



Q1 2021 Earnings
May 11, 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 Q2 2021 and fiscal 2021 under the heading “Outlook,” performance of recent acquisition of Prodigy, 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 10-K that we filed with the Securities and Exchange Commission (the “SEC”) on March 18, 2021 and other periodic SEC filings, 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.

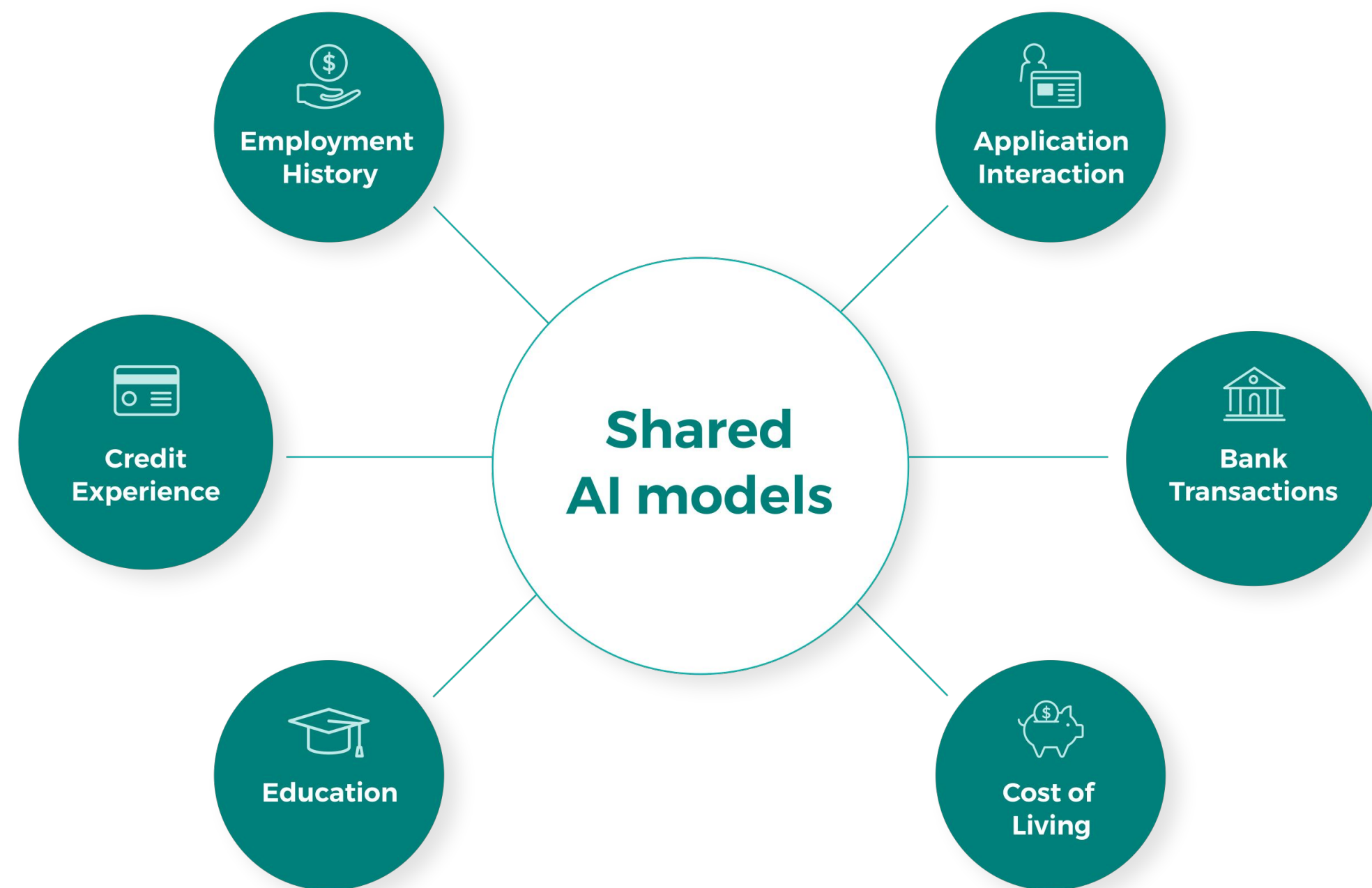
This presentation contains statistical data, estimates and forecasts that are based on independent industry publications or other publicly available information, as well as other information based on our internal sources. This information involves many assumptions and limitations, and you are cautioned 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

96% of revenue – fees from banks or servicing with no credit exposure¹

GAAP net income **profitable**²

• ¹ In Q1 2021.
• 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

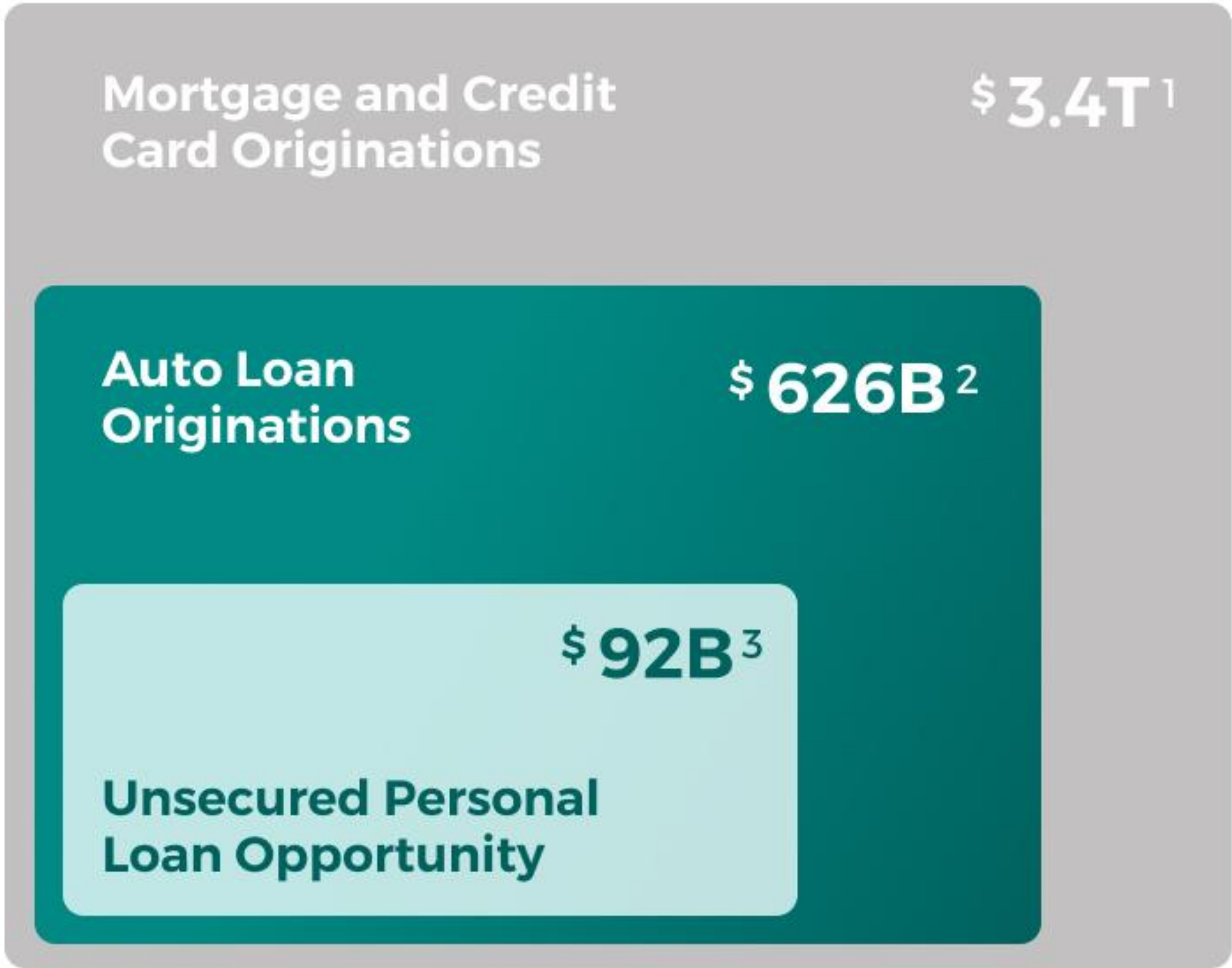
Highly automated, all-digital experience
Customizable to bank's credit policies and risk appetite
More inclusive and profitable lending programs

“Upstart gave me a clear pathway forward to paying off my credit card debt. The process couldn't have been easier, and I was able to pay off my loan early, without getting penalized for it. Upstart helped me build the confidence and stability I needed to start my own business, and I am so grateful for that!”

— **Amanda** | Feb 2021

¹ In Q1 2021.

Auto opportunity update



Expanded auto refinance
from 1 to 33 states (>2/3 of US pop)

Increased dealership footprint
by 45% in Q1

Now a Certified Digital Retail Provider
for Subaru of America Retailers

Almost \$800M in vehicles sold
through Prodigy in Q1

¹ Total mortgage and credit card originations using data provided by TransUnion for Q4 2019 – Q3 2020.

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

³ Total unsecured personal loans using data provided by TransUnion for Q4 2019 – Q3 2020.

Q1'21 Key financial highlights

Revenue, millions



Revenue:
\$121M, up 90% Y|Y



Income from Operations:
\$15.6M, up from \$0.6M in Q1'20



Contribution Profit:
\$55.8M, up 117% Y|Y, and representing 48% of fee revenue



Net Income:
\$10.1M, up from \$1.5M in Q1'20



Adjusted EBITDA:
\$21.0M, or 17% of revenue, up 1,070 bps Y|Y

Q1'21 summary P&L and non-GAAP metrics

(in millions, except ratios and per share data)

	Q1'21	Q4'20	Q Q	Q1'20	Y Y
Revenue	\$121.3	\$86.7	40%	\$64.0	90%
Revenue from Fees	\$116.2	\$84.4	38%	\$68.0	71%
Income from Operations	\$15.6	\$10.4	57%	\$0.6	2,617%
Net Income	\$10.1	\$1.0	980%	\$1.5	620%
Adjusted Net Income	\$19.9	\$5.4	269%	\$3.4	485%
Earnings Per Share (Diluted)	\$0.11	\$0.00	N/A	-	N/A
Adjusted Net Income Per Share (Diluted)	\$0.22	\$0.07	214%	\$0.05	340%
Contribution Profit	\$55.8	\$41.4	35%	\$25.7	117%
Contribution Margin	48%	49%	(100bps)	38%	1,030bps
Operating Expenses	\$105.8	\$76.3	38%	\$63.4	66%
Adjusted EBITDA	\$21.0	\$15.5	35%	\$3.7	468%

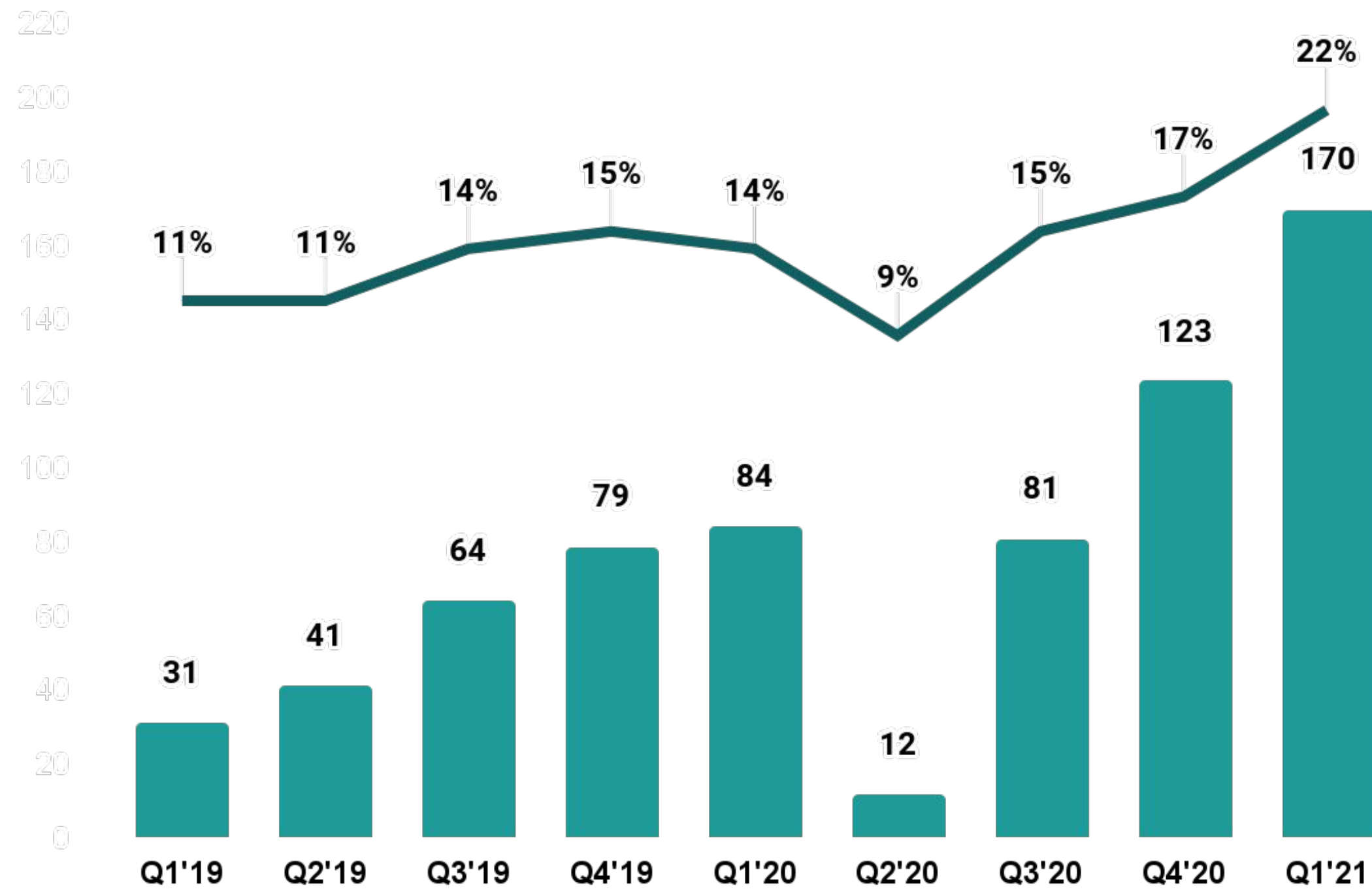
Balance Sheet items and key operating metrics

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

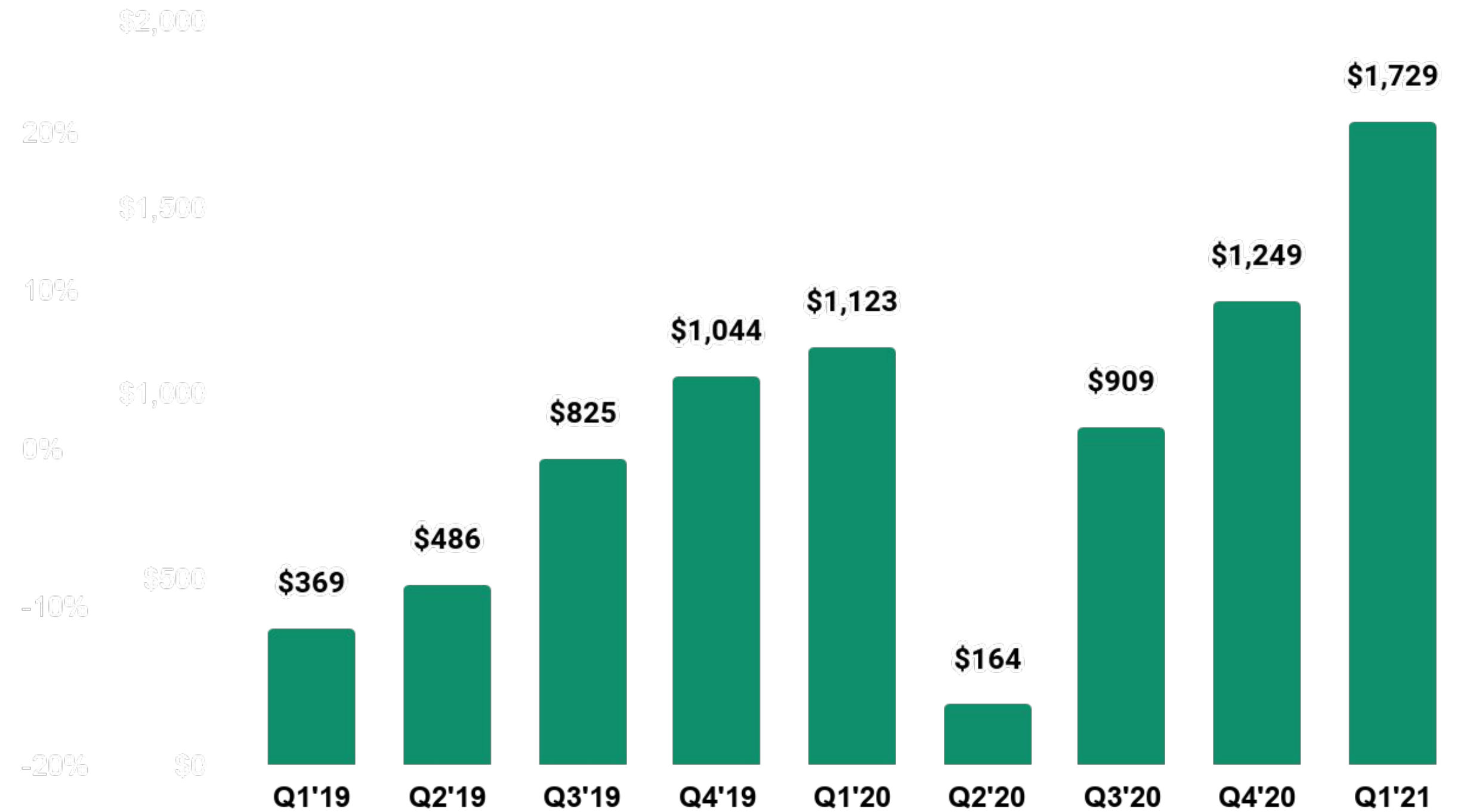
	Q1'21	Q4'20	Q1'20
Cash and Restricted Cash	\$336.1	\$311.3	\$72.2
Loans, Notes, and Residuals	\$73.2	\$97.5	\$227.5
Total Assets	\$488.6	\$477.3	\$348.9
Total Liabilities	\$168.0	\$177.0	\$245.2
Transaction Volume, Number of Loans	169,750	123,396	84,214
Transaction Volume, Dollars	\$1,729	\$1,249	\$1,123
% Fully Automated	71%	71%	70%
Conversion Rate	22.0%	17.4%	14.1%

Key operating metrics

Transaction Volume, Number of Loans (000s), Conversion Rate¹



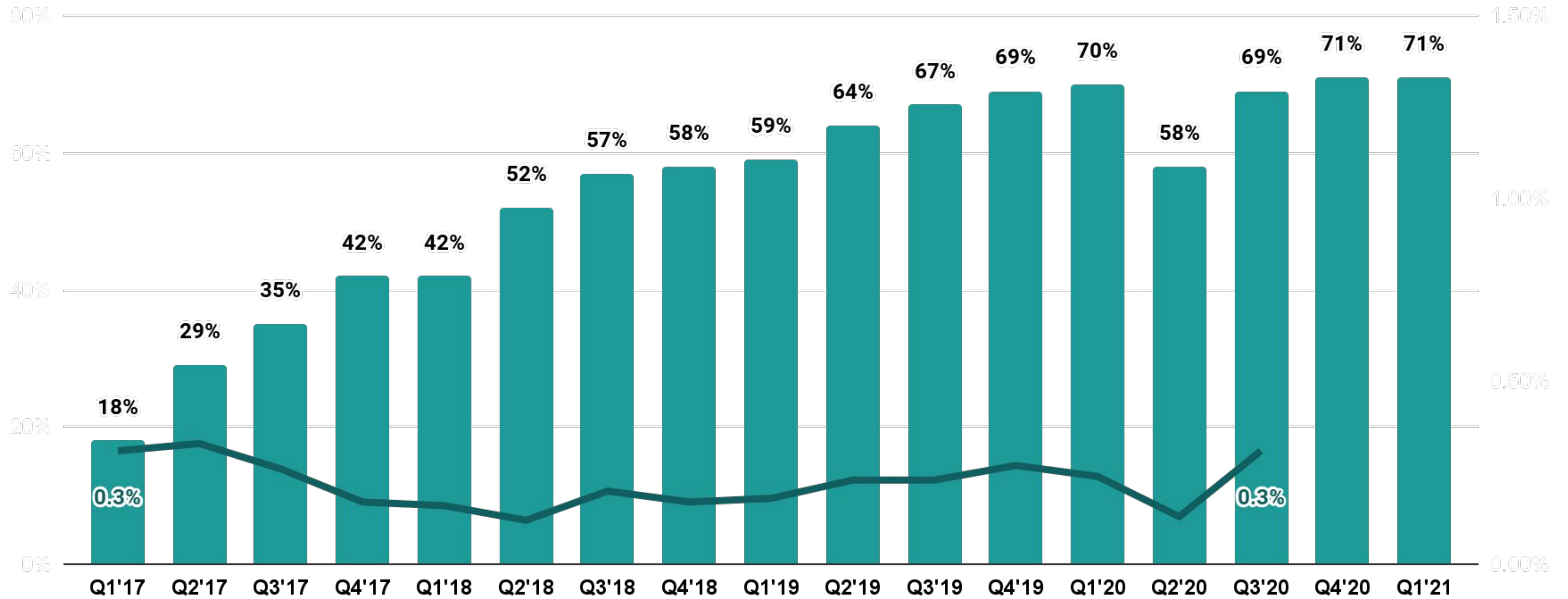
Transaction Volume, Dollars (Millions)



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 Q1'21 while fraud rates remained minimal



Source: Internal company analysis. Q4 2020 % fraud rate data is not available as of May 11, 2021.

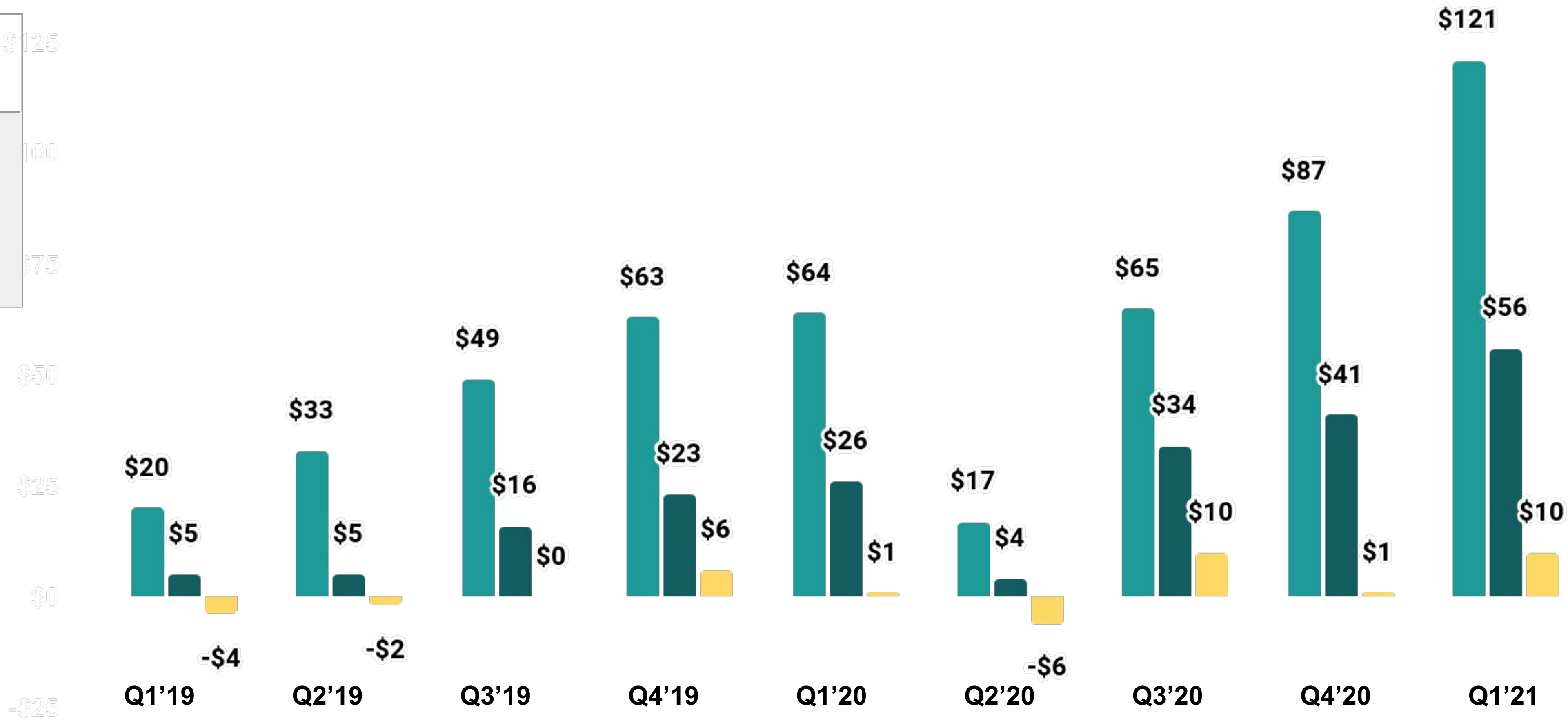
Note: Fraud rate represents recorded instances of ID theft and first payment charge offs as a percent of total funded loans.

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.

Operating leverage apparent as we scale profitability

Q1'19 – Q1'21 Quarterly Financial Summary (\$ millions)

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



% GAAP Total Revenue YoY Growth	(12%)	32%	73%	162%	226%	(47%)	32%	39%	90%
% Contribution Margin	20%	19%	32%	38%	38%	32%	54%	49%	48%
% GAAP Net Income Margin	(23%)	(6%)	(1%)	10%	2%	(36%)	15%	1%	8%

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 18-20 for a reconciliation of Contribution Profit to the most directly comparable financial measure stated in accordance with GAAP.

Outlook

	Q2'21	FY21
Revenue	\$150 to \$160 million	approximately \$600 million
Contribution Margin	approximately 44%	approximately 42%
Net Income	\$8 to 12 million	
Non-GAAP Adjusted Net Income	\$21 to \$25 million	
Adjusted EBITDA	\$23 to \$27 million	approximately 10%
Diluted weighted average share count	approximately 94.9 million shares	

Financial Statements

(in thousands, except share and per share data)

	December 31,		March 31,		Three Months Ended March 31,			
	2020		2021		2020		2021	
Assets								
Cash	\$	250,819	\$	257,017				
Restricted cash		60,514		79,049				
Loans (at fair value)		78,460		57,189				
Notes receivable and residual certificates (at fair value)		19,074		16,033				
Property, equipment, and software, net		10,032		10,098				
Operating lease right of use assets		18,310		17,265				
Other assets (includes \$6,831 and \$8,734 at fair value as of December 31, 2020 and March 31, 2021, respectively)		40,046		51,937				
Total assets	\$	477,255	\$	488,588				
Liabilities and Stockholders' Equity								
Liabilities:								
Accounts payable	\$	13,775	\$	8,127				
Payable to investors		45,501		56,490				
Borrowings		62,626		41,891				
Accrued expenses and other liabilities (includes \$9,530 and \$12,628 at fair value as of December 31, 2020 and March 31, 2021, respectively)		35,669		42,869				
Operating lease liabilities		19,432		18,621				
Total liabilities		177,003		167,998				
Stockholders' equity:								
Common stock, \$0.0001 par value; 700,000,000 shares authorized; 73,314,026 and 73,908,252, shares issued and outstanding as of December 31, 2020 and March 31, 2021, respectively		7		7				
Additional paid-in capital		369,467		379,703				
Accumulated deficit		(69,222)		(59,120)				
Total stockholders' equity		300,252		320,590				
Total liabilities and stockholders' equity	\$	477,255	\$	488,588				
Revenue:								
Revenue from fees, net	\$	68,013	\$	116,170				
Interest income and fair value adjustments, net (includes \$608 from related parties expense and \$4,335 of related parties fair value adjustments for the three months ended March 31, 2020)		(4,019)		5,175				
Total revenue		63,994		121,345				
Operating expenses:								
Sales and marketing		35,952		49,376				
Customer operations		8,811		17,388				
Engineering and product development		7,018		18,988				
General, administrative, and other		11,660		20,019				
Total operating expenses		63,441		105,771				
Income from operations		553		15,574				
Other income (expense)		150		(5,233)				
Income (expense) on warrants and other non-operating expenses, net		289		(18)				
Net income before income taxes		992		10,323				
Provision for income taxes		—		221				
Net income before attribution to noncontrolling interests		992		10,102				
Net loss attributable to noncontrolling interests		(488)		—				
Net income attributable to Upstart Holdings, Inc. common stockholders	\$	1,480	\$	10,102				
Net income per share attributable to Upstart Holdings, Inc. common stockholders, basic								
	\$	—	\$	0.14				
Net income per share attributable to Upstart Holdings, Inc. common stockholders, diluted								
	\$	—	\$	0.11				
Weighted-average number of shares outstanding used in computing net income per share attributable to Upstart Holdings, Inc. common stockholders, basic								
		14,625,267		73,629,122				
Weighted-average number of shares outstanding used in computing net income per share attributable to Upstart Holdings, Inc. common stockholders, diluted								
		14,625,267		91,449,571				

Financial Statements

(in thousands, except share and per share data)

	Three Months Ended March 31,	
	2020	2021
Cash flows from operating activities		
Net income before attribution to noncontrolling interests	\$ 992	\$ 10,102
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Change in fair value of financial instruments (includes \$(4,335) to related parties for the three months ended March 31, 2020)	11,995	901
Stock-based compensation	1,965	8,622
Gain (loss) on loan servicing arrangements and sale of noncontrolling interests, net	(1,459)	67
Depreciation and amortization	515	816
Noncash interest expense	18	18
Net changes in operating assets and liabilities:		
Purchase of loans for immediate resale to investors	(848,540)	(1,294,634)
Proceeds from immediate resale of loans to investors	848,540	1,294,634
Purchase of loans held-for-sale	(97,924)	(18,240)
Principal payments received for loans held-for-sale	2,328	2,637
Net proceeds from sale of loans held-for-sale	6,813	38,140
Other assets	(202)	(9,988)
Operating lease liability and right-of-use asset	37	234
Accounts payable	(3,003)	(5,807)
Payable to investors	570	10,989
Accrued expenses and other liabilities	(9,167)	4,601
Net cash (used in) provided by operating activities	(86,522)	43,092

Financial Statements

(in thousands, except share and per share data)

	Three Months Ended March 31,	
	2020	2021
Cash flows from investing activities		
Principal payments received for loans held by consolidated securitizations	15,273	—
Net proceeds from sale of loans held-for-investment	88,136	8,329
Principal payments received for loans held-for-investment	5,429	3,002
Principal payments received for notes receivable and repayments of residual certificates	4,028	3,119
Purchase of loans held-for-investment	(2,755)	(12,947)
Purchase of notes receivable and residual certificates	(4)	—
Purchase of property and equipment	(508)	(267)
Capitalized software costs	(858)	(334)
Net cash provided by investing activities	<u>108,741</u>	<u>902</u>
Cash flows from financing activities		
Payments made on securitization notes and certificates (includes \$633 paid to related parties for the three months ended March 31, 2020)	(16,740)	—
Repayments of borrowings	(78,011)	(26,584)
Distributions made to noncontrolling interests	(381)	—
Proceeds from borrowings	64,839	5,831
Proceeds from exercise of stock options	185	1,492
Net cash used in financing activities	<u>(30,108)</u>	<u>(19,261)</u>
Net increase (decrease) in cash and restricted cash	(7,889)	24,733

Financial Statements

(in thousands, except share and per share data)

	Three Months Ended March 31,	
	2020	2021
Cash and restricted cash		
Beginning of period	80,067	311,333
End of period	<u>\$ 72,178</u>	<u>\$ 336,066</u>
Supplemental disclosures of cash flow information		
Cash paid for interest	\$ 3,256	\$ 1,030
Supplemental disclosures of non-cash investing and financing activities		
Capitalized stock-based compensation expense	\$ 90	\$ 122

Reconciliation of non-GAAP financial measures

(in thousands, except ratios)

	Three Months Ended March 31,	
	2020	2021
Revenue from fees, net	\$ 68,013	\$ 116,170
Income from operations	553	15,574
<i>Operating Margin</i>	1 %	13 %
Sales and marketing, net of borrower acquisition costs ⁽¹⁾	\$ 1,249	\$ 3,254
Customer operations, net of borrower verification and servicing costs ⁽²⁾	1,161	3,126
Engineering and product development	7,018	18,988
General, administrative, and other	11,660	20,019
Interest income and fair value adjustments, net	4,019	(5,175)
Contribution Profit	\$ 25,660	\$ 55,786
<i>Contribution Margin</i> ⁽³⁾	38 %	48 %

(1) Borrower acquisition costs were \$34.7 million and \$46.1 million for the three months ended March 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 \$7.7 million and \$14.3 million the three months ended March 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.

(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 March 31,	
	2020	2021
Total revenue	\$ 63,994	\$ 121,345
Net income attributable to Upstart Holdings, Inc. common stockholders	1,480	10,102
<i>Net Income Margin</i>	2 %	8 %
Adjusted to exclude the following:		
Stock-based compensation	\$ 1,965	\$ 8,622
Depreciation and amortization	515	816
Income (expense) on warrants and other non-operating expenses ⁽¹⁾	(289)	18
Provision for income taxes	—	221
Acquisition-related costs	—	1,220
Adjusted EBITDA	\$ 3,671	\$ 20,999
<i>Adjusted EBITDA Margin</i> ⁽²⁾	6 %	17 %

(1) Consists of fair value adjustments to our warrant liability for the three months ended March 31, 2020 and interest expense for the three months ended March 31, 2020 and 2021.

(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 ratios, and per share data)

	Three Months Ended March 31,	
	2020	2021
Net income attributable to Upstart Holdings, Inc. common stockholders	\$ 1,480	\$ 10,102
Adjusted to exclude the following:		
Stock-based compensation	1,965	8,622
Acquisition-related costs	—	1,220
Adjusted Net Income	\$ 3,445	\$ 19,944
Net income per share		
Basic	\$ —	\$ 0.14
Diluted	\$ —	\$ 0.11
Adjusted Net Income per Share		
Basic	\$ 0.24	\$ 0.27
Diluted	\$ 0.05	\$ 0.22
Weighted-average common shares outstanding		
Basic	14,625,267	73,629,122
Diluted	73,545,518	91,449,571

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 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, 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