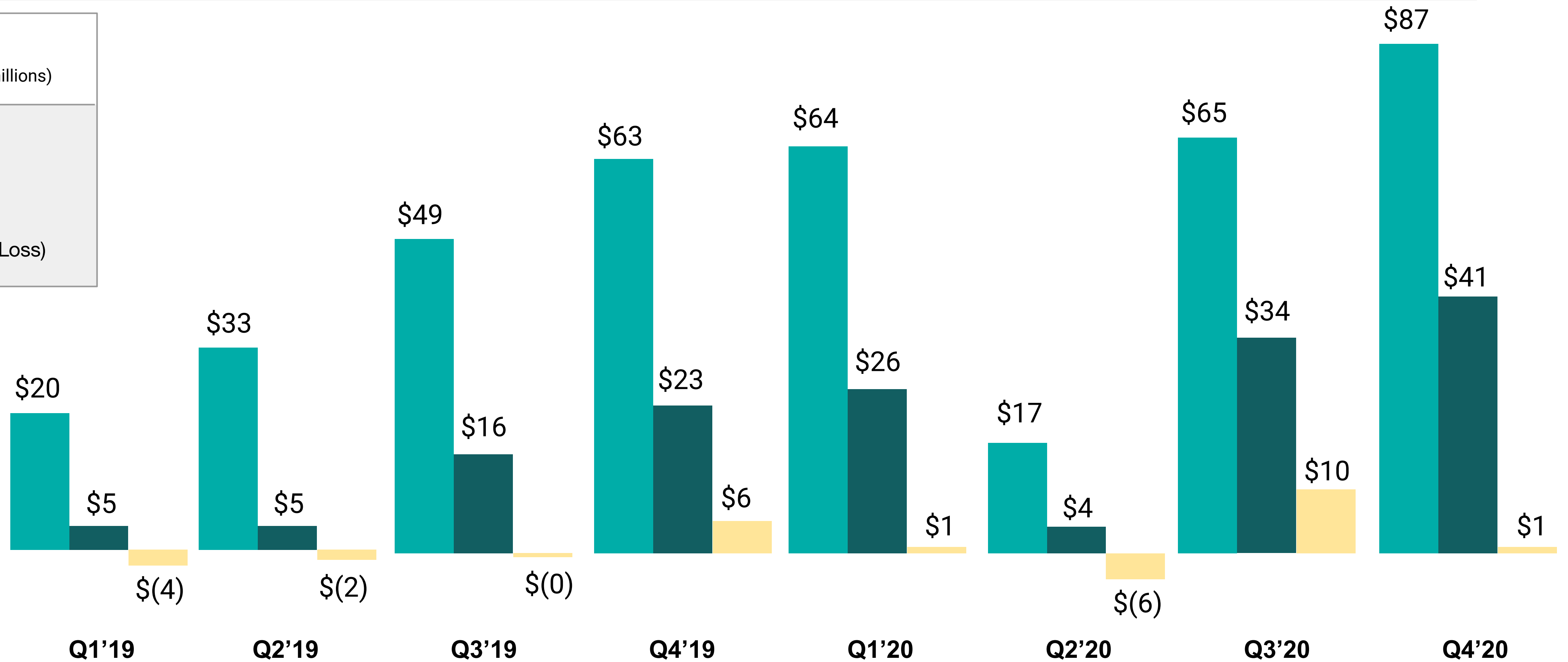
% GAAP Total Revenue YoY Growth		73%	65%	42%
% Contribution Margin	16%	15%	31%	46%
% GAAP Net Income Margin	(14%)	(12%)	(0%)	3%

Note: Contribution margin calculated by dividing Non-GAAP Contribution Profit by revenue from fees. GAAP net income margin calculated as a percent of GAAP total revenue. We define Non-GAAP 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 18-20 for a reconciliation of non-GAAP Contribution Profit to the most directly comparable financial measure stated in accordance with GAAP.

Operating leverage apparent as we scale to GAAP profitability

2019 – 2020 Quarterly Financial Summary (\$ millions)

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



	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20
% GAAP Total Revenue YoY Growth	(12%)	32%	73%	162%	226%	(47%)	32%	39%
% Contribution Margin	20%	19%	32%	38%	38%	32%	54%	49%
% GAAP Net Income Margin	(23%)	(6%)	(1%)	10%	2%	(36%)	15%	1%

Note: Contribution margin calculated by dividing Non-GAAP Contribution Profit by revenue from fees. GAAP net income margin calculated as a percent of GAAP total revenue. We define Non-GAAP 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 18-20 for a reconciliation of non-GAAP Contribution Profit to the most directly comparable financial measure stated in accordance with GAAP.

Outlook

	Q1'21	FY21
Revenue	\$112 to \$118 million	approximately \$500 million
Contribution Margin	approximately 44%	approximately 41%
Net Income	\$7.8 to \$8.3 million	
Non-GAAP Adjusted Net Income	\$13.4 to \$14.2 million	
Adjusted EBITDA	\$14.6 to \$15.3 million	approximately 10%
Diluted weighted average share count	approximately 92.4 million shares	

Financial Statements

(in thousands, except share and per share data)

	December 31,	
	2019	2020
Assets		
Cash	\$ 44,389	\$ 250,819
Restricted cash	35,678	60,514
Loans (at fair value)	232,305	78,460
Notes receivable and residual certificates (at fair value)	34,116	19,074
Property, equipment, and software, net	6,030	10,032
Operating lease right of use assets	16,190	18,310
Other assets (includes \$4,725 and \$6,831 at fair value as of December 31, 2019 and 2020, respectively)	24,754	40,046
Total assets	\$ 393,462	\$ 477,255
Liabilities, Convertible Preferred Stock, and Stockholders' Equity (Deficit)		
Liabilities:		
Accounts payable	\$ 6,559	\$ 13,775
Payable to investors	19,620	45,501
Borrowings	118,609	62,626
Payable to securitization note holders and residual certificate holders (includes \$89,672 and \$0 at fair value and \$41,343 and \$0 to related parties as of December 31, 2019 and 2020, respectively)	96,107	—
Accrued expenses and other liabilities (includes \$12,446 and \$9,530 at fair value as of December 31, 2019 and 2020, respectively)	34,648	35,669
Operating lease liabilities	17,061	19,432
Total liabilities	292,604	177,003
Commitments and contingencies		
Convertible preferred stock \$0.0001 par value; 53,927,657 and 70,000,000 shares authorized as of December 31, 2019 and 2020, respectively; aggregate liquidation preference of \$166,257 and \$0 as of December 31, 2019 and 2020 respectively; 47,349,577 and 0 shares issued and outstanding as of December 31, 2019 and 2020	162,546	—
Stockholders' equity (deficit):		
Common stock, \$0.0001 par value; 90,000,000 and 700,000,000 shares authorized as of December 31, 2019 and 2020, respectively; 14,561,398 and 73,314,026 shares issued and outstanding as of December 31, 2019 and 2020 respectively	2	7
Additional paid-in capital	12,489	369,467
Accumulated deficit	(75,205)	(69,222)
Total Upstart Holdings, Inc. stockholders' equity (deficit)	(62,714)	300,252
Noncontrolling interests	1,026	—
Total stockholders' equity (deficit)	(61,688)	300,252
Total liabilities, convertible preferred stock, and stockholders' equity (deficit)	\$ 393,462	\$ 477,255

	Three Months Ended December 31,		Year Ended December 31,	
	2019	2020	2019	2020
Revenue:				
Revenue from fees, net	\$ 61,148	\$ 84,421	\$ 159,847	\$ 228,600
Interest income and fair value adjustments, net (includes \$703, \$0, \$2,963, and \$1,014 from related parties expense and \$1,804, \$0, \$7,400, and of related parties fair value adjustments for the three months ended December 31, 2019 and 2020, and years ended December 31, 2019 and 2020, respectively)	1,424	2,289	4,342	4,816
Total revenue	62,572	86,710	164,189	233,416
Operating expenses:				
Sales and marketing	31,939	34,546	93,175	99,659
Customer operations	8,354	12,789	24,947	37,581
Engineering and product development	7,297	14,151	18,777	38,802
General, administrative, and other	11,466	14,831	31,865	45,609
Total operating expenses	59,056	76,317	168,764	221,651
Income (loss) from operations	3,516	10,393	(4,575)	11,765
Other income	204	52	1,036	5,549
Income (expense) on warrants and other non-operating expenses, net	1,219	(9,047)	(1,407)	(11,364)
Net income (loss) before income taxes	4,939	1,398	(4,946)	5,950
Provision for income taxes	74	371	74	371
Net income (loss) before attribution to noncontrolling interests	4,865	1,027	(5,020)	5,579
Net loss attributable to noncontrolling interests	(1,186)	—	(4,554)	(404)
Net income (loss) attributable to Upstart Holdings, Inc. common stockholders	\$ 6,051	\$ 1,027	\$ (466)	\$ 5,983
Net income (loss) per share attributable to Upstart Holdings, Inc. common stockholders, basic	\$ 0.06	\$ —	\$ (0.03)	\$ —
Net income (loss) per share attributable to Upstart Holdings, Inc. common stockholders, diluted	\$ 0.05	\$ —	\$ (0.03)	\$ —
Weighted-average number of shares outstanding used in computing net income (loss) per share attributable to Upstart Holdings, Inc. common stockholders, basic				
	14,401,927	26,001,856	14,335,611	17,513,670
Weighted-average number of shares outstanding used in computing net income (loss) per share attributable to Upstart Holdings, Inc. common stockholders, diluted				
	24,978,484	26,001,856	14,335,611	17,513,670

Reconciliation of non-GAAP financial measures

(in thousands, except ratios)

	Three Months Ended December 31,		Year Ended December 31,	
	2019	2020	2019	2020
Income (loss) from operations	\$ 3,516	\$ 10,393	\$ (4,575)	\$ 11,765
Sales and marketing, net of borrower acquisition costs ⁽¹⁾	1,133	2,308	3,606	7,959
Customer operations, net of borrower verification and servicing costs ⁽²⁾	1,390	1,996	3,609	5,769
Engineering and product development	7,297	14,151	18,777	38,802
General, administrative, and other	11,466	14,831	31,865	45,609
Interest income and fair value adjustments, net	(1,424)	(2,289)	(4,342)	(4,816)
Contribution Profit	\$ 23,378	\$ 41,390	\$ 48,940	\$ 105,088
<i>Contribution Margin⁽³⁾</i>	<i>38 %</i>	<i>49 %</i>	<i>31 %</i>	<i>46 %</i>

(1) Borrower acquisition costs were \$30.8 million, \$32.2 million, \$89.6 million, and \$91.7 million for the three months ended December 31, 2019 and 2020 and years ended December 31, 2019 and 2020, 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 \$7.0 million, \$10.8 million, \$21.3 million and \$31.8 million for the three months ended December 31, 2019 and 2020 and years ended December 31, 2019 and 2020, 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.

(3) Contribution Margin is calculated as Contribution Profit divided by revenue from fees, net for the relevant period.

Reconciliation of non-GAAP financial measures

(in thousands, except ratios)

	Three Months Ended December 31,		Year Ended December 31,	
	2019	2020	2019	2020
Net income (loss) attributable to Upstart Holdings, Inc. common stockholders	\$ 6,051	\$ 1,027	\$ (466)	\$ 5,983
Adjusted to exclude the following:				
Stock-based compensation	1,602	4,411	3,806	11,513
Depreciation and amortization	450	647	774	2,278
(Income) expense on warrants and other non-operating expenses ⁽¹⁾	(1,219)	9,047	1,407	11,364
Provision for income taxes	74	371	74	371
Adjusted EBITDA	\$ 6,958	\$ 15,503	\$ 5,595	\$ 31,509
<i>Adjusted EBITDA Margin</i> ⁽²⁾	11 %	18 %	3 %	13 %

(1) Consists of fair value adjustments to our warrant liability and interest expense on convertible notes.

(2) Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by total revenue for the relevant period.

Reconciliation of non-GAAP financial measures

(in thousands, except share and per share data)

	Three Months Ended December 31,		Year Ended December 31,	
	2019	2020	2019	2020
Net income (loss) attributable to Upstart Holdings, Inc. common stockholders	\$ 6,051	\$ 1,027	\$ (466)	\$ 5,983
Adjusted to exclude the following:				
Stock-based compensation	1,602	4,411	3,806	11,513
Adjusted net income	\$ 7,653	\$ 5,438	\$ 3,340	\$ 17,496
Adjusted net income per share				
Basic	\$ 0.54	\$ 0.21	\$ 0.23	\$ 1.00
Diluted	\$ 0.10	\$ 0.07	\$ 0.05	\$ 0.23
Weighted-average common shares outstanding				
Basic	14,301,641	26,001,856	14,335,611	17,513,670
Diluted	73,511,809	80,275,422	72,336,672	76,098,275

Key Operating Metrics and Non-GAAP Financial Metrics

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 the number of loans transacted as the transaction volume, measured by number of loans facilitated on our platform, between a borrower and originating bank during the period presented. We believe this metric to be a good proxy 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, 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.

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, which 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;
- 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