

## Upstart Announces Third Quarter 2021 Results

**SAN MATEO, Calif. – November 9, 2021** – Upstart Holdings, Inc. (NASDAQ: UPST), a leading artificial intelligence (AI) lending platform, today announced financial results for its third quarter of the fiscal year 2021 ended September 30, 2021. Upstart will host a conference call and webcast at 1:30 p.m. Pacific Time today. An earnings presentation and link to the webcast are available at [ir.upstart.com](http://ir.upstart.com).

“Since Upstart's IPO a year ago, we've more than tripled our revenue, tripled our profits, tripled the number of banks and credit unions on our platform, and tripled the number of auto dealerships we serve,” said Dave Girouard co-founder and CEO of Upstart. "With that many 3s, Upstart is becoming the Steph Curry of the FinTech industry."

### Third Quarter 2021 Financial Highlights

- **Revenue.** Total revenue was \$228 million, an increase of 250% from the third quarter of 2020. Total fee revenue was \$210 million, an increase of 235% year-over-year.
- **Transaction Volume and Conversion Rate.** Bank Partners originated 362,780 loans, totaling \$3.13 billion, across our platform in the third quarter, up 244% from the same quarter of the prior year. Conversion on rate requests was 23% in the third quarter of 2021, up from 15% in the same quarter of the prior year. Beginning in the third quarter of 2021, in order to better reflect actual conversions, we removed rate inquiries identified by our platform as likely fraudulent from our Conversion Rate calculation. Please see the section titled "Key Operating Metrics" below for further detail on the calculation and related information about prior periods.
- **Income from Operations.** Income from operations was \$28.6 million, up from \$12.2 million the prior year.
- **Net Income and EPS.** GAAP net income was \$29.1 million, up from \$9.7 million in the third quarter of 2020. Adjusted net income was \$57.4 million, up from \$12.3 million in the same quarter of the prior year. Accordingly, GAAP diluted earnings per share was \$0.30, and diluted adjusted earnings per share was \$0.60 based on the weighted-average common shares outstanding during the period.
- **Contribution Profit.** Contribution profit was \$95.9 million, up 184% from in the third quarter of 2020, with a contribution margin of 46% compared to a 54% contribution margin in the same quarter of the prior year.

- **Adjusted EBITDA.** Adjusted EBITDA was \$59.1 million, up from \$15.5 million in the same quarter of the prior year. The third quarter 2021 adjusted EBITDA margin was 26% of total revenue, up from 24% in the third quarter of 2020.

## Financial Outlook

For the fourth quarter of 2021, Upstart expects:

- **Revenue** of \$255 to \$265 million
- **Contribution Margin** of approximately 47%
- **Net Income** of \$16 to \$20 million
- **Adjusted Net Income** of \$48 to \$50 million
- **Adjusted EBITDA** of \$51 to \$53 million
- **Basic Weighted-Average Share Count** of approximately 81.9 million shares
- **Diluted Weighted-Average Share Count** of approximately 96.7 million shares

Upstart has not reconciled the forward-looking non-GAAP measures above to comparable forward-looking GAAP measures because of the potential variability and uncertainty of incurring these costs and expenses in the future. Accordingly, a reconciliation is not available without unreasonable effort.

## Key Operating Metrics and Non-GAAP Financial Measures

For a description of our key operating measures, please see the section titled “Key Operating Metrics” below.

Reconciliations of non-GAAP financial measures to the most directly comparable financial results as determined in accordance with GAAP are included at the end of this press release following the accompanying financial data. For a description of these non-GAAP financial measures, including the reasons management uses each measure, please see the section titled "About Non-GAAP Financial Measures" below.

## Conference Call and Webcast

- **Live Conference Call and Webcast at 1:30 p.m. PT on November 9, 2021.** To access the call in the U.S. and Canada, dial +1 800-353-6461 (code 6122091), and outside of the U.S. and Canada, dial +1 334-323-0501 (code 6122091). A webcast is available at [ir.upstart.com](http://ir.upstart.com).
- **Event Replay.** To replay the call in the U.S. and Canada, dial +1 888-203-1112 (code 6122091), and outside of the U.S. and Canada, dial +1 719-457-0820 (code 6122091). A call replay is available through November 16, 2021. The webcast will be archived for one year at [ir.upstart.com](http://ir.upstart.com).

## **About Upstart**

Upstart is a leading AI lending platform partnering with banks to expand access to affordable credit. By leveraging Upstart's AI platform, Upstart-powered banks can have higher approval rates and lower loss rates, while simultaneously delivering the exceptional digital-first lending experience their customers demand. More than two-thirds of Upstart loans are approved instantly and are fully automated. Upstart was founded by ex-Googlers in 2012 and is based in San Mateo, California and Columbus, Ohio.

## **Press**

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## **Forward-Looking Statements**

This press release contains forward-looking statements, including but not limited to, statements regarding our outlook for the fourth quarter of 2021. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as "anticipate", "estimate", "expect", "project", "plan", "project", "intend", "target", "aim", "believe", "may", "will", "should", "becoming", "could", "can have", "likely" and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events. Forward-looking statements give our current expectations and projections relating to our financial condition; plans; objectives; assumptions; risks; future performance; business; and results of operations, including revenue, contribution margin, net income (loss), non-GAAP adjusted net income, adjusted EBITDA, adjusted EBITDA margin, basic weighted-average share count and diluted weighted-average share count. Neither we nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. The forward-looking statements included in this press release and on the related teleconference call relate only to events as of the date hereof. Upstart undertakes no obligation to update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

All forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those that we expected. More information about factors that could affect our results of operations and risks and uncertainties are provided in our public filings with the Securities and Exchange Commission, copies of which may be obtained by visiting our investor relations website at [www.upstart.com](http://www.upstart.com) or the SEC's website at [www.sec.gov](http://www.sec.gov). These risks and uncertainties 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.

### **Key Operating Metrics**

We review a number of operating metrics, including transaction volume, dollars; transaction volume, number of loans; 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 the attack had no significant impact on our financial results, 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 23.0%. 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.

### **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 and certain payroll tax expense, 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 excluded 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 press release.

**UPSTART HOLDINGS, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(In Thousands, Except Share and Per Share Data)  
(Unaudited)

|  | <b>December 31,</b> | <b>September 30,</b> |
|--|---------------------|----------------------|
|  | <b>2020</b>         | <b>2021</b>          |
| <b>Assets</b>  |                     |                      |
| Cash .....   | \$ 250,819          | \$ 1,041,460         |
| Restricted cash .....  | 60,514              | 130,301              |
| Loans (at fair value) .....  | 78,460              | 129,625              |
| Notes receivable and residual certificates (at fair value) .....   | 19,074              | 10,489               |
| Property, equipment, and software, net .....   | 10,032              | 18,898               |
| Operating lease right of use assets .....  | 18,310              | 70,025               |
| Non-marketable equity securities .....   | —                   | 40,000               |
| Goodwill .....   | —                   | 66,866               |
| Intangible assets, net .....   | —                   | 20,975               |
| Other assets (includes 6,831 and 12,380 at fair value as of December 31, 2020 and September 30, 2021, respectively) .....  | 40,046              | 77,491               |
| Total assets .....   | <u>\$ 477,255</u>   | <u>\$ 1,606,130</u>  |
| <b>Liabilities and Stockholders' Equity</b>  |                     |                      |
| <b>Liabilities:</b>  |                     |                      |
| Accounts payable .....   | \$ 13,775           | \$ 9,381             |
| Payable to investors .....   | 45,501              | 84,312               |
| Borrowings .....   | 62,626              | 649,222              |
| Accrued expenses and other liabilities (includes \$9,530 and \$10,522 at fair value as of December 31, 2020 and September 30, 2021, respectively) .....                                      | 35,669              | 71,951               |
| Operating lease liabilities .....  | 19,432              | 72,175               |
| Total liabilities .....  | <u>177,003</u>      | <u>887,041</u>       |
| <b>Stockholders' equity:</b>   |                     |                      |
| Common stock, \$0.0001 par value; 700,000,000 shares authorized; 73,314,026 and 81,539,547, shares issued and outstanding as of December 31, 2020 and September 30, 2021, respectively ..... | 7                   | 8                    |
| Additional paid-in capital .....   | 369,467             | 711,804              |
| Retained earnings (accumulated deficit) .....  | (69,222)            | 7,277                |
| Total stockholders' equity .....   | <u>300,252</u>      | <u>719,089</u>       |
| Total liabilities and stockholders' equity .....   | <u>\$ 477,255</u>   | <u>\$ 1,606,130</u>  |

**UPSTART HOLDINGS, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS and COMPREHENSIVE INCOME**  
(In Thousands, Except Share and Per Share Data)  
(Unaudited)

|  | Three Months Ended |                  | Nine Months Ended |                  |
|--|--------------------|------------------|-------------------|------------------|
|  | September 30,      |                  | September 30,     |                  |
|  | 2020               | 2021             | 2020              | 2021             |
| <b>Revenue:</b>  |                    |                  |                   |                  |
| Revenue from fees, net .....   | \$ 62,861          | \$ 210,421       | \$ 144,179        | \$ 513,888       |
| Interest income and fair value adjustments, net<br>(includes \$0 and \$1,014 from related parties<br>expense and \$0 and \$4,238 of related parties fair<br>value adjustments for the three and nine months<br>ended September 30, 2020, respectively) ..... | 2,498              | 18,029           | 2,527             | 29,853           |
| Total revenue .....  | <u>65,359</u>      | <u>228,450</u>   | <u>146,706</u>    | <u>543,741</u>   |
| <b>Operating expenses:</b>   |                    |                  |                   |                  |
| Sales and marketing .....  | 23,725             | 93,346           | 65,113            | 218,638          |
| Customer operations .....  | 9,360              | 34,978           | 24,792            | 76,530           |
| Engineering and product development .....  | 9,966              | 37,085           | 24,651            | 87,504           |
| General, administrative, and other .....   | 10,101             | 34,442           | 30,778            | 80,602           |
| Total operating expenses .....   | <u>53,152</u>      | <u>199,851</u>   | <u>145,334</u>    | <u>463,274</u>   |
| Income from operations .....   | 12,207             | 28,599           | 1,372             | 80,467           |
| Other income (expense) .....   | 50                 | 22               | 5,497             | (5,196)          |
| Expense on warrants and convertible notes, net .....   | (2,588)            | (776)            | (2,317)           | (807)            |
| Net income before income taxes .....   | 9,669              | 27,845           | 4,552             | 74,464           |
| Benefit for income taxes .....   | —                  | (1,268)          | —                 | (2,035)          |
| Net income before attribution to noncontrolling<br>interests .....   | 9,669              | 29,113           | 4,552             | 76,499           |
| Net loss attributable to noncontrolling interests .....  | —                  | —                | (404)             | —                |
| Net income attributable to Upstart Holdings, Inc.<br>common stockholders .....   | <u>\$ 9,669</u>    | <u>\$ 29,113</u> | <u>\$ 4,956</u>   | <u>\$ 76,499</u> |
| <b>Net income per share attributable to Upstart Holdings,<br/>Inc. common stockholders, basic .....</b>  |                    |                  |                   |                  |
|  | \$ 0.12            | \$ 0.37          | \$ —              | \$ 1.00          |
| <b>Net income per share attributable to Upstart Holdings,<br/>Inc. common stockholders, diluted .....</b>  |                    |                  |                   |                  |
|  | \$ 0.10            | \$ 0.30          | \$ —              | \$ 0.81          |
| <b>Weighted-average number of shares outstanding used<br/>in computing net income per share attributable to<br/>Upstart Holdings, Inc. common stockholders, basic .....</b>  |                    |                  |                   |                  |
|  | 14,707,717         | 79,392,600       | 14,663,623        | 76,586,395       |
| <b>Weighted-average number of shares outstanding used<br/>in computing net income per share attributable to<br/>Upstart Holdings, Inc. common stockholders, diluted .....</b>  |                    |                  |                   |                  |
|  | 26,745,480         | 96,057,210       | 14,663,623        | 94,165,325       |

**UPSTART HOLDINGS, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In Thousands)  
(Unaudited)

|  | Nine Months Ended<br>September 30, |             |
|--|------------------------------------|-------------|
|  | 2020                               | 2021        |
| <b>Cash flows from operating activities</b>  |                                    |             |
| Net income before attribution to noncontrolling interests  | \$ 4,552                           | \$ 76,499   |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities:  |                                    |             |
| Change in fair value of financial instruments (includes \$(4,238) from related parties for the nine months ended September 30, 2020) | 18,801                             | (5,839)     |
| Stock-based compensation   | 7,102                              | 50,125      |
| Gain on loan servicing arrangements  | (1,747)                            | (4,223)     |
| Depreciation and amortization  | 1,631                              | 4,984       |
| Incentive share expense  | 786                                | —           |
| Noncash interest expense   | 54                                 | 990         |
| Net changes in operating assets and liabilities:   |                                    |             |
| Purchase of loans for immediate resale   | (1,554,705)                        | (5,872,988) |
| Proceeds from immediate resale of loans  | 1,554,705                          | 5,872,988   |
| Purchase of loans held-for-sale  | (109,113)                          | (80,305)    |
| Principal payments received for loans held-for-sale  | 15,237                             | 4,398       |
| Net proceeds from sale of loans held-for-sale  | 6,813                              | 90,537      |
| Other assets   | (4,843)                            | (22,806)    |
| Operating lease liability and right-of-use asset   | 66                                 | 1,028       |
| Accounts payable   | (592)                              | (4,556)     |
| Payable to investors   | 13,137                             | 38,811      |
| Accrued expenses and other liabilities   | (4,701)                            | 29,854      |
| Net cash (used in) provided by operating activities  | (52,817)                           | 179,497     |
| <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  | 88,136                             | 10,793      |
| Principal payments received for loans held-for-investment  | 12,277                             | 14,722      |
| Principal payments received for notes receivable and repayments of residual certificates   | 11,306                             | 9,115       |
| Purchase of loans held-for-investment  | (3,774)                            | (92,738)    |
| Purchase of non-marketable equity securities   | —                                  | (40,000)    |
| Purchase of notes receivable and residual certificates   | (4)                                | —           |
| Purchase of property and equipment   | (1,282)                            | (4,956)     |
| Capitalized software costs   | (2,967)                            | (4,476)     |
| Acquisition, net of cash acquired  | —                                  | (16,561)    |
| Net cash (used in) provided by investing activities  | 127,710                            | (124,101)   |
| <b>Cash flows from financing activities</b>  |                                    |             |
| Proceeds from secondary offering, net of underwriting discounts, commissions, and offering costs                                     | —                                  | 263,931     |
| Proceeds from issuance of convertible debt   | —                                  | 661,250     |
| Payment of debt issuance costs   | —                                  | (15,727)    |
| Purchase of capped calls   | —                                  | (58,523)    |



**UPSTART HOLDINGS, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In Thousands)  
(Unaudited)

|  |                   |                     |
|--|-------------------|---------------------|
| Taxes paid related to net share settlement of equity awards .....  | —                 | (236)               |
| Payments made on securitization notes and certificates (includes \$1,034 paid to related parties for the nine months ended September 30, 2020) ..... | (26,126)          | —                   |
| Repayments of borrowings .....   | (99,835)          | (65,412)            |
| Distributions made to noncontrolling interests .....   | (622)             | —                   |
| Proceeds from borrowings .....   | 81,761            | 5,831               |
| Proceeds from issuance of common stock under employee stock purchase plan .....  | —                 | 4,145               |
| Proceeds from exercise of stock options .....  | 510               | 9,773               |
| Net cash (used in) provided by financing activities .....  | (44,312)          | 805,032             |
| <b>Net increase in cash and restricted cash</b> .....  | <b>30,581</b>     | <b>860,428</b>      |
| Cash and restricted cash at beginning of period .....  | 80,067            | 311,333             |
| <b>Cash and restricted cash at end of period</b> .....   | <b>\$ 110,648</b> | <b>\$ 1,171,761</b> |

**UPSTART HOLDINGS, INC.**  
**RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES**  
(In Thousands, Except Share and Per Share Data)  
(Unaudited)

|   | Three Months Ended<br>September 30, |                  | Nine Months Ended<br>September 30, |                   |
|---|-------------------------------------|------------------|------------------------------------|-------------------|
|   | 2020                                | 2021             | 2020                               | 2021              |
| Revenue from fees, net.....   | \$ 62,861                           | \$ 210,421       | \$ 144,179                         | \$ 513,888        |
| Income from operations .....  | 12,207                              | 28,599           | 1,372                              | 80,467            |
| <i>Operating Margin</i> .....   | 19 %                                | 14 %             | 1 %                                | 16 %              |
| Sales and marketing, net of borrower<br>acquisition costs <sup>(1)</sup> .....                | \$ 2,542                            | \$ 6,239         | \$ 5,650                           | \$ 14,476         |
| Customer operations, net of borrower<br>verification and servicing costs <sup>(2)</sup> ..... | 1,462                               | 7,577            | 3,773                              | 15,201            |
| Engineering and product development.....  | 9,966                               | 37,085           | 24,651                             | 87,504            |
| General, administrative, and other .....  | 10,101                              | 34,442           | 30,778                             | 80,602            |
| Interest income and fair value adjustments,<br>net .....                                      | (2,498)                             | (18,029)         | (2,527)                            | (29,853)          |
| <b>Contribution Profit</b> .....  | <b>\$ 33,780</b>                    | <b>\$ 95,913</b> | <b>\$ 63,697</b>                   | <b>\$ 248,397</b> |
| <i>Contribution Margin</i> .....  | 54 %                                | 46 %             | 44 %                               | 48 %              |

(1) Borrower acquisition costs were \$21.2 million and \$87.1 million for the three months ended September 30, 2020 and 2021, respectively, and were \$59.5 million and \$204.2 million for the nine months ended September 30, 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 \$7.9 million and \$27.4 million for the three months ended September 30, 2020 and 2021, respectively, and were \$21.0 million and \$61.3 million for the nine months ended September 30, 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.

**UPSTART HOLDINGS, INC.**  
**RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES**  
(In Thousands, Except Share and Per Share Data)  
(Unaudited)

|   | Three Months Ended |                  | Nine Months Ended |                   |
|---|--------------------|------------------|-------------------|-------------------|
|   | September 30,      |                  | September 30,     |                   |
|   | 2020               | 2021             | 2020              | 2021              |
| Total revenue .....   | \$ 65,359          | \$ 228,450       | \$ 146,706        | \$ 543,741        |
| Net income attributable to Upstart Holdings,<br>Inc. common stockholders .....    | 9,669              | 29,113           | 4,956             | 76,499            |
| <i>Net Income Margin</i> .....  | 15 %               | 13 %             | 3 %               | 14 %              |
| Adjusted to exclude the following:  |                    |                  |                   |                   |
| Stock-based compensation and certain<br>payroll tax expenses <sup>(1)</sup> ..... | \$ 2,618           | \$ 28,333        | \$ 7,118          | \$ 59,448         |
| Depreciation and amortization .....   | 581                | 2,185            | 1,631             | 4,984             |
| Expense on warrants and convertible notes,<br>net <sup>(2)</sup> .....            | 2,588              | 776              | 2,317             | 807               |
| Provision for income taxes .....  | —                  | (1,268)          | —                 | (2,035)           |
| Acquisition-related costs .....   | —                  | —                | —                 | 1,237             |
| Adjusted EBITDA .....   | <u>\$ 15,456</u>   | <u>\$ 59,139</u> | <u>\$ 16,022</u>  | <u>\$ 140,940</u> |
| <i>Adjusted EBITDA Margin</i> .....   | 24 %               | 26 %             | 11 %              | 26 %              |

- (1) In the third quarter of 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 and nine months ended September 30, 2020 and interest expense for the three and nine months ended September 30, 2020 and 2021.

**UPSTART HOLDINGS, INC.**  
**RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES**  
(In Thousands, Except Share and Per Share Data)  
(Unaudited)

|  | Three Months Ended |            | Nine Months Ended |            |
|--|--------------------|------------|-------------------|------------|
|  | September 30,      |            | September 30,     |            |
|  | 2020               | 2021       | 2020              | 2021       |
| Net income attributable to Upstart Holdings, Inc. common stockholders    | \$ 9,669           | \$ 29,113  | \$ 4,956          | \$ 76,499  |
| Adjusted to exclude the following:                                       |                    |            |                   |            |
| Stock-based compensation and certain payroll tax expenses <sup>(1)</sup> | 2,618              | 28,333     | 7,118             | 59,448     |
| Acquisition-related costs  | —                  | —          | —                 | 1,237      |
| Adjusted Net Income  | \$ 12,287          | \$ 57,446  | \$ 12,074         | \$ 137,184 |
| Net income per share:  |                    |            |                   |            |
| Basic  | \$ 0.12            | \$ 0.37    | \$ —              | \$ 1.00    |
| Diluted  | \$ 0.10            | \$ 0.30    | \$ —              | \$ 0.81    |
| Adjusted Net Income per Share  |                    |            |                   |            |
| Basic  | \$ 0.84            | \$ 0.72    | \$ 0.82           | \$ 1.79    |
| Diluted  | \$ 0.16            | \$ 0.60    | \$ 0.17           | \$ 1.46    |
| Weighted-average common shares outstanding:                              |                    |            |                   |            |
| Basic  | 14,707,717         | 79,392,600 | 14,663,623        | 76,586,395 |
| Diluted  | 74,978,905         | 96,057,210 | 72,022,312        | 94,165,325 |

- (1) In the third quarter 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.