Dear Fellow Shareholders,

2024 was a transitional year – and ultimately a rewarding and successful one – for Upstart. In this letter, I'll share my thoughts on the progress we made in the business and why it leaves me fundamentally optimistic for our future.

In recent years, our team has done incredible work across so many aspects of our business. But that progress wasn't obvious in the numbers – rather it was masked by a continually worsening macroeconomic environment.

Well 2024 was the year that the mask came off. When macro conditions finally stabilized, we were able to finally see the results of years of effort to build a better, stronger enterprise. What emerged was an Upstart in the best fighting condition in our history.

Two important goals for Upstart in 2024 were to return to growth mode while making rapid progress on a path back to profitability. We accomplished both of them. We grew revenue 24 percent for the year, accelerating to annualized growth of 56 percent in the fourth quarter. We also came within a whisker of GAAP Net Income profitability and were Adjusted EBITDA profitable in the fourth quarter.

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But just as importantly, we made dramatic improvements in all aspects of our core AI platform that will make Upstart a stronger, more agile, and more resilient company in the future. We're building the foundation model for credit, and 2024 was an epic year for expanding our leadership in this vital category.

Regrowth of the core business

Our growth in 2024 was led by reinvigoration of our core personal loan business. This business improvement was in turn first and foremost driven by model improvements that increased conversion in our borrower funnel.

Most prominently, in Q3, we launched Model 18, which introduced “APR as a feature”. By this, I mean that the price of the loan became both an input to and an output from our core underwriting model. Model 18 became one of the most impactful accuracy improvements in our history, driving a 15 percent increase in loan originations relative to the prior model at constant credit quality.[1] Simply put, improved accuracy means more approved borrowers, higher origination volumes, stronger lender relationships, and better business outcomes for shareholders.

At the same time, we continued to build our toolset for calibrating our models with the macroeconomy. Running a backtest on the period of volatility dating back to 2022, we found that with our current macro-handling tools we could have avoided 55 percent of the excess loan defaults and achieved full macro calibration 12 months sooner. This is a big deal – it means our platform is becoming more resilient, no matter what the economy throws our way. Today we build and launch new models faster than ever

1 Estimated based on internal calculations

before, which is a competitive advantage that is increasingly hard for others to match and we believe will continue to accrue value to Upstart and our shareholders.

But underwriting accuracy is only part of the story. We also drove growth by continuing to automate the borrowing process. In fact, in 2024, 91 percent of Upstart loans were entirely automated, with zero human involvement on Upstart's side. This is truly the power of AI and it leads to a radically better consumer experience, positive borrower selection, and dramatically reduced cost of originations. In fact, as of Q4 of last year, fully automated loans converted about *three times* as much as those requiring manual intervention.

Another monumental win for 2024 was the huge leap forward in our loan servicing and collections capabilities. This was the year that investments to modernize and scale our servicing operations began to pay off. For example, with greater automation we cut the personnel-related cost per current loan by 50 percent over the course of 2024. The bottom line is improvements in servicing directly reduce loss rates, which over time can drive higher approvals and lower APRs for Upstart borrowers.

We also made great strides on the supply side of our business, building and expanding upon our relationships with banks and credit unions as well as leaders in private credit to grow our funding supply to keep pace with our borrower growth. In fact, even while origination volumes increased 28 percent annually in 2024, we reduced loans on our balance sheet by 30 percent over the year.

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Emerging products

Beyond our core business, each of our newer products finished 2024 with exceptional strength and entered 2025 on a strong growth footing.

Home equity line of credit (HELOC): We launched this product toward the end of 2023 and saw increasing momentum over the course of 2024. In fact, between Q1 and Q4 of last year, HELOC originations quadrupled, driven by expanding state eligibility, conversion improvements and cross-selling. We ended the year with more than 1000 HELOCs originated and zero defaults, a super strong start for our newest product. Because HELOCs are so popular with our bank and credit union partners, we're optimistic that we'll have no shortage of funding for this product anytime soon.

Small dollar "relief" loans: Originations tripled year-over-year in 2024, reflecting the work we've done to operate more efficiently and approve more borrowers. This product has exceptional credit performance, strong economics and – even more importantly – represents a valuable new customer acquisition opportunity, accounting for more than 13 percent of first-time borrowers on our platform in Q4.

Auto loans: While auto lending has been a distressed market for several years, we saw marked improvement last year, with originations growing by roughly 65 percent year-over-year in the second half of 2024. We're also quite pleased with the credit performance of our auto loans, with 2024 vintages performing at or better than expectations. Auto loans are a mainstream American credit product and auto lending represents a huge market opportunity. We continue to build relationships with auto dealers and improve our risk models and conversion rates for both of our auto lending offerings.

Best rates, best process for all

Credit is a building block of our economy and a key ingredient to quality life. At Upstart, our work is animated by the importance of access to affordable credit – and the potential that AI offers to radically overhaul the lending market.

In 2024, it became clear to us that, as important as it is to identify and serve "hidden prime" borrowers, this focus meant we would serve only about half of the country. But access to credit is vital to all of

us, and so we committed to doing all we could to provide the best rate and the best process to all Americans – for all the forms of credit that matter.

Within a few months, we had launched our prime lending program in partnership with our bank and credit union partners, making huge leaps toward offering the best available rate to all Americans in our personal loan product. And likewise, we made great strides in creating a HELOC product with rates competitive with or better than any on the market.

I believe this simple mantra "best rates and best process for all" – executed with a ferocity unknown to man – has the potential to turn Upstart into the ultimate destination for credit and one of the most impactful Fintechs in the world. We will always remember 2024 as the year this journey began.

Thank you for your trust and confidence.

Dave Girouard
Co-Founder & CEO