FINANCIAL TECHNOLOGY PARTNERS

FT Partners Equity Research

Upstart

UPSTART PROPRIETARY COMPANY PROFILE

The Only Global Investment Bank Focused Exclusively On FinTech

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Upstart

UPST TTM Price Performance

Price as of 03/17/23:	$15.23	Shares Out (mm):	81.4
Market Cap (mm):	$1,240	Beta (2-Year Avg.):	2.2
52-Wk Range:	$12.01 - $133.80	Avg. Daily Vol (mm):	6.3

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COMPANY OVERVIEW

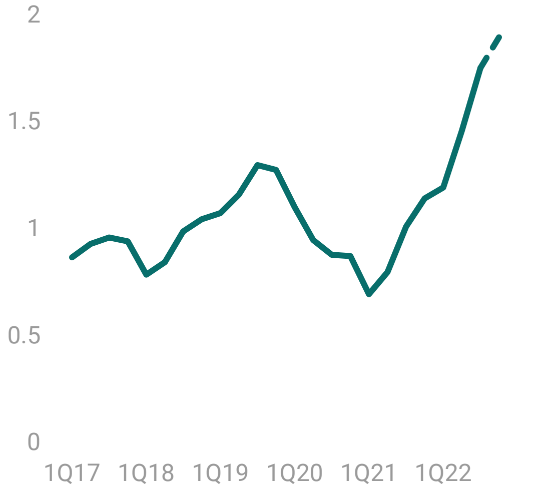
Upstart is an online lending marketplace that connects consumers, banks, and institutional investors through its shared platform.

On the consumer side, **Upstart aggregates demand on Upstart.com, where consumers are presented with bank-branded offers from partners.** Partners can also offer Upstart powered loans through a bank-branded interface on their own website/mobile-application.

Consumers on the Upstart platform are generally offered unsecured personal and secured auto loans ranging from $1,000 to $50,000, with terms typically ranging from three to seven years, with a monthly repayment schedule and no prepayment penalty.

On the funding side, bank partners can retain loans that align with risk objectives, while loan volumes exceeding their collective funding capacity can be flowed through to Upstart's funding program and sold to institutional investors.

UPSTART MACRO INDEX[1]



KEY DEBATES

1. **Macro Conditions:** Management reiterated the challenging macro environment for Upstart with 4Q22 results and issued 1Q23 guidance substantially below street expectations. Management did however note incremental reasons for optimism including improving consumer savings and consumption data in addition to the company's proprietary UMI index recovering. Looking forward, the macro backdrop, specifically the health of the consumer and funding availability, will likely be the biggest determinants of Upstart's over or under performance.

2. **Funding Constraints:** Upstart typically has three outlets for the loans it originates 1) bank partners, 2) institutional investors (through securitizations), or 3) holding loans on its balance sheet. Over 2022, Upstart faced significant funding constraints as funding partners' risk appetite decreased, which has resulted in Upstart taking on greater balance sheet exposure (loans on balance sheet increased to a record $1,010mm in 4Q22). Management is now in late-stage conversations with potential committed capital partners, which if successful could prove an effective way to reduce volatility and risk.

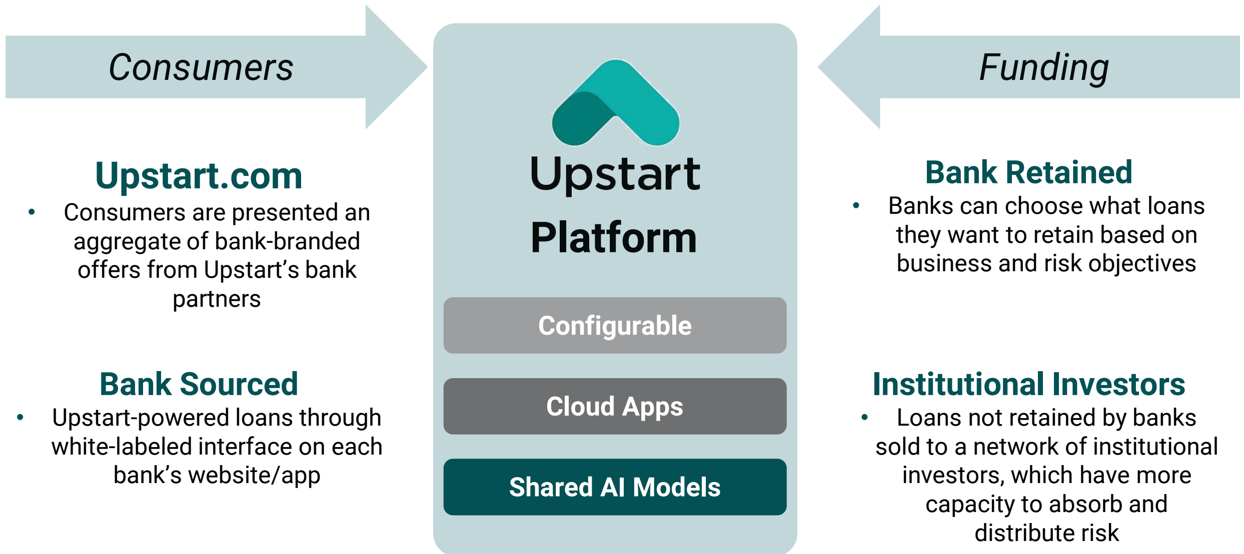
3. **Unit Economics:** While the macro environment has deteriorated, Upstart has seen success improving its unit economic profile, increasing the overall take rate despite lower origination volume. Additionally, the contribution margin of 53.1% in 2H22 represented a 3.8ppt uplift YoY as a result of marketing efficiencies. While progress has been made, updates to the funding mix are likely to reduce loan profitability as committed capital partners may require discounts versus the current marketplace funding partners.

REVENUE MODEL

Upstart's revenue model consists of the following:

- **Revenue from fees (108% of TTM net revenue):** Reported on a net basis, Upstart generates fees through three sources:
  - **Referral fees:** Fees generated from the referral of borrowers from Upstart.com to lending partners, paid by the lending partners on a per-borrower basis. Fees are charged net of any fees the lending partner charges Upstart.
  - **Platform fees:** Fees generated from lending partner's use of the Upstart AI lending marketplace, which includes collection of loan application data, underwriting of credit risk, verification and fraud detection.
  - **Loan servicing fees**: Fees generated from loan holders for the collecting, processing, and reconciling of loan payments received. Fees are based on a predetermined percentage of the outstanding principal balance, with certain ancillary fees generated on a per-transaction basis for processing late payments and payments declined for insufficient funds.
- **Interest income and fair value adjustments (-8% of TTM net revenue):** Comprised of interest income on loans held on the balance sheet, interest expense on funding debt, and net changes in the fair value of financial instruments on the balance sheet.

UPSTART ECOSYSTEM



Source: Company filings
1) Upstart Macro Index, 4Q22 earnings presentation

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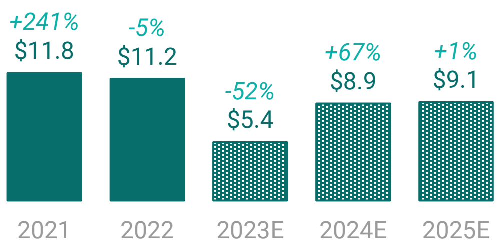
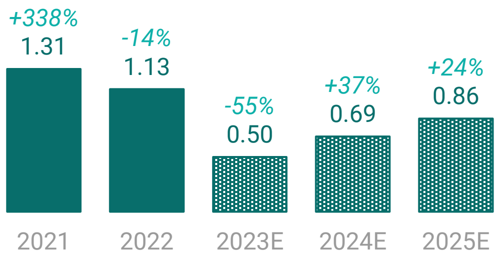
($ in millions, except where otherwise noted)

HISTORICAL RESULTS & CONSENSUS FORECASTS[1]

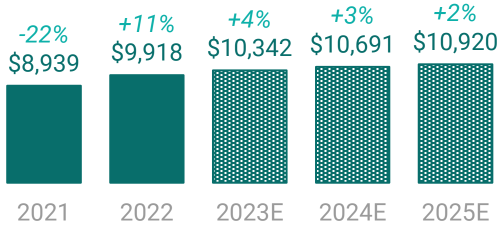
Loan Origination Volume (bn)



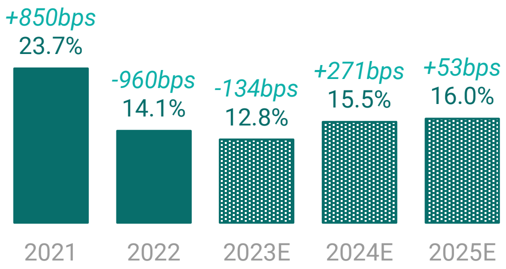
Number of Loans Funded (mm)



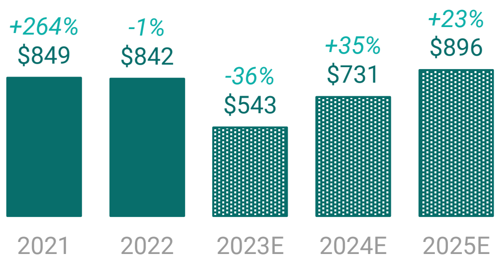
Average Loan Size (Abs.)



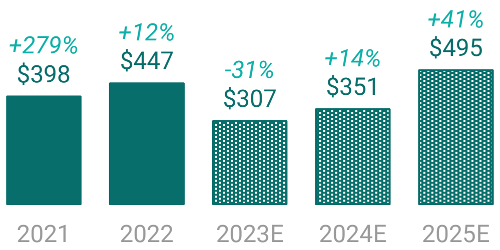
Conversion Rate[7]



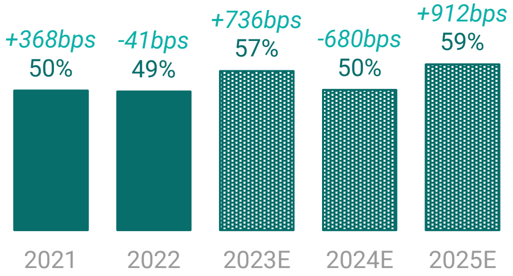
Total Revenue



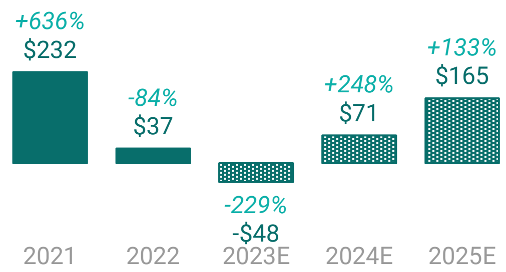
Contribution Profit[5]



Contribution Margin[6]

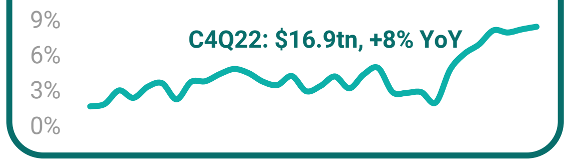


Adjusted EBITDA

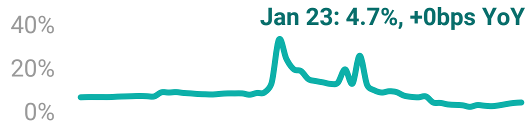


INDUSTRY KPIs

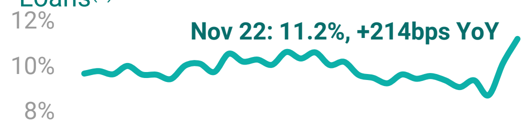
Total Household Debt[2] *(C1Q14 – C4Q22)*



Personal Savings Rate[2] *(Jan 18 – Jan 23)*

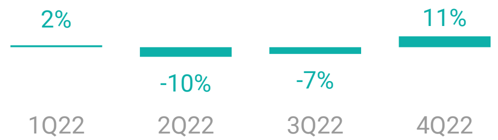


Rate on Personal Loans[2] *(May 15 – Nov 22)*

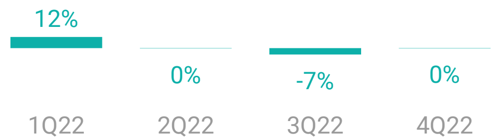


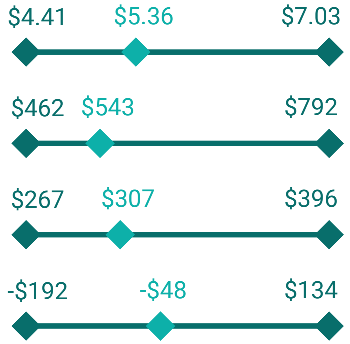
SURPRISE HISTORY & FY23 CONSENSUS ESTIMATES[3]

Total Revenue



Contribution Profit





TOTAL ADDRESSABLE MARKET – GLOBAL[4]

Source: Company filings; FactSet
1) Visible Alpha
2) Federal Reserve
3) FactSet, VA Consensus Low/Average/High Range
4) UPST 4Q22 Earnings Presentation
5) Defined as revenue from fees less variable expenses
6) Defined as contribution profit divided by revenue from fees
7) Defined as number of loans divided by the number of rate requests

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VALUATION CONSIDERATIONS

Relative Valuation:

As of 3/17, Upstart trades at an 5.9x NTM EV/Contribution Profit multiple, 17.7x below its average multiple of 23.6x since IPO. It currently trades at a 2.5x EV/CP premium to the Nasdaq (measured against the Nasdaq EV/Sales), 17.4x lower than its 3-year average of 19.9x. Upstart has seen significant multiple rerating over the TTM. If Upstart were to trade in-line with peers on a EV/CP basis (or most equivalent metric) it would imply a 12-month price of $27, (75% upside). While the last two years have shown Upstart's sensitivity to credit cycle concerns and interest rates, **the company could rebound meaningfully in 2H23 if management is successful in securing committed capital partner.**

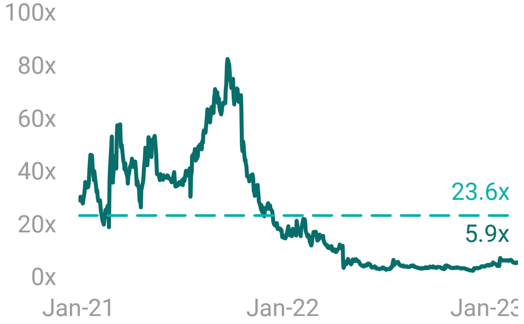
Scenario 1 – Current Price ($15, 0%): This DCF outlines a reasonable combination of revenue growth and margin expansion to arrive at a 12-month forward price that matches the current share price. To approximate this, the scenario points to sharp revenue contraction in FY23 (in-line with consensus estimates) followed by revenue growing at a ~30% CAGR through FY27 predicated on **1) the securing of committed loan facilities to hedge ABS market volatility 2) improvement in ABS market liquidity and consumer credit quality and 3) penetration of new products.** The scenario also assumes negative EBIT margins in the near-term, followed by a gradual recovery to +20% over the long-term. Were shares of Upstart to remain at their current price in 12-months, it would imply a 5.1x NTM EV/CP multiple (based on current STM consensus contribution profit of $354mm).

Scenario 2 – Favorable Funding Mix ($35, 130%): The second DCF scenario outlines the scenario in which Upstart is able to reach favorable agreements for committed capital partners. This would thereby enable an efficient hybrid market-place/committed capital model, in which the company is able to meaningfully accelerate loan originations in the short-term, while simultaneously reducing balance sheet risk. In this case, the scenario models a 33% CAGR revenue growth through FY27. This scenario points to a $35 target price representing 130% upside and would imply a 9.7x NTM EV/CP multiple.

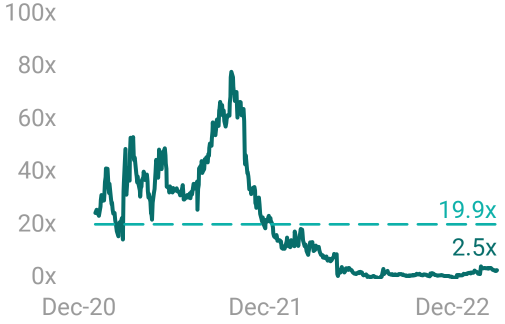
Scenario 3 – Less Favorable Funding Mix ($10, -34%): The third DCF scenario estimates the impact of the company not being able to secure favorable committed capital partner terms. This would likely have the impact of weighing on loan origination volume and fees per loan, coming in below consensus in FY23 and FY24, before making a more gradual recovery. If this scenario were to unfold, management would likely take more draconian actions with respect to cost cutting, which could partially offset the EBIT margin headwinds. This scenario points to a 12-month target price of $10, -34% below the current price, it would imply a 4x NTM EV/CP multiple.

PEER GROUP TTM PRICE PERFORMANCE & VALUATION METHODOLOGIES

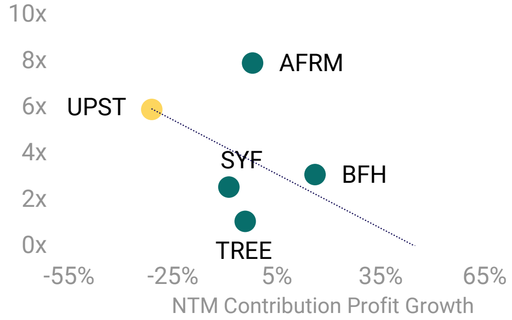
NTM EV/Contribution Profit Since IPO



NTM EV/Contribution Profit vs. NASDAQ[1]



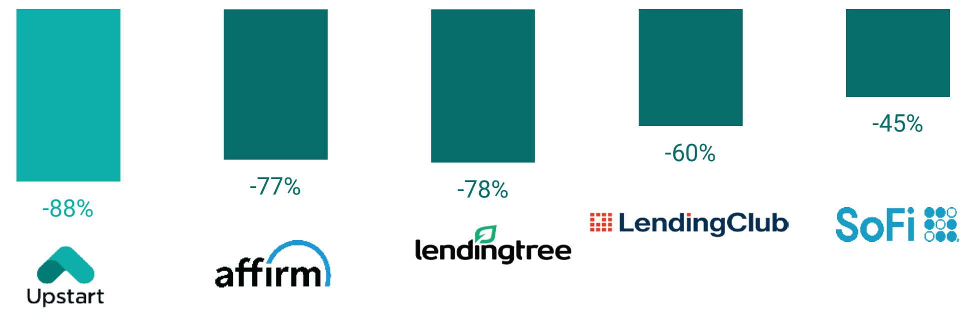
Peer Avg. NTM EV/CP[2]



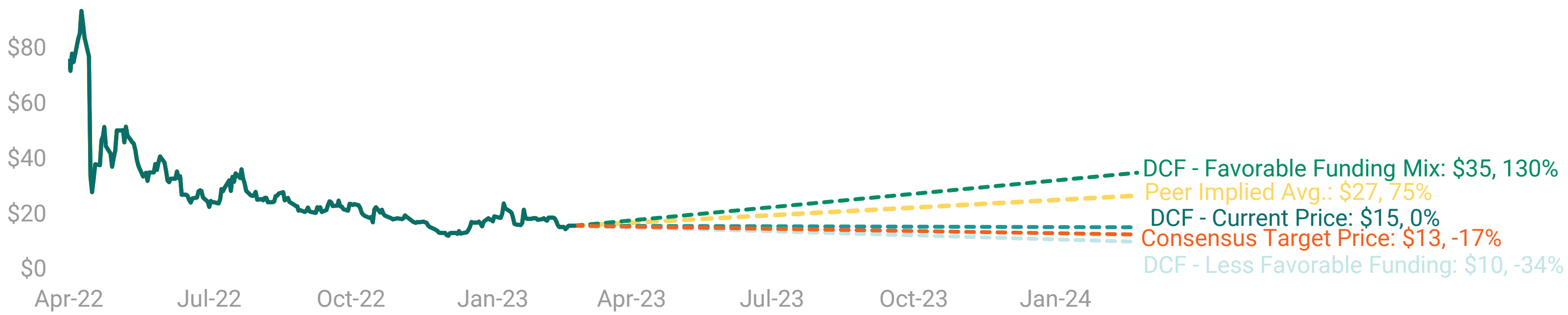
DCF Assumptions[3]

10-Year Rf	4.1%
Cost of Equity	20.9%
Cost of Debt	5.0%
WACC	13.4%
Beta	2.6
FCF Terminal Growth Rate	3.0%
SBC Terminal Growth Rate	1.0%
Equity Value Reduction from Present + Future SBC	$73.4

TTM Price Performance



Price Chart & 12M Forward Scenario Based Ranges



Source: Company filings; FactSet
1) Utilizes Nasdaq EV/Sales for premium base
2) Or most equivalent metric (after provision, funding costs, transaction costs)
3) SBC in millions

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DECISION TREE INPUTS

The decision tree to the right is designed to evaluate potential outcomes and their valuation implications. This decision tree is built around 1) improvements in the macro environment and 2) the effect committed capital will have on loan profitability. While there are other drivers of Upstart's performance (contribution cost efficiency, OpEx etc.) these represent the most likely area(s) of variance relative to management's outlook and the consensus view over the short-to-medium term.

Consensus Case:

The consensus target price for Upstart is $12.61, which implies a 4.5x EV/contribution profit multiple and -18% downside relative to the current share price of $15.23.

Upside Case:

(+) $29, 90% Upside: This scenario assumes the macro environment improves in terms of interest rates, credit quality and funding market stability. Specifically, it assumes 1) increased level of rate inquires and an increased conversion rate later in FY23 and through FY24. This implies -27% NTM contribution profit growth and a $29 price (90% upside), when assuming a 7.0x EV/CP multiple.

(+-) $25, 61% Upside: This scenario also assumes an improved macro environment for Upstart, but additionally forecasts an increased discount for securing committed capital partners beyond consensus expectations. Specifically, it assumes a more aggressive deceleration in loan profitability as committed capital is onboarded onto the platform. In the event of a stronger macro environment, there would likely be less pressure on the business model requiring committed capital. As a result the assumed multiple is decreased 0.5x to 6.5x. This implies -31% NTM contribution profit growth and a $25 target price (61% upside), when assuming a 6.5x EV/CP multiple.

(++) $30, 96% Upside: This scenario assumes an improved macro environment for Upstart borrowers and forecasts improved economics on loan profitability for deals with committed capital partners. This implies -23% NTM contribution profit growth and a $30 target price (96% upside), when assuming a 7.5x EV/CP multiple.

Downside Case:

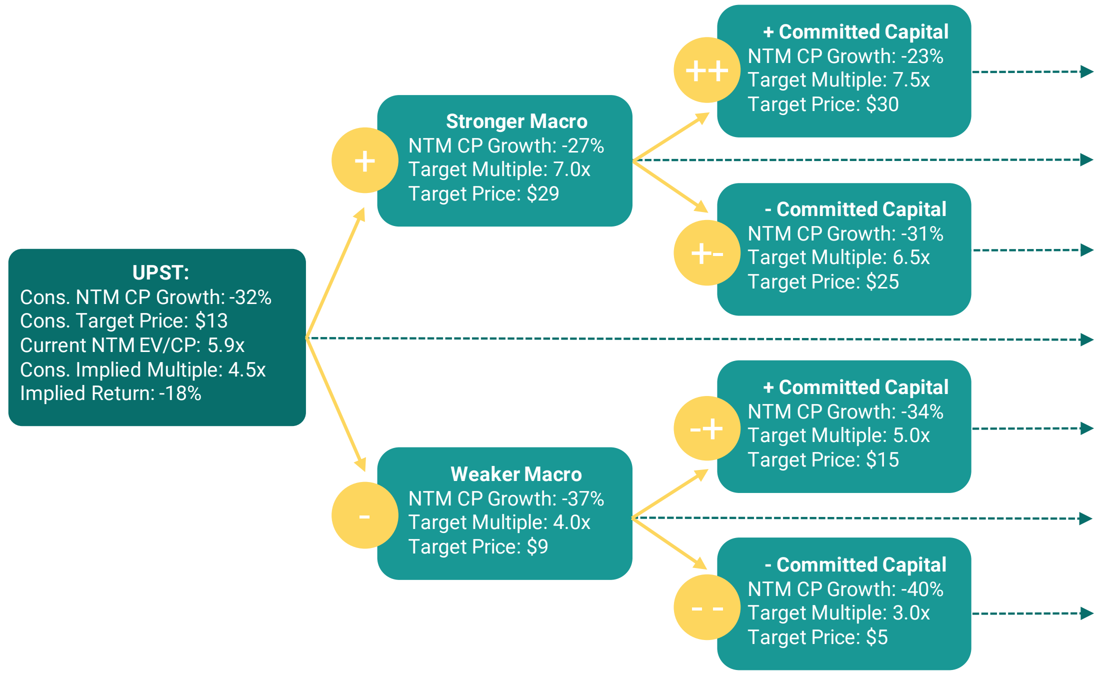
(-) $9, 41% Downside: This scenario assumes extended weakness in the macro environment, weighing on inquiries and conversion rates. The model reflects this by reducing rate inquires and conversion rates. This implies -37% NTM contribution profit growth and a $9 target price (41% downside), when assuming a 4.0x EV/CP multiple.

(-+) $15, 2% Downside: This scenario assumes extended macro weakness and the previously discussed stronger unit economics on committed capital deals. This implies -34% NTM contribution profit growth and a $15 target price (-2% downside), when assuming a 5.0x EV/CP multiple.

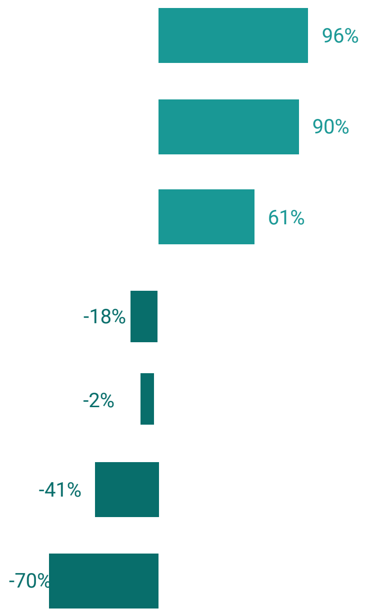
(--) $5, 70% Downside: The worst-case scenario assumes extended macro weakness and less favorable unit economics on committed capital funding schemes. This implies -40% NTM contribution profit growth and a $5 target price (-70% downside), when assuming a 3.0x EV/CP multiple.

DECISION TREE & CONSENSUS OUTLOOK

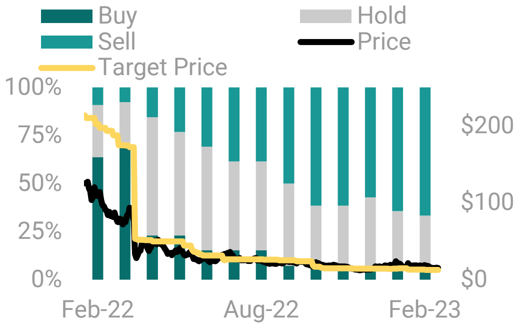
Outcome Tree & Reward/Risk



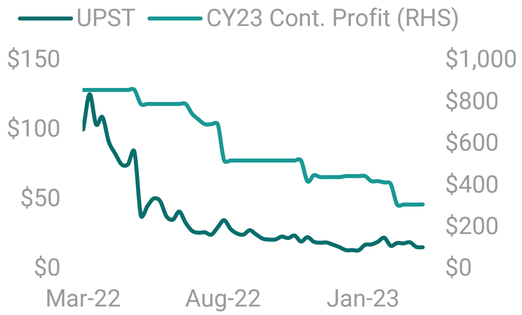
12-Month Price Return



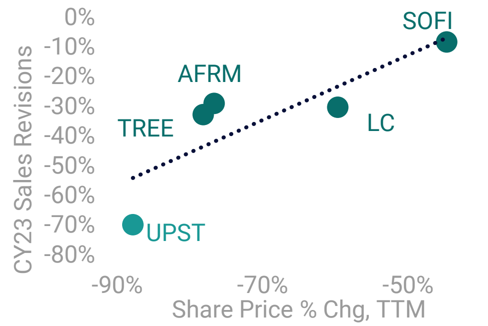
Sell-Side Ratings Distribution



Price Performance vs. Est. Revisions



Est. Revisions vs. Price Change, TTM



Source: Company filings; FactSet

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4Q22 EARNINGS CALL RECAP

Takeaway: The macro environment continues to place critical pressure on Upstart's business model, with turbulent funding markets representing the primary rate limiting factor to loan origination volume. Management noted that it is now in late-stage conversation with committed capital partners, the result of which is likely to provide meaningful stability to the business. Beyond the funding market dynamics, management also focused on the macro environment noting that it is seeing improvements in the health of both the consumer and the ABS market. Ultimately securing committed capital and the extent to which the macro backdrop improves, will likely prove to be the two largest determinants of the speed and success of Upstarts recovery.

Results Recap: Upstart reported $1.54bn in loan volume (-62% YoY) in 4Q22, 4% below consensus of $1.60bn. The loan funnel conversion rate declined by more than 13ppt YoY to ~11.0%, below consensus of 12.3%. Reported fee revenue of $156mm declined 46% YoY, in line with consensus expectations. Net revenue of $147mm (-52% YoY) exceeded consensus of $132mm and surpassed the high end of management's guidance range of $125-$145mm, driven by higher-than-expected net interest income (+64% vs. consensus) as a result of increased loans retained on the balance sheet vs. expectations. Contribution profit matched consensus at $82.0mm, falling 52% YoY and the contribution margin increased 67bps YoY to 53%, slightly missing guidance of 54%. Adjusted EBITDA declined 118% YoY to -$16.6mm but beat consensus by 54% and came in well above guidance of -$35mm, driven by the the 11% net revenue beat coupled with the 5% beat on operating expenses.

Guidance Recap: Upstart's 1Q23 guidance came in well below consensus on the top and bottom-lines. The company's net revenue guidance of ~$100mm (-68% YoY) was below pre-print consensus of $152mm by 34%, which management attributed to funding constraints, low consumer approvability, and interest rates (in addition to a 10-15ppt seasonal drag due to tax season). While contribution margin guidance topped pre-print consensus by 145bps, the impact of the lower revenue guidance resulted in contribution profit guidance coming in 32% below pre-print consensus. Adjusted EBITDA guidance similarly missed pre-print consensus, with guidance for -$45mm versus pre-print consensus of -$16mm. While the 1Q23 guide disappointed, management expects to resume QoQ revenue growth within the year, likely driven by an expected improvement in funding capacity and consumer approvability.

Incremental from the call:

- **Funding Sources:** While funding constraints were a recurring theme in 2022, it now constitutes a critical rate-limiting factor, and is the center of focus in the near-term as increased ABS market volatility and consumer delinquencies have reduced lender demand. In particular, the company has seen lenders who rely primarily on the ABS market reduce volume on the platform relative to those who don't. To date, the company has been able to partially circumvent funding constraints by increasing the loans held at fair value on the balance sheet (up 300% YoY to $1.01bn), however management indicated on the call that the company's balance sheet is now at maximum capacity and that it doesn't expect to use it as a funding source going forward. Obtaining committed capital is management's top priority noting **that it is in advanced stages with several funding partners and expects concrete news regarding a secured partnership soon.** Management also pointed to initial signs of ABS market recovery with spreads tightening, in-line with commentary made by other ABS market-reliant companies. Additionally, the company expects that the expansion into secured products like auto-loans and home-loans will provide improved funding appetite on the platform during challenging macro periods.
- **Macro-Challenges:** The challenging macro environment is affecting Upstart by **1) decreasing lender demand due to consumer delinquency and ABS market volatility and 2) decreasing consumer approvability.** While the company exited 2022 with elevated delinquency rates, management noted it is seeing signs of improvement. The personal savings rate has increased marginally for three consecutive quarters, and management believes data regarding workforce participation rates and the reversal in the growth of real personal consumption suggests that the savings rate has a considerable runway to improve. The company's UMI (Upstart Macro Index) increased marginally in Q4, and is showing "encouraging" signs of stabilization in early 2023.

4Q22 REPORTED VS. CONSENSUS

Line Item	Reported	Consensus	ABS ▲	% ▲
Rate Requests (mm)	**1.13**	**1.39**	**-0.26**	**-19%**
growth (%, yoy)	*-39%*	*-25%*		
Loan Conversion Rate	**11.0%**	**12.3%**	**-129bps**	
growth (bps, yoy)	*-1,340bps*	*-1,211bps*		
Loan Volume (bn)	**$1.54**	**$1.60**	**-$0.06**	**-4%**
growth (%, yoy)	*-62%*	*-61%*		
Fee revenue	**$156**	**$156**	**-$0.43**	**0%**
growth (%, yoy)	*-46%*	*-46%*		
Net Interest Income	**-$8.7**	**-$24.2**	**$15.5**	**64%**
growth (%, yoy)	*-150%*	*-238%*		
Net Revenue	**$147**	**$132**	**$15.0**	**11%**
growth (%, yoy)	*-52%*	*-57%*		
Borrower Acquisition & Verification Costs	**$73.6**	**$73.9**	**-$0.29**	**0%**
growth (%, yoy)	*-47%*	*-46%*		
Fee Revenue Contribution Profit	**$82.0**	**$82.1**	**-$0.17**	**0%**
Contribution Margin (%)	*53%*	*53%*	*4bps*	
Total Operating Expenses	**$205**	**$215**	**-$9.52**	**5%**
growth (%, yoy)	*140%*	*-12%*		
Adjusted EBITDA	**-$16.6**	**-$35.8**	**$19.2**	**54%**
Adj. EBITDA Margin (%)	*-11%*	*-27%*	*1,584bps*	
Adjusted Net Income	**-$20.9**	**-$40.6**	**$19.7**	**48%**
Adj. Net Income Margin (%)	*-14%*	*-31%*	*1,653bps*	

1Q23 Guidance	New	Cons.	% ▲
Revenue	**$100**	**$152**	**-34%**
growth (%, yoy)	*-68%*	*-51%*	
Contribution Profit	**$60.5**	**$88.8**	**-32%**
Contribution Margin (%)	*55%*	*54%*	*145bps*
Adjusted EBITDA	**-$45.0**	**-$16**	**-185%**
Adj. EBITDA Margin (%)	*-45%*	*-10%*	*-3,465bps*

Source: Company filings; FactSet; Visible Alpha

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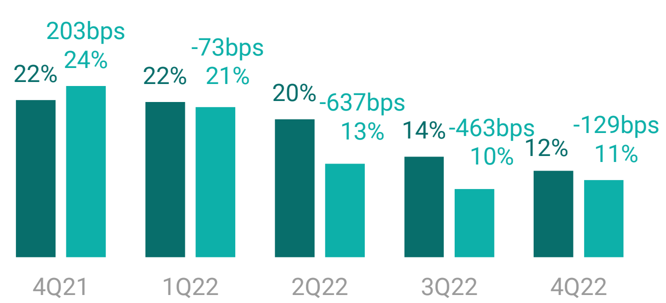
FINANCIAL TECHNOLOGY PARTNERS

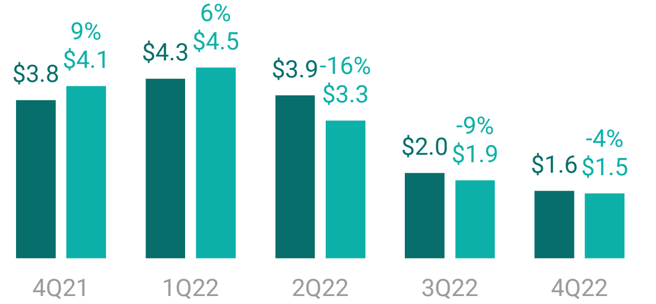
($ in millions, except where otherwise noted)

REPORTED VS. CONSENSUS

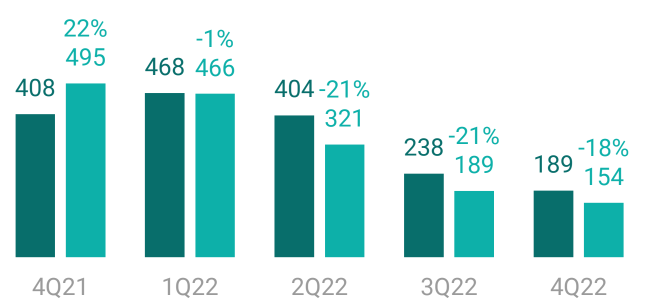
Loan Conversion Rate



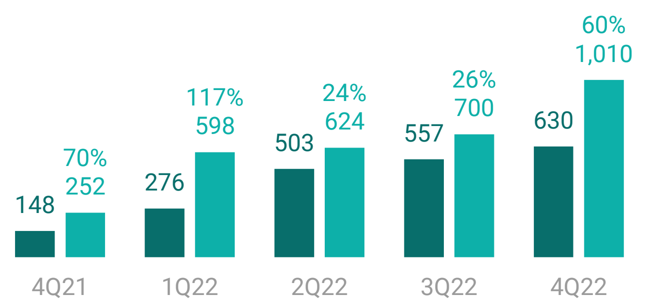
Loan Origination Volume (bn)



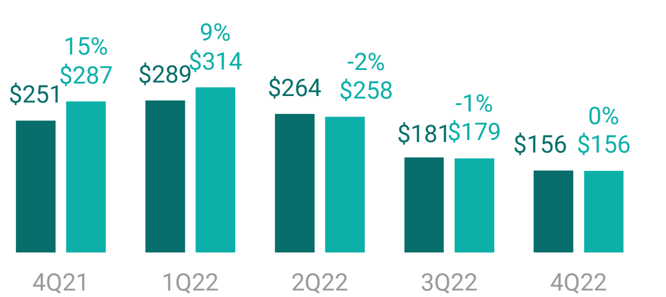
Number of Loans Originated



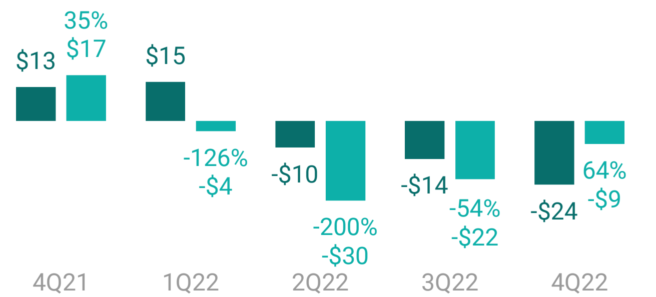
Loans on Balance Sheet



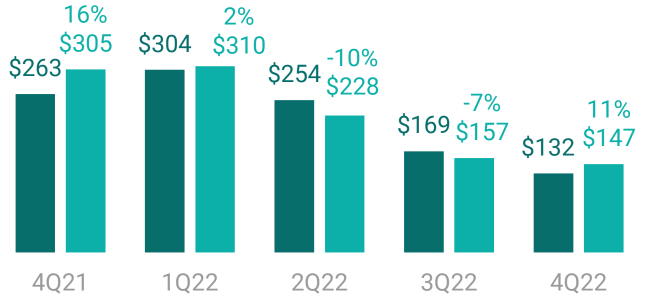
Fee Revenue



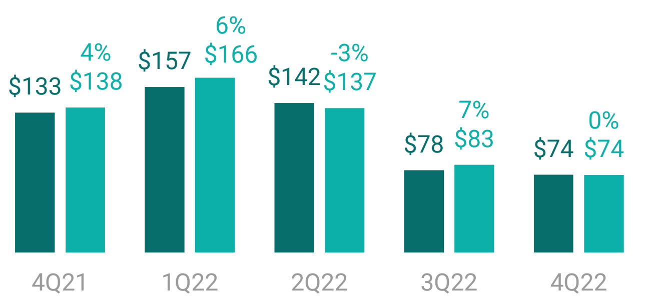
Net Interest Income



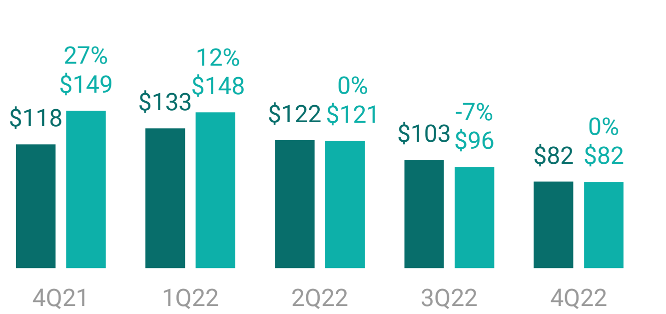
Total Revenue



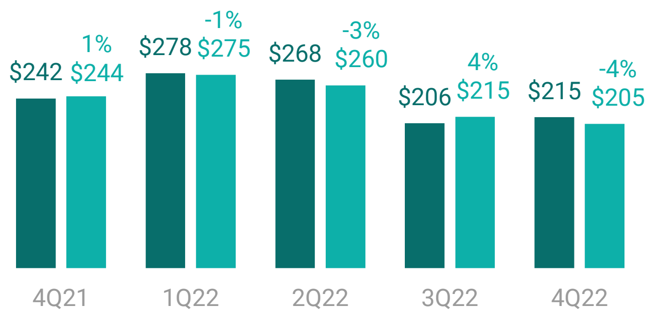
Borrower Acquisition & Verification Costs



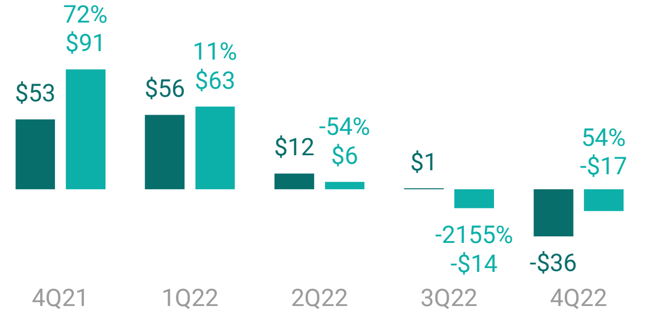
Contribution Profit



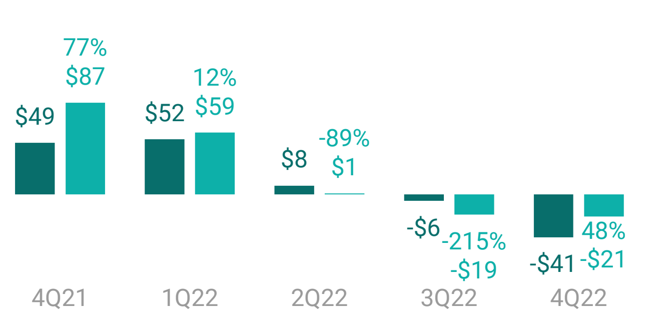
Total Operating Expenses



Adjusted EBITDA



Adjusted Net Income



Source: Company filings; FactSet, Visible Alpha

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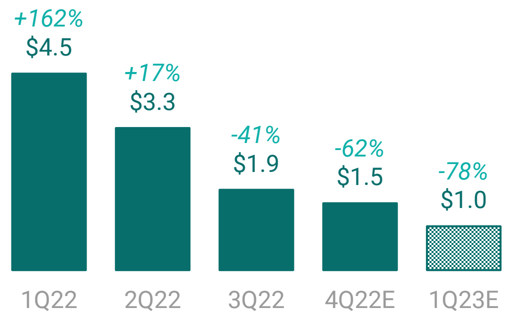
FINANCIAL TECHNOLOGY PARTNERS

($ in millions) 1Q23 CONSENSUS ESTIMATE RANGES

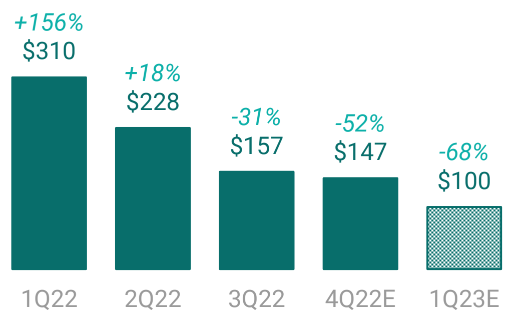
	Low	Average	High
Rate Requests (000's)	**575**	**692**	**870**
growth (%, yoy)	-71%	-65%	-55%
Loan Origination Volume (bn)	**$0.70**	**$1.00**	**$1.33**
growth (%, yoy)	-85%	-78%	-71%
Loan Conversion Rate	**9.5%**	**12.6%**	**20.4%**
▲ *in % (bps)*	-1182bps	-875bps	-92bps
Revenue From Fees	**$107**	**$109**	**$111**
growth (%, yoy)	-66%	-65%	-65%
Net Interest Income	**-$12**	**-$9**	**-$2**
growth (%, yoy)	-203%	-143%	59%
Total Revenue	**$96**	**$100**	**$110**
growth (%, yoy)	-69%	-68%	-65%
Variable Costs	**$44**	**$50**	**$58**
growth (%, yoy)	-73%	-70%	-65%
Gross Profit	**$42**	**$50**	**$65**
growth (%, yoy)	-71%	-65%	-55%
Total Operating Expenses	**$178**	**$209**	**$246**
growth (%, yoy)	-35%	-24%	-11%
Operating Income	**-$145**	**-$109**	**-$81**
growth (%, yoy)	-517%	-413%	-332%
Adjusted EBITDA	**-$51**	**-$45**	**-$39**
growth (%, yoy)	-182%	-172%	-163%
Net Income	**-$148**	**-$134**	**-$88**
growth (%, yoy)	-552%	-510%	-370%

QUARTERLY CONSENSUS ESTIMATES & OPTION ACTIVITY

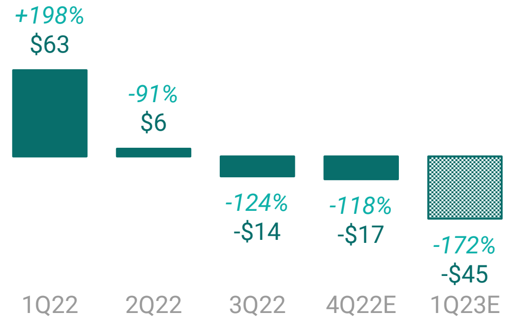
Loan Origination Volume (billions)



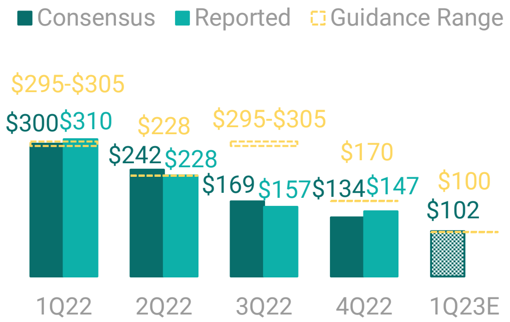
Revenue



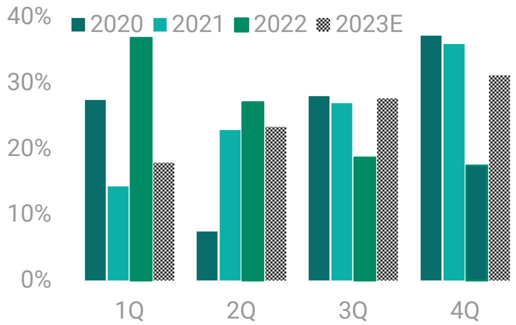
Adj. EBITDA



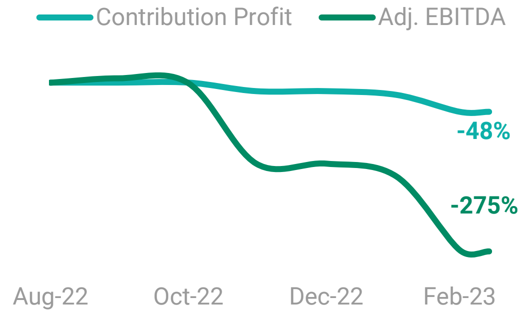
Revenue Cons. vs. Reported



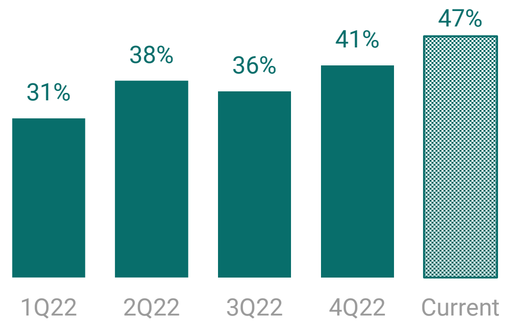
Revenue Seasonality



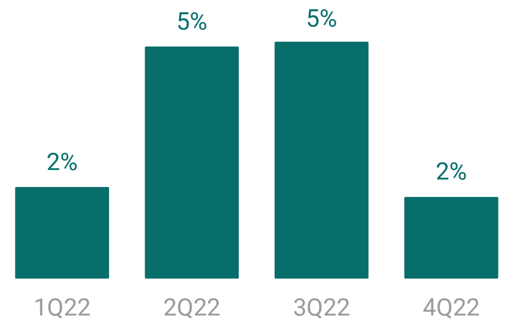
1Q23 Estimate Revisions



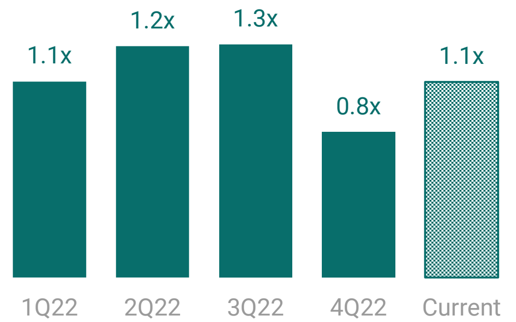
Short Interest (Pre-Print)



Hedge Fund Ownership as % of S/O



Put/Call Ratio



Source: Company filings; FactSet

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FINANCIAL TECHNOLOGY PARTNERS

1Q23 EARNINGS OUTLOOK

What's In Focus:

With volatile funding markets and weaker consumer credit quality placing continued pressure on Upstart's operating model, **focus going into 1Q23's print will be centered on three main factors: 1) ABS market health 2) conversations with potential committed capital partners and 3) overall consumer trends.** The shift from a solely marketplace-based funding model towards a hybrid committed/uncommitted capital funding model will provide a more stable baseline for cost of capital, but will also likely negatively impact Upstart's unit economics, so management commentary around term agreements, assuming a partner is announced, will be in focus.

Estimates:

KPIs: Since 4Q22 earnings, consensus 1Q23 loan volume has declined 41% from $1.71bn to $1.01bn (-78% YoY) and FY23 estimates declined 31% to $5.36bn (-31% YoY) from $7.72bn. Estimates for the number of funded loans in 1Q23 declined 51% to 98k (-79% YoY), with FY23 estimates decreasing 42% to 504k (-52% YoY). The estimated conversion rate in 1Q23 increased 35bps to 12.7% (down 8.7ppt YoY) from 12.3%. Post 4Q22, consensus now expect loans held at fair value to remain under $1bn for the quarter and full year at $991mm (+66% YoY) and $965mm (+61% YoY), respectively, in-line with management's commentary during 4Q22's earnings call.

Revenue: Platform and referral fee revenue estimates were revised down 41% and 31% for 1Q23 and FY23 to $67mm (-76% YoY) and $361mm (-53% YoY), respectively. Consensus for net interest income during 1Q23 were increased from -$15.1mm to -$9.1mm and estimated losses for FY23 were improved from -$24mm to -$3mm. As a result, net revenue consensus decreased 34% to $100mm (-68% YoY) for 1Q23 and decreased 24% to $545 (-35% YoY) for the full year.

Expenses: Since 4Q22's print, consensus estimates for 1Q23 contribution costs have improved by 35% to $49.8mm (-70% YoY) from $77.2mm and estimates for FY23's contribution costs have improved 28% to $235mm (-49% YoY) from $327mm. Estimates for OpEx in 1Q23 saw a 2% uptick from $207mm to $212mm (-23% YoY), however, FY estimates saw a more substantial decline of 10% to $753mm (-21% YoY) from $838mm.

Earnings: Although consensus for 1Q23 contribution profit declined 33% to $59.6mm (-60% YoY) and FY23 estimates declined 24% to $307mm (-31% YoY), contribution margin remained flat at 54% for 1Q23 (+7ppt YoY) and increased 2ppt to 57% (+8ppt YoY) for FY23. Adjusted EBITDA estimates for 1Q23 declined 185% to -$45mm (-172% YoY) from -$16mm and declined 218% for FY23 from $42mm to -$49mm (-229% YoY).

Full Estimates: Given the disappointing 1Q23 guidance and the suspension of full-year guidance, consensus for FY23 transaction volume, revenue, and contribution profit were reduced 31%, 26%, and 24% respectively. With an uncertain macro driving higher interest rates and Upstart's target demographic being on more precarious footing than FY20/21, variability in FY estimates has increased considerably.

POST-RESULTS ONE-DAY ALPHA VS. SP500

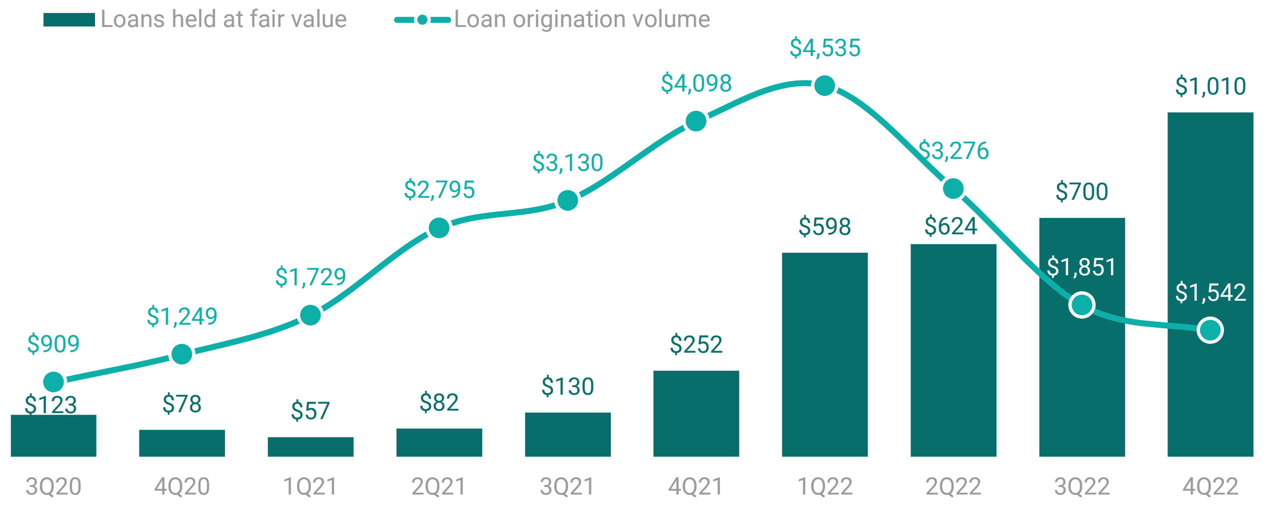
1Q22
- 2%/11% beat on revenue/adj. EBITDA
- Q2 revenue/adj. EBITDA guidance 10%/44% below consensus
- Lowered FY22 revenue guide ~11%

2Q22
- 10%/54% miss on revenue/adj. EBITDA
- Q3 revenue/adj. EBITDA guidance 32%/100% below consensus

3Q22
- 7% miss on revenue, $15mm miss on adj. EBITDA (-$14mm reported vs. $1mm expected)
- Both metrics reported significantly below company guidance
- Q4 revenue guidance 27% below consensus

4Q22
- 4% miss on loan volume, 11% beat on net revenue driven by net interest income
- 1Q23 revenue/contribution profit guidance below consensus by 34%/32%.

ORIGINATIONS & BALANCE SHEET FUNDING



Source: Company filings; FactSet
1) U.S. Census Bureau

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FINANCIAL TECHNOLOGY PARTNERS

QUESTIONS FOR MANAGEMENT

General:

1) Now that the auto lending product has launched, what further opportunities does management see for Upstart to expand its product offering?
2) What are some of the underlying assumptions both macro and company specific that underpin the 1Q23 guidance?

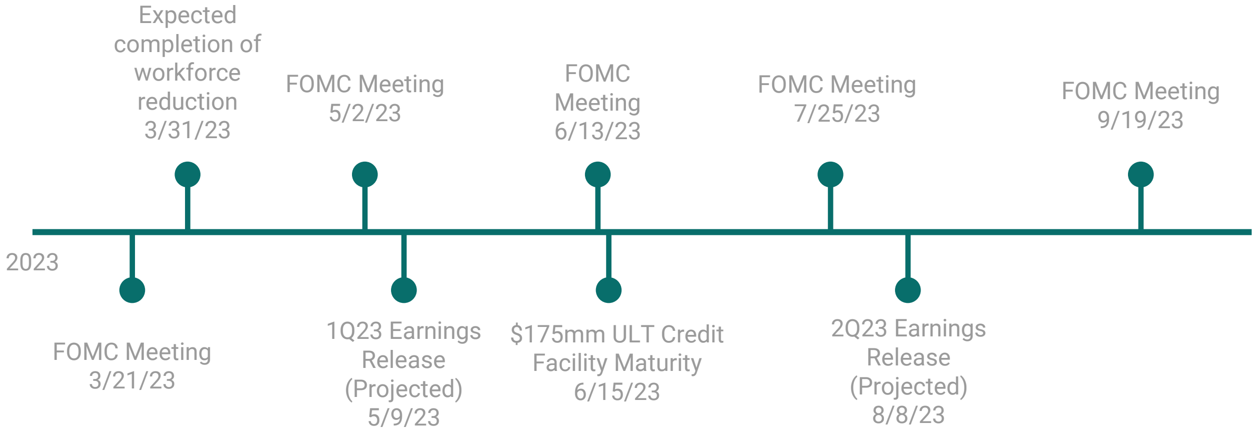
Credit:

3) The conversion on rate requests was 11.0% in 4Q22, down 13.4ppt YoY from 24.4% in 4Q21. Are higher rates the driving force behind the decline or are there other factors in play? What does management see as a sustainable run rate in a steady-state environment?
4) What is management seeing in terms of NPL/delinquency trends?
5) What are Upstart's bank partners saying regarding risk appetite for 2023, does management expect further tightening of lending standards from those partners?

Loan Funding

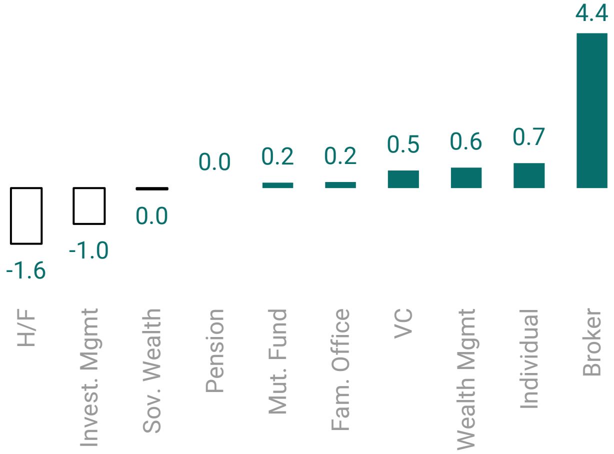
6) There seems to be an increased focus on securing a supply of funding for the platform, specifically from more long-term partners. What is Upstart seeing in terms of investor appetite and what is the optimal funding mix with respect to committed vs. uncommitted capital for Upstart?
7) On-balance sheet loans increased from $250mm during 4Q21 to $1,010mm in 4Q22, what is the ideal ratio/balance between on-balance sheet vs. off-balance sheet loans?
8) How does the unit economic profile differ between loans Upstart keeps on the balance sheet vs. those taken on by banks/investors?
9) What kind of impact can we expect to see on loan unit economics from committed capital partners?
10) How does management expect committed capital's share of the overall funding mix to mature? Is there a ramping period to be expected?

POTENTIAL CATALYSTS



SHAREHOLDER ANALYSIS

Six-Month Position Changes (mm)



Insider Shares Sold/Bought (mm)

Source: Company filings; FactSet

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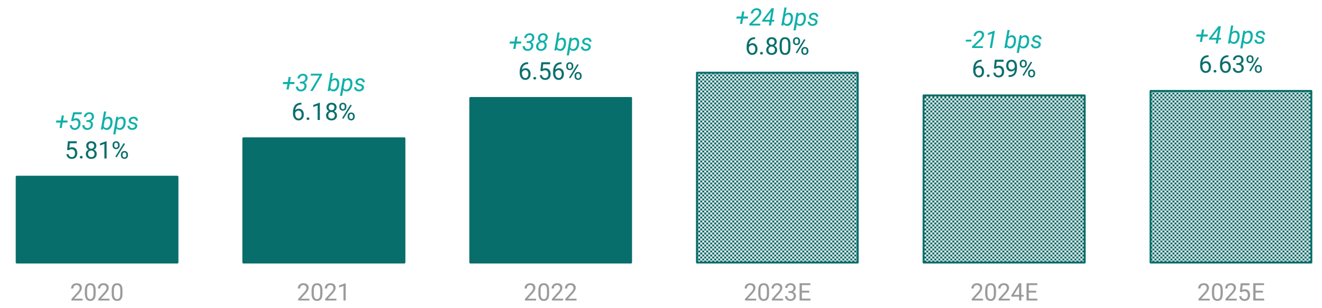
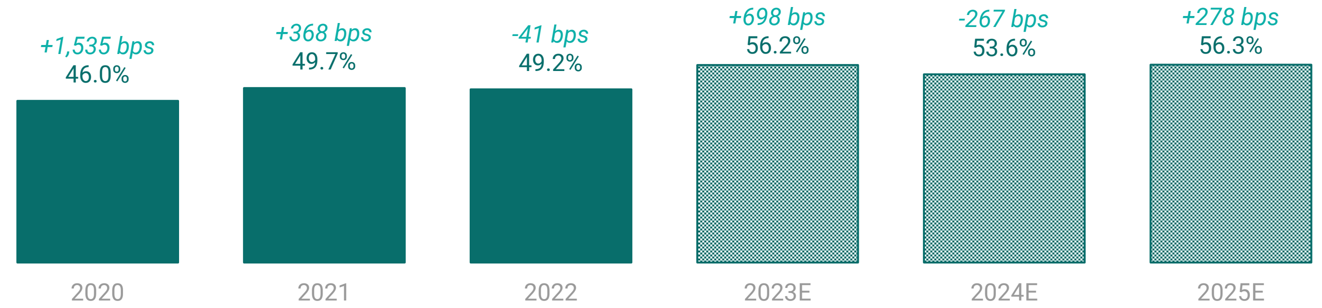
FINANCIAL TECHNOLOGY PARTNERS

COMPANY RATIOS/MARGIN ANALYSIS

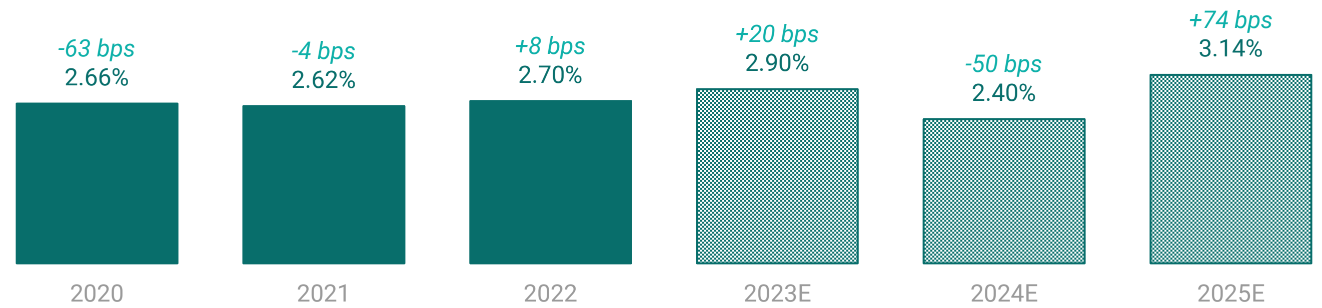
Platform and Referral Fees as % of Loan Volume



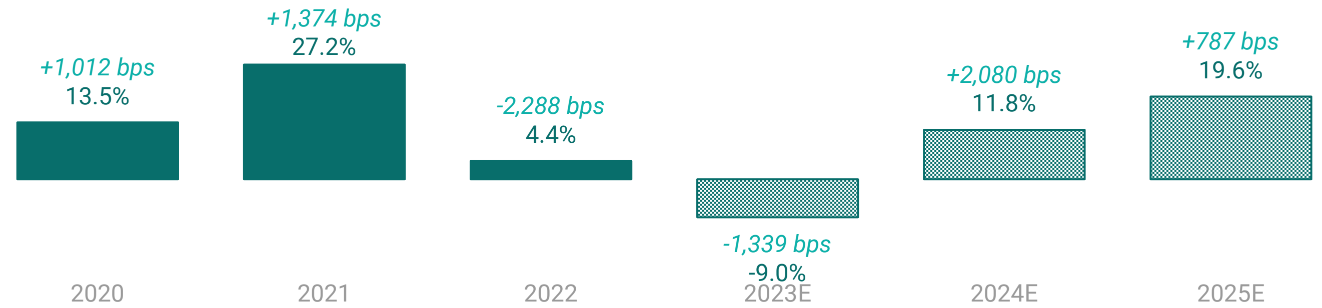
Contribution Margin (% of Fee Revenue)



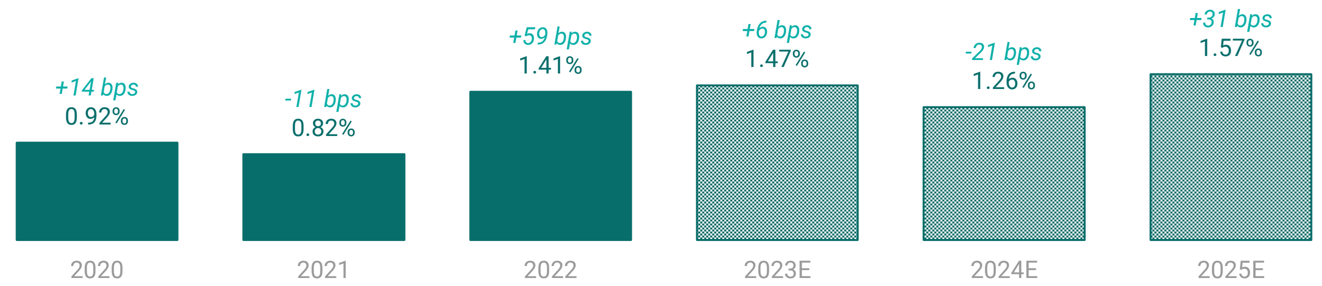
Borrower Acquisition Cost as % of Loan Volume



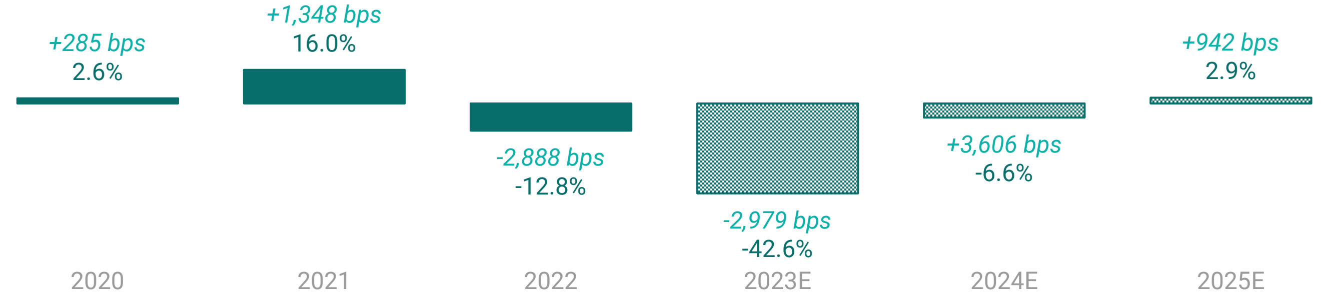
Adj. EBITDA Margin (% of Total Revenue)



Borrower Verification Cost as % of Loan Volume



Net Income Margin (% of Total Revenue)



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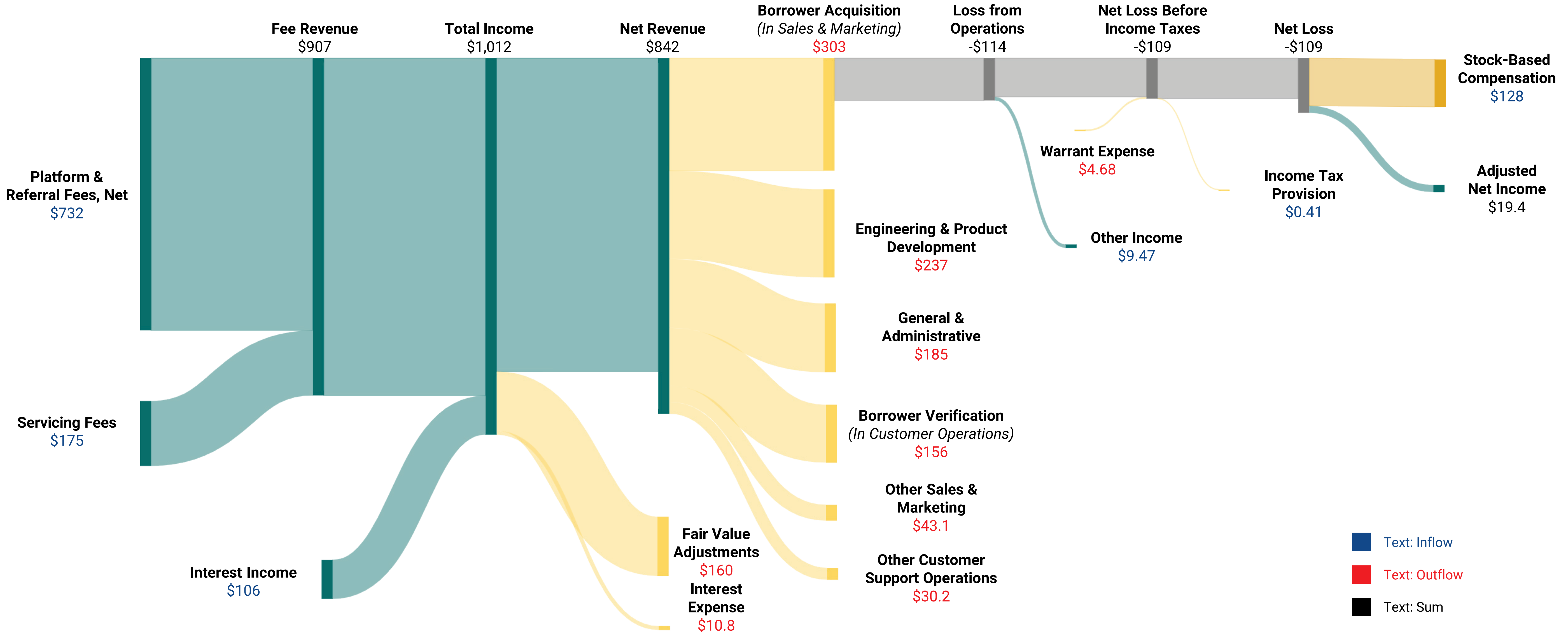
P&L VISUALIZATION – TTM



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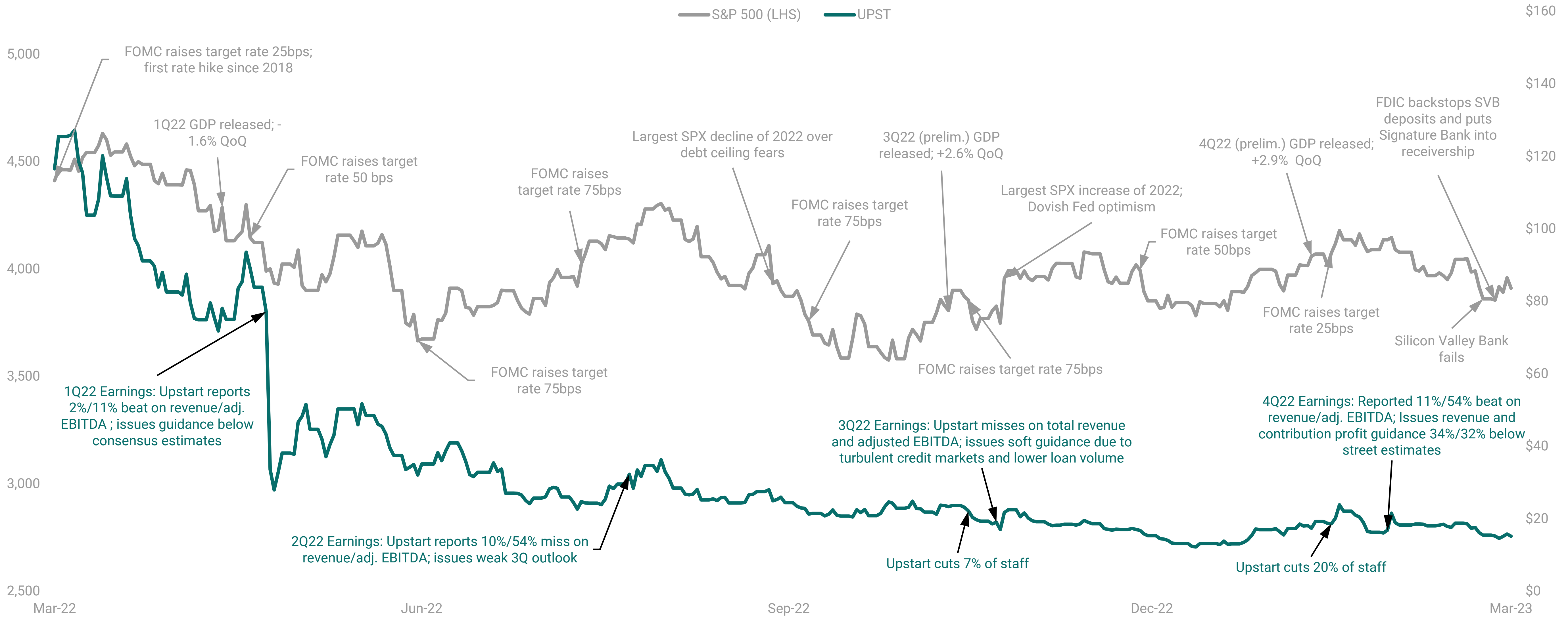
FINANCIAL TECHNOLOGY PARTNERS

PRICE PERFORMANCE WITH COMMENTARY VS. S&P 500



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6 *Continents*
10+ *Sectors*

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Growth Equity
Minority Recap
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Capital Raising / IPO Advisory

Revolut on its Series E financing led by SoftBank TIGERGLOBAL for a total amount of $1,250,000,000 at a valuation of $33,000,000,000	upgrade on its Series F financing led by COATUE DST GLOBAL for a total amount of $280,000,000 at a valuation of $6,000,000,000	mollie on its financing led by Blackstone for a total amount of $800,000,000 at a valuation of $6,500,000,000	GreenSky on its $1,010,000,000 Initial Public Offering
SpotOn on its Series F financing led by DRAGONEER for a total amount of $300,000,000 at a valuation of $3,600,000,000	cloudwalk on its Series C financing led by COATUE for a total amount of $150,000,000 at a valuation of ~$2,150,000,000	Remitly on multiple financing rounds for a total amount of $370,000,000+	stone co. on its $1,400,000,000 Initial Public Offering

M&A Advisory

Heartland on its sale to globalpayments for total consideration of up to $4,500,000,000	ASSURANCE on its sale to Prudential for total consideration of up to $3,500,000,000	Divvy on its sale to bill.com for total consideration of $2,500,000,000	GreenSky on its sale to Goldman Sachs ~$2,240,000,000
Truebill on its sale to ROCKET for total consideration of $1,275,000,000	Finicity on its sale to mastercard for total consideration of up to ~$1,000,000,000	Currencycloud on its sale to VISA ~$1,000,000,000	Payrix on its sale to FIS for total consideration of ~$800,000,000

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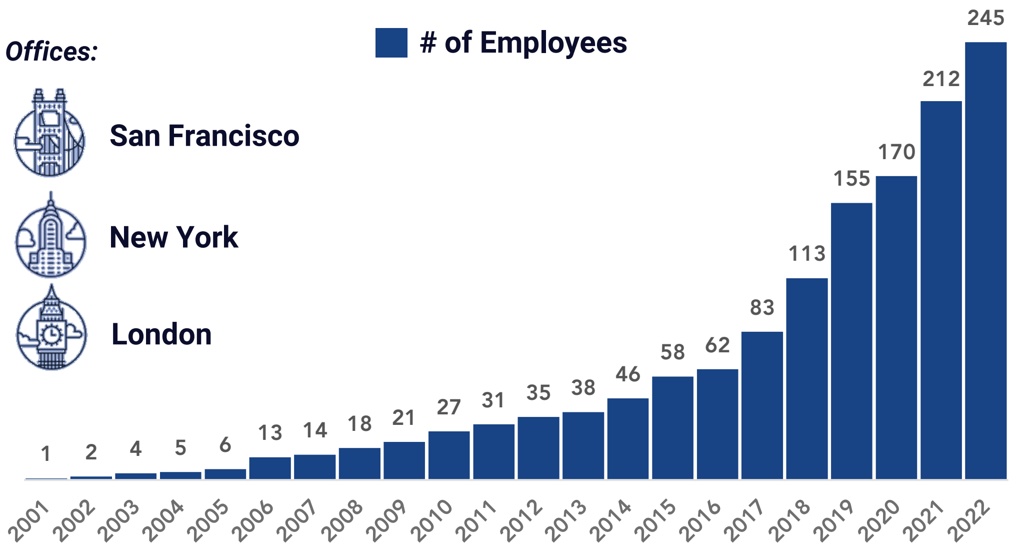

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