

## Risk Factors Comparison 2025-02-14 to 2024-02-15 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text Section**

Investing in our common stock involves a high degree of risk. The risks and uncertainties described below should be carefully considered, together with all of the other information in this Annual Report on Form 10-K, including the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and related notes, before making a decision to invest in our common stock. Our business, financial condition, results of operations, or prospects could also be harmed by risks and uncertainties not currently known to us or that we currently do not believe are material. If any of the risks actually occur, our business, financial condition, results of operations, and prospects could be adversely affected. In that event, the market price of our common stock could decline, and you could lose part or all of your investment.

**SUMMARY OF RISK FACTORS** The material risks that may affect our business, financial condition or results of operations include, but are not limited to, those relating to the following:

- Our business has been and will continue to be adversely affected by economic conditions and other factors that we cannot control, ~~including the recent bank failures and resulting disruption in the banking sector.~~ **or successfully manage risks associated with committed capital and other co-investment arrangements**, our growth prospects, business, financial condition and results of operations could be adversely affected.
- If we are unable to continue to improve our AI models or if our AI models contain errors or are otherwise ineffective, our growth prospects, business, financial condition and results of operations would be adversely affected.
- If our AI models do not accurately reflect the impact of economic conditions on borrowers’ credit risk in a timely manner, the performance of Upstart-powered loans may be worse than anticipated and our AI models may be perceived as ineffective.
- **If we are unable to approve a significant number of borrowers for loans through our marketplace, our growth prospects, business, financial condition and results of operations would be adversely affected.**
- **If** our existing lending partners cease or limit their participation in our marketplace or if we are unable to attract new lending partners to our marketplace, our business, financial condition and results of operations will be adversely affected.
- We have a relatively limited operating history, which may result in increased risks, uncertainties, expenses and difficulties, and makes it difficult to evaluate our future prospects.
- If we are unable to manage the risks associated with the Upstart Macro Index (UMI), which ~~is at~~ **we introduced in 2023 an and** early research and development stage with an ~~unproven~~ **which does not have a long history or** ~~unproven~~ **proven** track record, our credibility, reputation, business, financial condition and results of operations could be adversely affected.
- We have incurred net losses, and we may not be able to achieve profitability in the future.
- If we are unable to manage risks associated with the loans on our balance sheet, our business, financial condition and results of operations may be adversely affected.
- Our revenue growth rate and financial performance in the past may not be indicative of future performance.
- Our quarterly results are likely to fluctuate and as a result may adversely affect the trading price of our common stock.
- Our loan funding arrangements with institutional investors, ~~securitizations~~ **securitization programs** and warehouse credit facilities expose us to certain risks, and if we fail to successfully manage such risks, it may result in the reduced supply of loan funding capital or require us to seek more costly or less efficient financing for our marketplace.
- Our top three lending partners account for a significant portion of loan originations on our marketplace and our revenue.
- Our reputation and brand are important to our success, and if we are unable to continue developing our reputation and brand, our ability to retain existing and attract new lending partners, our ability to attract borrowers to our marketplace, our ability to maintain diverse and resilient loan funding and our ability to maintain and improve our relationship with regulators of our industry could be adversely affected.
- Our business is subject to a wide range of laws and regulations, many of which are evolving, and failure or perceived failure to comply with such laws and regulations could harm our business, financial condition and results of operations.
- If we are unable to manage the risks related to our loan servicing and collections obligations, our business,
- Substantially all of our revenue is derived from a single loan product, and we are thus particularly susceptible to fluctuations in the unsecured personal loan market. ~~We also do not currently offer a broad suite of products that lending partners or institutional investors may find desirable.~~

The sales and onboarding process of new lending partners could take longer than expected, leading to fluctuations or variability in expected revenues and results of operations.

- We are continuing to introduce and develop new loan products and services ~~offerings~~, and if these products **and services** are not successful or we are unable to manage the related risks, our growth prospects, business, financial, condition and results of operations could be adversely affected.
- We rely on strategic relationships with loan aggregators to attract applicants to our marketplace, and if we cannot maintain effective relationships with loan aggregators or successfully replace their services, ~~or if loan aggregators begin offering competing products,~~ our business could be adversely affected.

**RISKS RELATED TO OUR BUSINESS AND INDUSTRY** Our business has been and will continue to be adversely affected by economic conditions and other factors that we cannot control. Uncertainty, volatility and negative trends in general economic conditions historically have created a difficult operating environment for our industry. Many factors, including factors that are beyond our control, have impacted and will continue to impact our business, financial condition and results of operations by affecting the supply of capital to our marketplace from our lending partners and institutional investors, the demand by borrowers ~~of~~ **for** Upstart-powered loans, and borrowers’ ability and willingness to repay their loans. These factors include, but are not limited to, interest rates, inflation, ~~fiscal and monetary policies, unemployment levels,~~ **U. S. politics (including state and federal elections, changes in presidential and gubernatorial administrations and related impact to policy), fiscal and monetary policies, unemployment levels**, disruptions in the banking sector, lower consumer confidence, reduced consumer discretionary spending, conditions in the housing market, immigration policies, gas prices, energy costs, government shutdowns,

trade wars and delays in tax refunds, as well as events such as natural disasters, acts of war, geopolitical conflicts, terrorism, catastrophes and pandemics. If any of these factors negatively affect borrowers, lending partners or institutional investors, or if we are unable to mitigate the risks associated with them, our business, financial condition and results of operations could be adversely affected. In recent years, the United States has experienced historically high levels of inflation. In response, the government has implemented policy interventions. The U. S. Federal Reserve has raised, and may continue to raise, interest rates eleven times in 2022 and 2023. While the goal is was to curb inflation, these interventions may have had, and could continue to have, broad macroeconomic implications and may, including contribute contributing to an economic downturn, higher unemployment rates or disrupt disruptions to the banking sector. While the U. S. Federal Reserve lowered interest rates in the second half of 2024 in response to indications of lower inflation levels, the timing of additional interest rate cuts, if any, is uncertain. The current macroeconomic environment and resulting uncertainty and volatility have had, and could continue to have, several effects on our business and results of operations, including, among other things: • a decrease in loan origination volume; • a reduction in loan funding from lending partners and institutional investors; • a reduction in liquidity in the capital markets; • lower approvalability approval of rates for, and acceptance of loan offers by, applicants; • increased utilization of our balance sheet to fund purchase Upstart- powered loans; • delays in the adoption of our AI lending marketplace by new lending partners; • increased delinquencies and default rates for Upstart- powered loans; and • reductions in workforce. The current macroeconomic environment has had, and may continue to have, a material adverse effect on our business by affecting the supply of capital to our marketplace from institutional investors and lending partners. For more information, see the risk factors titled “ — If we are unable to maintain diverse and resilient loan funding to our marketplace from institutional investors, our growth prospects, business, financial condition and results of operations could be adversely affected ” and “ — If our existing lending partners cease or limit their participation in our marketplace or if we are unable to attract new lending partners to our marketplace, our business, financial condition and results of operations will be adversely affected ”. We offer consumer loans, such as personal and auto loans, on our marketplace, and many consumers that come to our marketplace have poor, limited or no credit history. Such consumers have historically been, and may in the future be, disproportionately affected by adverse macroeconomic conditions. Inflation, higher interest rates, availability of welfare government assistance programs, unemployment, bankruptcy, government interventions, such as stimulus measures, major medical expenses, divorce or death may affect borrowers’ ability or willingness to borrow or make payments on loans. The recent macroeconomic Macroeconomic trends changes have in the past and may in the future negatively impacted impact borrowers’ ability and willingness to borrow and make repayments. Such trends also have led For more information, see the risk factors titled “ — If we are unable to higher costs approve significant number of borrowing on borrowers for loans through offered on our marketplace. While the costs of borrowing and risks associated with consumer lending have increased, our growth prospects, business, financial condition the maximum annual percentage rate of Upstart- powered loans has been set and always has been less than 35.99% due to regulatory reasons. As a result results, the pool of operations applicants that would be adversely affected qualify for a loan offer has become smaller, and fewer applicants have received or accepted loan offers than they have in the past. ” In a high interest rate environment, potential borrowers may also prefer to defer loans as they wait for interest rates to stabilize. These factors have and could continue to lower our loan origination volume. During an economic down cycle, there is a greater risk that borrowers will not make payments on loans. Also, Borrowers borrowers may not prioritize repayment of unsecured personal loans over loans that are secured by necessities, for example, mortgages, home equity loans or auto loans. Higher interest rates often lead to higher payment obligations, which may reduce the ability of borrowers to remain current on their obligations. These factors may lead to increased delinquencies, defaults and bankruptcies declared by borrowers, resulting in more charge- offs and less fewer recoveries, all of which have had, and could continue to have, a material adverse effect on the credit performance of loans facilitated on our marketplace and our business. For example, the vintages of core personal loans that originated in the first quarter of 2021 through the second first quarter of 2023-2024 are forecasted to underperform relative to the target returns set at the time of loan origination. When a borrower defaults on a loan, it increases our costs to service the loan. Because default rates have been higher than expected, it has negatively impacted, and may continue to negatively impact, demand by our lending partners to originate loans, and institutional investors to fund loans, facilitated through our marketplace. Any sustained decline in applicant approvalability or acceptance of loan offers or loan origination volume, or any increase in delinquencies or defaults by borrowers beyond our expectation, would harm our business, financial condition and results of operations. Our business depends on sourcing and maintaining diverse and resilient loan funding from institutional investors to our marketplace. The institutional investors provide loan funding to our marketplace by purchasing whole loans, pass- through certificates and asset- backed securities. Out As of December 31, 2023, out of the total principal of loan originations facilitated on our marketplace in during the year ended December 31, 2023-2024, 48-65% were purchased by institutional investors. The availability and capacity of loan funding from institutional investors depend on many factors that are outside of our control, such as economic and market conditions, interest rates, liquidity in the capital markets and regulatory reforms requirements or restrictions, which are subject to change. While we have experienced funding constraints since 2022 due to the macroeconomic environment, we believe the market sentiment from institutional investors has started to improve and we have since increased loan funding capacity. We cannot be sure that the existing funding sources will continue to be available, or any new funding source will become available, on commercially reasonable terms or at all. We have recently experienced reductions in capital to our marketplace due to the current macroeconomic environment, including rapidly rising interest rates, increased credit risk of consumers, recessionary concerns, and stress on banks’ balance sheets driven by bank failures in 2023. Our institutional investors have decreased their loan purchase volumes in light of the recent macroeconomic environment and have demanded a lower price and higher returns to cover the higher cost of funds and increased credit risks. A reduction in loan purchase volume and sale price has negatively impacted, and could continue to negatively impact, our revenue, operations and returns. Decreased funding from institutional investors, together

with lower approvability of loan applicants, reduced loan origination volume on our marketplace, which has had and could continue to have a negative **negatively impacted our business in the past, and may negatively impact on our revenue us in the future**. Any sustained decline in investor demand for Upstart- powered loans or securities secured by such loans, **or for any reason increase in delinquencies, including defaults or losses beyond our expectation due to adverse economic conditions or due to any increase in delinquencies, defaults or losses beyond our expectation**, may also reduce the price we receive on future **adversely affect our financial results. A significant portion of our** loan sales. In response to funding **from** constraints, we have utilized, and expect to continue to utilize, our balance sheet to support funding of loans that would otherwise be sold to institutional investors **comes from**. The use of our balance sheet to support loan funding diverts capital resources, increases our exposure to the changes in the fair value of such loans and has resulted in and could result in losses when such loans held on our balance sheet default or we sell them at a loss. Furthermore, we have sought, and continue to seek, committed capital **and other co- investment** arrangements with institutional investors. These arrangements may include terms that provide downside risk protection, subject to certain limits and conditions. In particular, we have agreed to compensate **certain investors**, subject to a limit, the committed capital investors if credit performance on the loans sold to them deviates from expectations. As of December 31, 2023, our capital at risk, which represents the maximum exposure to losses, under these arrangements **deviates from our initial expectations and, subject to certain conditions, if we are unable to sell the minimum required volume of loans to our committed capital providers. As such, if the loans do not perform as expected due to unexpected shifts in borrower behaviors, ability to pay or otherwise, if we have a decrease in borrower demand for Upstart- powered loans, or if our models' expectation for credit performance is inaccurate for any reason, our financial results could be adversely impacted. As of December 31, 2024, our maximum exposure to losses under these committed capital and other co- investment arrangements was approximately \$ 459. 3 million. This amount has grown from \$ 98. 5 million as of December 31, 2023, as we have entered into more committed capital and other co- investment arrangements . Risk sharing-As the amount of our maximum exposure to losses under these arrangements grows and may continue to grow in the future, risks associated with committed capital and other co- investment arrangements could have a greater impact on our business, financial condition and results of operations. Committed capital and other co- investment** arrangements have negatively impacted our financial results through unfavorable fair value adjustments and may continue to do so in the future. We may also experience declines in revenue and loan **transaction** volume if the existing committed capital **investors or other capital arrangements** do not provide funding on the agreed upon terms or we fail to secure additional committed capital **or other capital** arrangements in the future on commercially reasonable terms or at all. Moreover, **the capital arrangements that we have recently entered into during a high interest rate environment, such as the committed capital and other co- investment arrangements, may become more costly if interest rates continue to fall and the terms of such arrangements remain in place. Despite** our efforts, we may continue to experience funding constraints and cannot be certain if any measures we have taken, such as committed capital **or other co- investment** arrangements, or will take to address or mitigate the effects of funding constraints, will be sufficient or successful. In the event of **continued** funding constraints, we may not be able to maintain our current loan origination volume without incurring substantially higher funding costs, agreeing to terms that are not favorable to us or **further** relying on our balance sheet to support funding, each of which could adversely affect our business, financial condition and results of operations. **Due to the adverse economic conditions and bank failures in 2023, the securitization markets in general have been constrained. We have experienced less cannot be certain about the level of investor** demand for **securitizations** our asset- backed securities secured by Upstart- powered loans. Events of default or breaches of financial, performance or other covenants, or worse than expected performance of certain pools of loans underpinning our asset- backed securitizations, debt facilities or other structured and unstructured transactions, have limited in the past and could limit our access to funding from institutional investors. For example, the loans originated in 2021 through **mid-2022-2023** that were included in our asset- backed securitizations have underperformed relative to their expected target returns at the time of origination, resulting in negative rating agency actions in several of our asset- based securitizations. **We cannot be certain if and when investor demand for securitizations will recover. Moreover, the funding arrangements that we have recently entered into during a high interest rate environment, such as the committed capital arrangements, may become more costly if interest rates fall and the terms of such arrangements remain through a full economic cycle.** Our ability to attract potential borrowers, and thus increase loan originations on our marketplace, depends in large part on our ability to effectively evaluate the creditworthiness of borrowers and likelihood of default and, based on that evaluation, offer competitively priced loans. Our overall operating efficiency and margins further depend in part on our ability to maintain a high degree of automation in our **loan**- application process and achieve incremental improvements in the degree of automation. If our AI models fail to adequately predict the creditworthiness of borrowers and the likelihood of default due to the design of our models or programming or any other errors or inaccuracies, and our AI models do not detect or account for such errors or inaccuracies, or any of the other components of our credit **decision- decisioning** process fails, we may experience **there could be** higher than forecasted losses on **Upstart- powered** loans. Any of the foregoing could result in sub- optimally priced loans or incorrect approvals or denials of loans, any of which may lead to lower demand by borrowers and reduce loan originations **and our revenue**. Moreover, in addition to reduced borrower demand, higher than expected losses on Upstart- powered loans could further harm our ability to attract **lending partners and / or** capital to our marketplace. Our lending partners and institutional investors may decide to limit their funding or reduce the number of loans or types of loans they **originate or** fund if they experience higher than expected losses **due to underperformance of the loans. The underperformance of Upstart- powered loans as compared to the expectations set by our AI models can have a negative impact on their cost of funds due our financial results, as while subject to certain limits, we are obligated in certain arrangements to provide downside risk protection to our capital partners and compensate them for any deviation in expected credit underperformance ----- performance** of the loans **sold in connection with the committed capital and other co- investment arrangements**. It may

also hinder our ability to increase the size of, or enter into new, debt facilities or other financing arrangements. Our AI models also target and, optimize or predict other aspects of the lending process, such as borrower acquisition, fraud detection, default timing, loan stacking and prepayment timing. Our continued improvements to such models have allowed us to facilitate loans inexpensively and virtually instantly, with a high degree of consumer satisfaction while maintaining loan performance. However, such applications of our AI models may prove to be less predictive than we expect, or than they have been in the past, for a variety of reasons, including inaccurate assumptions or other errors made in constructing such models, incorrect interpretations of the results of such models and failure to update model assumptions and parameters in a timely manner. **It is also possible that the instant approval process on our marketplace makes us a target for certain borrowers who intend to accumulate as much debt as quickly as possible without regard for the viability of repayment.** Additionally, such models may not be able to effectively account for matters that are inherently difficult to predict and beyond our control, such as macroeconomic conditions, credit market volatility and interest rate fluctuations, which often involve complex interactions between a number of dependent and independent variables and factors. Material errors or inaccuracies in such AI models could lead us to make inaccurate or sub-optimal operational or strategic decisions, which could adversely affect our business, financial condition and results of operations. ~~Continuing to improve the accuracy of our AI models is central to our business strategy. However, such improvements could negatively impact transaction volume, such as by lowering approval or conversion rates. For example, in the third quarter of 2021, we made changes to our AI models in response to an increase in fraudulent activity on our platform. These changes, while effective at preventing fraudulent loans from being transacted, have resulted in a decrease in our Conversion Rate. While we believe that continuing to improve the accuracy of our AI models is key to our long-term success, those improvements have led us in the past and could, from time to time, lead us in the future to reevaluate our credit decisioning process, including the risks associated with certain borrowers. This has resulted, and could in the future result, in lower approval rates or higher interest rates for any borrowers identified as a higher risk, either of which could negatively impact our growth and results of operations in the short term.~~ The performance of loans facilitated through our marketplace is significantly dependent on the effectiveness of our proprietary AI models used to evaluate a borrower's credit profile and likelihood of default. Our AI models have not been extensively tested during **different types of economic downturn downturns or recession recessions**. Even if credit decisions take into account macroeconomic conditions, there is no assurance that our AI models can accurately predict loan performance during periods of adverse economic conditions or quickly respond to changing economic conditions. If our AI models are unable to accurately reflect the credit risk of loans under such economic conditions, we, our lending partners and our institutional investors would experience greater than expected losses on such loans, which would harm our reputation and erode the trust we have built with our lending partners and institutional investors. We have experienced and may continue to experience high delinquency rates and underperformance of loans originated using our AI models in recent periods. For example, the quarterly vintages of core personal loans that originated in the first quarter of 2021 through the ~~second~~ **first** quarter of ~~2023~~ **2024** are forecasted to underperform relative to the target returns set at the time of loan origination. The fair value of the loans on our balance sheet has declined and may continue to decline. Our business, financial condition and results of operations can continue to be adversely affected if our AI models are not able to accurately and timely assess the impact of macroeconomic conditions on the performance and default rates of loans facilitated through our marketplace. **The vast majority of our revenue comes from platform and referral fees and servicing fees on loans facilitated through our marketplace. Growing our revenue from fees depends in significant part on our ability to increase the transaction volume of consumer loans on our marketplace. To serve more consumer demand for credit and increase transaction volume on our marketplace, we must have an adequate supply of capital from lending partners and institutional investors, we must drive sufficient demand from potential borrowers seeking loans, and the borrowers must satisfy the requirements for approval established by our models and our lending partners. While we continue to improve the accuracy of our AI models, which we believe is key to our long-term success, such improvements may not lead to more borrowers being approved on our platform. These improvements have led us in the past and may lead us in the future to reevaluate our credit decisioning process, including the risks associated with certain borrowers. Changes in borrower default patterns and increases in the numbers of borrowers who default have in the past and could in the future result in fewer borrowers being approved for loans on our platform. In addition, our lending partners' credit requirements and the target returns our institutional investors and lending partners demand in order to provide capital to our marketplace have, and could continue to, negatively impact our ability to extend loan offers with competitive terms or at all to certain borrowers on our marketplace. If we are not able to fill funding commitments by our institutional investors or lending partners, we risk jeopardizing our current or future supply of capital to our marketplace. In the current macroeconomic environment with elevated costs of borrowing and risks associated with consumer credit, the pool of qualified borrowers has become smaller, and fewer applicants have received or accepted loan offers on our marketplace than they have in the past. Approving more borrowers can also be limited as we have historically held the maximum annual percentage rate of Upstart-powered loans to 35.99% or less due to regulatory reasons. Moreover, loan terms have become less borrower-friendly in the current environment with higher interest rates, and we have experienced an overall decrease in borrower demand. These factors have and may continue to negatively affect transaction volume on our marketplace and therefore our revenue. If we are not able to maintain or increase transaction volume on our marketplace, or attract and retain qualified borrowers, our growth prospects, business, financial condition and results of operations would be adversely affected.** Our success depends in significant part on the participation of our lending partners in our marketplace. In the year ended December 31, ~~2023~~ **2024**, ~~86~~ **83** % of our total revenue was generated from platform, referral and servicing fees that we receive from our lending partners. Our lending partners also provide loan funding to our marketplace by retaining a significant portion of the loans facilitated through our marketplace. **Out** As of December 31, 2023, out of the total principal of loan originations facilitated on our marketplace in

during the year ended December 31, 2023-2024, 32-25 % were retained by our lending partners. If we are unable to keep existing lending partners or attract new lending partners to our marketplace, or if we are unable to maintain or increase the portion of loans retained by the lending partners, our financial performance could suffer. Our lending partners may suspend, limit or cease their participation in our marketplace for a number of reasons. **While Several of our lending partners' loan funding to our marketplace has started to improve, we have paused or reduced loan origination** **originations by lending partners in order to limit their -- the exposure-past due to consumer loans in the current macroeconomic environment. In connection with disruptions in the banking sector ; and adverse macroeconomic conditions.** **If our** lending partners are managing their balance sheets conservatively and are focused on liquidity, all of which have limited, and may continue to limit, our ability to attract new lending partners and maintain or increase loan originations on our marketplace. If our lending partners continue to suspend, limit or cease their operations or terminate their relationships with us, the number of loans facilitated through our marketplace will decrease and our revenue will be adversely affected. Moreover, new lending partners may find our sales and onboarding process to be long and unpredictable. If we are unable to timely onboard our lending partners, or if our lending partners are not willing to work with us to complete an onboarding process, our results of operations could be adversely affected. We enter into a separate agreement with each of our lending partners. Our agreements with our lending partners are nonexclusive and may contain minimum fee amounts. Our lending partners could decide to stop working with us, ask to modify their agreement terms in a cost prohibitive manner when their agreement is up for renewal or enter into exclusive or more favorable relationships with our competitors. In addition, **their federal or state** regulators may require that they terminate or otherwise limit their business with us, or impose regulatory pressure limiting their ability to do business with us. See the risk factors titled “ — Our business is subject to a wide range of laws and regulations, many of which are evolving, and failure or perceived failure to comply with such laws and regulations could harm our business, financial condition and results of operations ” and “ — The CFPB has sometimes taken expansive views of its authority to regulate consumer financial services, creating uncertainty as to how the agency’ s actions or the actions of any other agency could impact our business ” for more information. Moreover, we could in the future have disagreements or disputes with any of our lending partners, which could negatively impact or threaten our relationship with them. In our agreements with lending partners, we make certain representations and warranties and covenants concerning our compliance with specific policies of a lending partner, certain procedures and guidelines related to laws and regulations applicable to our lending partners, as well as the services to be provided by us. If those representations and warranties were not accurate when made or if we fail to perform a covenant, we may be liable for any resulting damages, including potentially any losses associated with impacted loans, and our reputation and ability to continue to attract new lending partners would be adversely affected. Additionally, our lending partners may engage in mergers, acquisitions or consolidations with each other, our competitors or with third parties, any of which could be disruptive to our existing and prospective relationships with our lending partners. If we fail to maintain or grow the number of lending partners, our business, financial condition and results of **operation-operations** could be adversely affected. We were founded in 2012 and have been a publicly traded company for a limited number of years. Our limited operating history may make it difficult to make accurate predictions about our future performance. Assessing our business and future prospects may also be difficult because of the risks and difficulties we face. These risks and difficulties include our ability to: • successfully mitigate any adverse effects of economic conditions such as high interest rates, inflation, unemployment levels, personal savings rates and other macroeconomic factors on our business; • improve the effectiveness and predictiveness of our AI models, including successfully adjusting our proprietary AI models, products and services in a timely manner in response to changing macroeconomic conditions and fluctuations in the credit market; • maintain and increase the volume of loans facilitated through our AI lending marketplace; • successfully maintain diverse and resilient loan funding to our marketplace from institutional investors; • attract new lending partners to our marketplace and maintain existing lending partnerships; • successfully meet our borrower demand with competitive products and terms; • offer competitive interest rates to borrowers on our marketplace, while enabling our lending partners and institutional investors to achieve an adequate return over their cost of funds; • successfully build our brand and protect our reputation from negative publicity; • increase the effectiveness of our marketing strategies; • continue to expand the number of potential borrowers; • comply with and successfully adapt to complex and evolving regulatory environments; • protect against increasingly sophisticated fraudulent borrowing and online theft; • successfully compete with companies that are currently in, or may in the future enter, the business of providing online lending services to financial institutions or consumer financial services to borrowers; • enter into new markets and introduce new products and services; • effectively secure and maintain the confidentiality of the information received, accessed, stored, provided and used across our systems; • successfully obtain and maintain corporate funding and liquidity to support growth and for general corporate purposes; • attract, integrate and retain qualified employees; and • effectively manage and expand the capabilities of our operations teams, outsourcing relationships and other business operations. If we are not able to timely and effectively address these risks and difficulties as well as those described elsewhere in this “ Risk Factors ” section, our business and results of operations may be harmed. UMI is our effort to quantify the level of macroeconomic risks in terms of the losses or defaults within Upstart- powered **unsecured personal** loan portfolios, **excluding small dollar loans**. **We introduced UMI is at-in 2023 an and early stage of its- it development and** does not have a long history or track record. Since it is a relatively new initiative, UMI remains unproven and, therefore, may not perform as expected. We intend to continue our research and development efforts to improve UMI. In light of such efforts, we have revised our previously published UMI values, including to remove seasonal patterns, and may further change or revise the current or past UMI values in the future. Any significant changes or revisions could harm our reputation and credibility with our lending partners and institutional investors, which in turn could adversely affect our business, financial condition and results of operations. Furthermore, the correlation between UMI and the level of macroeconomic risks in terms of losses or defaults within Upstart- powered **unsecured personal** loan portfolios may not be as significant or meaningful as we expect. If the correlation between UMI and the level of macroeconomic risks is

misaligned or skewed in a way that is unacceptable to our lending partners or institutional investors, or UMI fails to accurately or adequately quantify the level of macroeconomic risks, this lack of a meaningful correlation may result in distrust or disregard of UMI. This outcome could adversely affect our reputation and credibility with our lending partners and institutional investors and thus, negatively impact our business, financial condition and results of operations. UMI is based on our analysis of the losses within Upstart- powered **unsecured personal loan portfolios, excluding small dollar loans,** and is specific to our borrower base. **Because the composition of our borrower base changes over time and UMI is an aggregate computed across all Upstart- powered unsecured personal loans, except small dollar loans, UMI may not be the best indicator of the level of macroeconomic risks for a specific subset of loans or borrower segments.** UMI is not intended to measure the macroeconomic risks in terms of losses of loan portfolios or assets that are not Upstart- powered loans, including loans held by other segments of the U. S. population. It is not designed to measure the current state of the overall economy or to measure or predict future macroeconomic conditions, trends or risks. It is also not designed to measure or predict Upstart' s future loan performance, results of operations or stock price. Investors, lending partners and analysts may improperly use or rely on UMI for these or other unintended purposes, or otherwise misunderstand or misinterpret UMI. If UMI is misunderstood or misinterpreted in these ways, it could harm our reputation and credibility with our lending partners and institutional investors and impair our ability to retain and attract them to our lending marketplace. This could further reduce the number or types of loan products that our lending partners and institutional investors are willing to fund. Any failure to manage the foregoing risks could adversely affect our ability to maintain diverse and resilient loan funding to our marketplace, which in turn would negatively impact our business, financial condition and results of operations. For the year ended December 31, ~~2023~~ **2024**, we incurred a net loss of \$ ~~240-128~~ **1-6** million. We have expended, and intend to continue to expend, significant funds to develop and improve our proprietary AI models, attract additional borrowers to our marketplace, enhance the features and overall user experience on our platform, expand loan product offerings and otherwise continue to grow our business, and we may not be able to increase our revenue enough to offset these significant expenditures. We have incurred, and expect to incur in the future, significant losses for a number of reasons, including the other risks described in this section, and unforeseen expenses, difficulties, complications and delays, macroeconomic conditions and other unknown events. Any failure to increase our revenue sufficiently to keep pace with our investments and other expenses would prevent us from being profitable. If we are unable to successfully address these risks and challenges as we encounter them, our business, financial condition and results of operations could be adversely affected. We have held more Upstart- powered loans on our balance sheet in recent years and may continue to do so in the future. We have used, and may continue to use, our balance sheet to support our research and development activities for new loan products and borrower segments. In addition to research and development activities, we have used and may continue to use our balance sheet to purchase **Upstart- powered** loans from lending partners to address fluctuations in supply and demand in our marketplace and periodically sell these loans to institutional investors prior to their maturity. ~~Out As of December 31, 2023, out of the total principal of loan originations facilitated on our marketplace in~~ **during the year ended December 31, 2023-2024, 16-10 %** were held on our balance sheet, ~~excluding loans held in consolidated securitization.~~ As of December 31, ~~2023~~ **2024**, we held \$ ~~977-703~~ **3-4** million of loans on our balance sheet, excluding loans held in consolidated securitization. We hold loans on our balance sheet at fair value and estimate fair value using a discounted cash flow methodology. An increase in the market interest rates reduces the fair value of loans held on our balance sheet by increasing the discount rate used to determine fair value under the discounted cash flow methodology. Currently, we are in a high interest rate environment. The high interest rates have negatively affected the fair value of loans held on our balance sheet and may continue to do so in the future. In addition, for these loans and any future loans to be held on our balance sheet, we bear the credit risk in the event of borrower default. Our exposure to rising borrower default rates and their volatility has increased, and may continue to increase, as we hold more Upstart- powered loans on our balance sheet. The R & D loans make up a substantial portion of the loans held on our balance sheet and are generally more risky and more likely to default than the core personal loans. ~~Recently~~ **At times**, the default rates and charge- offs for these loans have been higher than expected for certain loan categories, and consequently, we had to make unfavorable fair value adjustments to the loans on our balance sheet. ~~These unfavorable~~ **Unfavorable** fair value adjustments have negatively impacted our revenue **in the past**, and if we ~~continue to~~ experience higher than expected default rates or the loans otherwise fail to perform as expected, we would need to make ~~additional~~ unfavorable fair value adjustments in the future, which would negatively impact our revenue. It is also possible that we may recognize a loss if we sell the loans held on our balance sheet, such as the R & D loans, at an unfavorable price. **Furthermore, a portion of our revenue is interest income derived from the loans held on our balance sheet, and if we increase the amount of loans held on our balance sheet, we become more dependent on interest income as a source of revenue and become more vulnerable to credit risk and borrower defaults associated with these loans.** From a liquidity perspective, ~~the a~~ growing amount of loans on our balance sheet increases our liquidity risk. We cannot be certain whether we will be able to sell ~~these~~ loans **currently on our balance sheet**, or any future loans to be put on our balance sheet, on commercially reasonable terms or at all. If we are unable to do so, it is possible that our ability to meet our operational needs and obligations may be disrupted. Moreover, the use of our balance sheet diverts financial resources from other uses, such as improving our products and services, which could have an adverse effect on our results of operations. We grew rapidly in the past, and our historical revenue growth rate and financial performance may not be indicative of our future performance. Our revenue for any previous quarterly or annual periods should not be relied upon as any indication of our revenue or revenue growth in **the** future. ~~In fact, our revenue declined during the year ended December 31, 2023.~~ Our revenue may ~~continue to~~ decline in the future for a number of reasons, which may include: adverse macroeconomic conditions, changing interest rates, slowing demand for or reduced funding through our lending marketplace, sales of loans held on our balance sheet at a loss, **losses from our committed capital and co- investment arrangements with institutional capital partners,** increasing competition, credit market volatility, increasing regulatory costs and challenges and our failure to capitalize on growth

opportunities. We believe our growth was driven in large part by our AI models and our continued improvements to our AI models. Future incremental improvements to our AI models may not lead to the same level of growth as they did in the past. In addition, we believe our past growth was driven in part by our ability to rapidly streamline and automate the loan application and origination process on our platform. We expect the Percentage of Loans Fully Automated to level off and remain relatively stable in the long term. However, the expansion of our loan offerings **on our platform** beyond unsecured personal loans, such as auto ~~loans~~ **financing** and home equity lines of credit, may cause fluctuations of such percentage from period to period depending on the loan offering mix. As a result of these factors, our revenue may further decline, and our financial performance may continue to be adversely affected. Our quarterly results of operations, including our revenue, net income (loss) and other key metrics, are likely to vary significantly in the future, and period- to- period comparisons of our results of operations may not be meaningful. Accordingly, the results for any one quarter are not necessarily an accurate indication of future performance. Our quarterly financial results may fluctuate due to a variety of factors, many of which are outside of our control. Factors that may cause fluctuations in our quarterly financial results include but are not limited to: • general economic conditions, including economic slowdowns, recessions, interest rate changes, inflation, tightening of credit markets and disruptions in the banking sector; • our cost of borrowing money and access to loan funding sources; • our ability to improve the effectiveness and predictiveness of our AI models, including improvements that negatively impact transaction volume, such as lower approval rates; • our ability to attract new lending partners and institutional investors to our marketplace; • our ability to maintain relationships with existing lending partners and institutional investors; • our ability to maintain or increase loan volumes, and improve loan mix and the channels through which the loans, lending partners and loan funding are sourced; • our ability to maintain effective relationships with loan aggregators from which prospective borrowers access our website; • our ability to identify and prevent fraudulent activity and the impact of fraud prevention measures; • changes in the fair value of assets and liabilities on our balance sheet; • the timing and success of new products and services; • the effectiveness of our direct marketing and other marketing channels; • the amount and timing of operating expenses related to maintaining and expanding our business, operations and infrastructure, including acquiring new and maintaining existing lending partners and institutional investors and attracting borrowers to our marketplace; • the number and extent of prepayments of loans facilitated on our platform; • **the availability and integrity of our network outages, products and services or infrastructure, or actual or perceived security breaches or incidents experienced by us or third parties that we rely on to operate our business**; • our involvement in litigation or regulatory enforcement efforts (or the threat thereof) or those that impact our industry generally; • the length of the onboarding process related to acquisitions of new lending partners; • changes in laws and regulations **, or interpretations of such laws and regulations,** that impact our business; and • changes in the competitive dynamics of our industry, including consolidation among competitors or the development of competitive products by larger well- funded incumbents. In addition, we typically experience seasonality in the demand for Upstart- powered loans, which is generally lower in the first quarter. This seasonal slowdown is primarily attributable to high loan demand around the holidays in the fourth quarter and the general increase in borrowers' available cash flows in the first quarter, including cash received from tax refunds, which temporarily reduces borrowing needs. Such seasonality and other fluctuations in our quarterly results may also adversely affect and, increase the volatility of, the trading price of our common stock. **Our loan funding arrangements with institutional investors, securitizations and warehouse credit facilities expose us to certain risks, and if we fail to successfully manage such risks, it may result in the reduced supply of loan funding capital or require us to seek more costly or less efficient financing for our marketplace.** We have facilitated securitizations, and may in the future facilitate additional securitizations, of Upstart- powered loans to allow our institutional investors, certain lending partners and / or ourselves to liquidate or finance such loans through the asset- backed securities markets or through other capital markets products. In asset- backed securities transactions, we sell and convey pools of loans to a special purpose entity, or SPE. We likewise fund certain loans on our balance sheet by selling loans to warehouse trust SPEs and drawing on the associated warehouse credit facilities. Each securitization SPE issues notes and / or certificates pursuant to the terms of indentures and trust agreements. **In - or in** the case of the warehouse credit facilities, the warehouse trust SPE borrows money from banks pursuant to credit and security agreements. The securities issued by the SPEs in asset- backed securitization transactions and the lines of credit borrowed by the warehouse SPEs are each secured by the pool of loans owned by the applicable SPE. We, our institutional investors who have purchased whole loans or pass- through certificates, and / or our lending partners contribute loans to the SPE and in exchange, receive cash and / or securities representing debt and / or equity interests in such SPE. When we are the sole sponsor of securitizations, we are required under Regulation RR to retain at least five percent of the credit risk in such transactions for a specific period of time, depending on the type of asset that is securitized. We have in the past and may choose **in the future** to retain additional securities, such as notes or certificates, issued in asset- backed securitization transactions we sponsor or facilitate. The certificates represent residual equity interests in the SPEs and are subordinated to the notes and thus are exposed to greater credit risk. In 2023 **and 2024**, we acted as a sole retaining sponsor to asset- backed securitizations and, in one instance, retained not only the securities required for risk retention purposes under Regulation RR, but also additional residual equity interests, exposing us to greater credit risk. The securities we retain may lose value, including becoming worthless. In the future, we may retain securities issued as part of our securitizations beyond risk retention requirements again. In addition, other matters, such as capital and leverage requirements applicable to banks and other regulated financial institutions holding asset- backed securities or increasing competition from other issuers of asset- backed securities, could negatively impact our business by decreasing institutional investor demand for securities issued through our securitization transactions. In addition, compliance with certain regulatory requirements, including the Dodd- Frank Act, the Investment Company Act **and of 1940, as amended, or the Investment Company Act,** the so- called "Volcker Rule," **and states licensing requirement changes to include SPEs,** may affect the type of securitizations that we are able to complete. If it is not possible or economical for us to securitize loans in the future **or for us to serve as risk retention holder in securitizations for the benefit of our investors who have purchased whole loans or pass- through**

**certificates and / or our lending partners**, we may need to seek alternative financing to provide loan funding to our marketplace and to meet our existing debt obligations. Such funding may not be available on commercially reasonable terms, or at all. If the cost of such loan funding mechanisms were to be higher than that of our securitizations it would negatively impact our results of operations. If we are unable to access such financing, our ability to originate loans and our results of operations, financial condition and liquidity may be materially adversely affected. The servicing fees generated by our loan servicing activities for the loans sold to institutional investors and contributed to asset- based securitizations and pass- through certificate transactions also represent a material portion of our earnings. There is no assurance that our institutional investors will continue to purchase loans or securities (either through whole loan sales, asset- backed securities, pass- through certificate issuances or other direct or indirect purchase arrangements) or that they will continue to purchase loans in transactions that generate the same spreads and / or fees that we have historically obtained. During the year ended December 31, ~~2023~~ **2024**, we sold loans that had been originated in an earlier, lower interest rate environment. We recognized losses on these sales which reduced our revenue. As we **purchase and** hold more loans on our balance sheet, our business, financial condition and results of ~~operation~~ **operations** could be adversely affected, including further reductions in revenue. Factors that may affect demand by institutional investors for Upstart- powered loans include: • competition in the whole loan sales markets where we compete with loan originators who can sell either larger loan portfolios or loans that have characteristics, pricing and terms that may be perceived to be more desirable to certain institutional investors than those offered in Upstart- powered loans that comprise our whole loan sales; • competition in the securitization markets where we compete with loan originators and other issuers who can securitize or sell pools of loans (which such pools may include Upstart- powered loans, on a commingled basis or otherwise) with characteristics, pricing and terms that may be perceived to be more desirable to certain institutional investors than those offered in Upstart- powered loans contributed to asset- based securitization transactions that we facilitate; • the extent to which servicing fees and other expenses may reduce overall net return on purchased pools of loans; • the actual or perceived credit performance of loan products offered ~~on through~~ **on through** our marketplace; • economic conditions such as high interest rates, inflation, economic volatility and other macroeconomic factors; • risk appetite of our institutional investors; • the loan grade and term mix of the portfolios of loans offered for sale; • institutional investors' sector and company investment diversification requirements and strategies; • higher yielding investment opportunities at a risk profile deemed similar to our sold loan portfolios; • borrower prepayment behavior within the underlying pools; • regulatory or investment practices related to maintaining net asset value, mark- to- market and similar metrics surrounding pools of purchased loans; and • the ability of our institutional investors to access funding and liquidity channels, including warehouse financing and securitization markets, on terms they find acceptable to deliver an appropriate return net of funding costs, as well as general economic conditions and market trends, such as increasing interest rates, that affect the appetite for loan financing investments. In connection with our committed capital **and other co- investment** arrangements, we have agreed to compensate **our loan buyers / co- investors**, subject to a limit, ~~the committed capital investors~~ if credit performance on the loans ~~sold to them~~ deviates from expectations. As of December 31, ~~2023~~ **2024**, our ~~capital at risk~~, which represents the maximum exposure to losses ~~under these~~ **committed capital and other co- investment** arrangements was ~~approximately \$ 98-459.5-3 million~~. See " Note ~~5-4~~ . Beneficial Interests " for more information. ~~Risk sharing~~ **Committed capital and other co- investment** arrangements could negatively impact our financial results. We may also experience declines in revenue and loan volume if ~~the existing committed capital investors~~ **investors or other co- investment arrangements** do not provide funding on the agreed upon terms or we fail to secure additional committed **capital or other** capital arrangements on commercially reasonable terms, or at all. We are also subject to risk that arises from our derivative instruments, beneficial interests, warehouse facilities, and third- party custodians. These activities generally involve an exchange of obligations with unaffiliated lenders or other individuals or entities, referred to in such transactions as " counterparties ". If a counterparty were to default or otherwise fail to perform, we could potentially be exposed to loss if such counterparty were unable to meet its obligations to us, which could adversely affect our business, financial condition and results of operations. Our top three lending partners originate a significant portion of loans on our marketplace. In the year ended December 31, ~~2023~~ **2024**, our top three lending partners collectively originated ~~80-82~~ **80-82** % of the Transaction Volume, Number of Loans and accounted for 63 % of our total revenue. There are no minimum commitments **for our lending partners** to originate any **volume of** loans under ~~the our~~ agreements ~~we have with our lending partners~~. If our top three lending partners were to suspend, limit or cease their operations or otherwise terminate their relationship with us, our business, financial condition and results of operations would be adversely affected. As of December 31, ~~2023~~ **2024**, we had more than 100 lending partners participating on our marketplace, and we continue to expand our lending partnerships to new participants. If we are unable to continue to increase the participation by other lending partners on our marketplace, we will continue to be reliant on a small number of lending partners for a significant portion of loan originations and revenue, which could harm our business. We believe maintaining a strong brand and trustworthy reputation is critical to our success and our ability to attract borrowers to our marketplace, attract new lending partners, maintain diverse and resilient loan funding and sustain good relations with regulators. Factors that affect our brand and reputation include: perceptions of ~~AI artificial intelligence~~, our industry and our company, including the quality and reliability of our AI lending marketplace; the accuracy of our AI models; characterizations of our company ~~as a traditional lending company~~ due to the amount of loans held on our balance sheet **novel business model**; perceptions regarding the application of ~~AI artificial intelligence~~ to consumer lending specifically and that algorithmic ~~- based~~ **- based** lending is inherently biased **; perceptions of rate exportation and the bank partnership model**; the reputation of the vehicle dealerships with which we partner; loan funding to our marketplace; changes to the Upstart marketplace; our ability to effectively manage and resolve borrower complaints; collection practices; privacy and **data** security practices; litigation, such as class action and shareholder derivative lawsuits described in " Legal " section under " Note ~~13-12~~ . Commitments and Contingencies "; regulatory activity; and the overall user experience of our ~~platform~~ **marketplace**. Negative publicity or negative public perception of these factors, even if inaccurate, could adversely affect our brand and reputation. For example, consumer advocacy

groups, **state legislatures**, politicians and certain government and media reports have, ~~in the past~~, advocated governmental action to prohibit or severely restrict consumer loan arrangements where banks contract with a third-party platform such as ours to provide origination assistance services to bank customers. ~~These arrangements have sometimes been criticized as “renting-a-bank charter” or “rent-a-bank”.~~ Such criticism has frequently been levied in the context of **high-interest “payday” loan marketers**, though ~~although~~ other entities operating programs through which loans similar to Upstart-powered loans are originated have also faced criticism. **In addition, some state legislatures are now challenging the right of state-chartered banks to export their home-state rates to other states by proposing, threatening to propose, or passing laws that opt out of the federal Depository Institution Deregulation Monetary Control Act, or DIDMCA. Opting out purportedly prevents out-of-state, state-chartered banks from exporting the rates from their home state for loans made to residents of the state that opted out. Iowa opted out of DIDMCA in the 1980s and in 2023, Colorado passed a law to opt out.** The Colorado law is currently subject to perceived improper use of a bank charter by these entities has been challenged by both governmental authorities and ~~an private litigants~~ **injunction that prevents enforcement, pending outcome** in part because of **litigation regarding the effectiveness of such opt out.** The high rates and fees charged to consumers in certain payday and high-interest rate, small-dollar lending programs. Bank regulators have even required banks to exit third-party programs that the regulators determined involved unsafe and unsound practices. The payday loans that have been subject to more frequent criticism and challenge are fundamentally different from Upstart-powered **consumer** loans in many ways, including that Upstart-powered loans typically have lower interest rates and longer terms, and **are not refinanced. In particular, interest rates of** Upstart-powered **consumer** loans do not renew. In particular, interest rates of Upstart-powered loans have always been and are currently less than 36% **APR**, as compared to the triple-digit interest rates of many payday or small-dollar loans that have been subject to such criticism. However, states that are addressing their ~~rent-a-bank marketplace lending and rate exportation~~ concerns through legislation may **impact our** inadvertently capture Upstart’s AI marketplace, and if **the state rate limit is below 36%. Where** that were to happen happens, our **state-chartered** lending partners may need to scale back lending on our marketplace to comply with state laws or **may** terminate their participation in our marketplace, leading to a reduction in origination volume. ~~It~~ **These challenges to the marketplace lending model** could also negatively impact demand for Upstart-powered loans, our ability to attract new lending partners, our ability to attract loan funding to our marketplace or reduce the number of potential borrowers to our marketplace. Any of the foregoing could adversely affect our results of operations and financial condition. Any negative publicity or public perception of Upstart-powered loans or other similar consumer loans or the consumer lending ~~service services~~ we provide may also result in us being subject to more restrictive laws and regulations and potential investigations and enforcement actions. For example, some unfair or deceptive practices by vehicle dealerships can be attributed to us as a purchaser of retail installment contracts under the FTC Holder Rule, which allows a vehicle purchaser to bring any claim **it has** against the dealership ~~to~~ **against the current** holder of ~~a the~~ retail installment contract. **Borrowers may complain about our data sharing practices, even though such practices are described in our privacy policy and comply with applicable laws and regulations.** In addition, regulators may decide they are no longer supportive of our AI lending marketplace if there is enough negative perception surrounding ~~such practices~~ **the use of AI or the bank partnership model**. We may also become subject to lawsuits, including class action lawsuits, or other challenges such as government enforcement or arbitration, against our lending partners or us for loans originated by our lending partners on our marketplace, loans we service or have serviced, **loans we hold for sale or investment on our balance sheet,** or retail installment contracts we have purchased. If there are changes in the laws or in the interpretation or enforcement of existing laws affecting consumer loans similar to those offered on our marketplace, or our marketing and servicing of such loans, or if we become subject to such lawsuits, our business, financial condition and results of operations would be adversely affected. **AI Artificial intelligence** and related technologies are subject to public debate and heightened regulatory scrutiny. **The Although policy prerogatives of the** Consumer Financial Protection Bureau (“CFPB”) **may change with the recently** ~~recent change~~ **in the U. S. presidential administration, the CFPB previously** indicated that **AI was artificial intelligence remains a** regulatory hot topic for the agency, including the use of complex credit scoring models as part of the loan underwriting process. The agency ~~has taken~~ **previously took** several steps to increase regulatory scrutiny of financial technology companies that rely on **AI artificial intelligence**. In April 2023, the Federal Trade Commission (“FTC”), the Department of Justice (“DOJ”), the CFPB, and the Equal Employment Opportunity Commission (“EEOC”) released a joint statement on **AI artificial intelligence** demonstrating their interest in monitoring the development and use of automated systems and enforcement of their respective laws and regulations. **The Congressional Research Service released a report on April 3** and in ~~October 2023~~ **2024**; President Biden signed on the use of AI ~~an and~~ Executive Order aimed at **machine learning in financial services, noting that financial industry policymakers face competing pressures of providing beneficial technology and avoiding any consumer harm from such technology. In addition, recently, the SEC cautioned companies against “AI washing” and took enforcement actions against companies for their claims about the use of AI in their products and services. In June 2024, the Treasury Department also issued a request for information seeking public comments on the use of AI in the financial services sector and the opportunities and risks presented by developments and applications of AI within the sector. In August 2024, the CFPB also responded to a Department of Treasury Request For Information regarding the use of AI in financial services, reinforcing their expectation that companies using emerging technologies including AI comply with existing consumer** ~~protecting~~ **protection laws and regulations. States have also started to regulate the use of AI, with Colorado passing the first comprehensive AI bill in June 2024. That same month, Colorado passed its AI Act, creating duties for developers of AI and persons using AI to use reasonable care to protect consumers against harms caused by artificial intelligence from any known or reasonably foreseeable risks of algorithmic discrimination arising from the use of “high-risk AI systems”.** California attempted to pass a similar law, but was not successful. Other states have begun **proposing and passing legislation addressing the use of AI and automated decision making, and we expect the number of**

**states with similar legislation to grow**. Any negative publicity or negative public perception of **AI artificial intelligence** could negatively impact demand for our AI lending marketplace, hinder our ability to attract new lending partners or slow the rate at which lending partners adopt our AI lending marketplace. From time to time, certain advocacy groups have made claims that unlawful or unethical discriminatory effects may result from the use of AI technology by various companies, including ours. Such claims, whether or not accurate, and whether or not concerning us or our AI lending marketplace, may harm our ability to attract prospective borrowers to our marketplace, retain existing and attract new lending partners and achieve regulatory acceptance of our business. In 2020, we entered into an agreement with the NAACP Legal Defense Education Fund (the “**LDF**”), and the Student Borrower Protection Center (the “**SBPC**”), to participate in fair lending reviews of our AI underwriting models by an independent third-party firm, Relman Colfax LLC (the “**Relman**”). The fair lending testing was designed to determine if our AI underwriting models have caused or resulted in a disparate impact on any protected class, and if so, whether there are any alternative, less discriminatory practices **that could be employed** without sacrificing the models’ predictiveness. **In March 2024, following** a number of quantitative assessments **and prior reports**, Relman has published **three periodic reports and plans to publish a fourth and final report that summarizes** the development **developments** during the monitorship as well as industry **fair lending** recommendations. **The** While we have input on Relman **final report marked the conclusion of our agreement with the LDF and the SBPC and the fair lending reviews by Relman. If the conclusion of the Relman monitorship or any of the final report**’s findings reports and the agreement provides that Relman and the parties to the agreement will collaborate to reach agreement on any recommendations, we may disagree with Relman, the LDF or the SBPC regarding the contents of the reports or particular recommendations that were made, the manner in which they should be implemented, if at all, or whether they would maintain the predictiveness of our AI models or meet any other legitimate business needs of Upstart. If we do not implement Relman’s recommendations, the LDF and/or the SBPC could terminate the agreement with us. If Relman’s reports are viewed negatively for any reason, or Relman terminates its agreement with us and/or the agreement with the LDF and/or the SBPC is terminated for any reason, our brand and reputation and the overall market acceptance of, and trust in, our AI lending marketplace could suffer, and we could be subject to increased regulatory and litigation risk. In addition, the publication of information arising from our agreement with the LDF **or and** the SBPC, including the reports published by Relman, could lead to additional regulatory scrutiny for **us or** our lending partners. We have been subject to other governmental inquiries on this topic. See the risk factor titled “ — We have been in the past and may in the future be subject to federal and state regulatory inquiries regarding our business ” for more information. **The CFPB issued a final rule in June 2024 that will require us and other non- bank entities to report any public regulatory or court orders related to violations of consumer protection laws in a registry that will be available to the public, which can impact our public perception and reputation.** Negative public perception, actions by advocacy groups or legislative and regulatory interest groups could lead to lobbying for and enactment of more restrictive laws and regulations that impact the use of AI technology in general, AI technology as applied to lending operations generally or as used in our applications more specifically. Any of the foregoing could negatively impact our business, financial condition and results of operations. Harm to our reputation can also arise from many other sources, including inaccurate or unfavorable statements made by securities analysts or others, failure by us or our lending partners to meet minimum standards of service and quality, loan underperformance, inadequate protection of borrower information and compliance failures and claims, and employee or former employee misconduct, misconduct by outsourced service providers or other counterparties, as further described below. If we are unable to protect our reputation, our business, financial condition and results of operations would be adversely affected. **We are subject** The legal and regulatory environment surrounding our AI lending marketplace is relatively new, susceptible to **numerous change and may require clarification or interpretive guidance with respect to existing laws and regulations at a federal, state and local level, that are aimed at providing consumer protections in the financial services industry**. **This** body of laws and regulations applicable to our business **are is** complex, **evolving** and subject to varying interpretations, in many cases due to the lack of specificity regarding the application of AI and related technologies to the already highly regulated consumer lending industry **or to changing sentiments about the bank partnership model**. As a result, the application of such laws and regulations in practice may change or develop over time as more products are offered on our marketplace, and through judicial decisions or as new guidance or interpretations are provided by regulatory and governing bodies, such as federal, state and local administrative agencies. New laws and regulations and changes to existing laws and regulations continue to be adopted, implemented and interpreted in response to our industry and the emergence of AI and related technologies. Recent financial, political and other events, including disruptions in the banking sector, may increase the level of regulatory scrutiny on financial technology companies. As we expand our business into new markets, introduce new **loan financial** products and **services, and as we** continue to improve and evolve our AI models, **additional** regulatory **bodies or courts may claim that we requirements will apply. In some cases, state licenses** are subject to **additional requirements. Such required based on our business operations and** regulatory bodies could reject our applications for licenses or deny renewals, delay or impede our ability to operate, charge us fees or levy fines or penalties, commence investigations or inquiries into our business practices, or otherwise disrupt our ability to operate our AI lending marketplace, any of which could adversely affect our business, financial condition and results of operations. **We may also face additional regulatory scrutiny or supervision at a federal level.** For example, in **April February 2022 2024 and again in December 2024**, the CFPB **announced that it intends exercised a previously dormant provision of Dodd Frank to examine establish supervisory authority over** non- bank financial companies that **entities based on its belief such entities pose posed risks - risk** to consumers, and in November 2022, the Treasury Department issued a report encouraging the CFPB to increase its supervisory activity with respect to larger non- bank lenders. In July 2023, the CFPB announced that the agency had already begun supervision of at least three non- bank fintech companies. If the CFPB decides to subject us to its supervisory process, it could significantly increase the level of regulatory scrutiny of our business practices. **Federal** Related to automotive lending, in January 2023, the CFPB and the New York

Attorney General filed a complaint against an **and state** auto lender that criticized the profit-driven model in auto lending. The CFPB then entered into consent orders with several auto lenders as the year progressed, related to unfair or deceptive fees and servicing practices. With regulators **have also focused on** actively scrutinizing the auto lending space, we may be subject to heightened scrutiny of the retail installment contracts we purchase and service. In addition, the Biden Administration recently announced a government-wide effort to eliminate **eliminating or regulating** “junk fees”, which **are often not well** could subject our business practices to even further scrutiny. While what constitutes a “junk fee” remains undefined, **defined**, the **The** CFPB has called out certain **identified the fees associated with the sale of** ancillary products **in connection with** financing the purchase of **and an pay-auto as having the potential** to pay fees charged by debt collectors **be unfair or deceptive**. More recently, **and the** FTC issued **finalized** a final rule on junk fees **and narrowed**. These efforts signal that the “junk **scope of the industries covered to exclude financial services**. However, the increased focus on **fee fees**” initiative is **in the financial services space by federal and state regulators will likely to continue to broaden in scope**. We **Should any of the fees charged to borrowers on loans obtained through our marketplace be deemed unfair or deceptive, such fees may be subject to refund or deemed uncollectable**. The CFPB has the ability to regulate and investigate our business activity **and has increased their activity and** scrutiny **should in the financial services industry in recent years** “junk fee” initiative expand to include fees directly associated with consumer lending products. **The** Moreover, the CFPB has issued several **rules**, interpretive statements and guidance documents that could impact our business practices including, but not limited to, a **May September 2022-2023 statement circular** on compliance obligations under the Equal Credit Opportunity Act (“ECOA”) for companies that rely on complex algorithms when making credit decisions **and the fall, a June 2023 statements rule requiring registration of nonbank entities that receive a final order or judgment, and a circular that criticized the use of boilerplate language in consumer agreements where such language would be unlawful if enforced against the particular consumer agreeing to the contract**. It has also issued several supervisory highlights focusing on various aspects of consumer junk fees **and, with the DOJ, on fair lending for non-citizens, such as credit reporting, servicing and repossession activities in the auto lending space**. The CFPB **also previously** issued an interpretive rule expanding states’ authority to enforce requirements of federal consumer financial laws. **In October 2024 the CFPB finalized its Opening Banking Rule to provide consumers greater rights over their personal financial data**. In December 2024, the CFPB proposed a rule that makes significant revisions to Regulation V, which implements the Fair Credit Reporting Act (“FCRA”) and imposes new obligations and limitations on entities that collect, sell or share consumer information with third parties. However, in January 2025, the new U. S. presidential administration issued an executive order to halt all activity on the CFPB’s pending and proposed rules, including the **ECOA-proposed changes to Regulation V**. Due to the changing nature of the regulatory environment and uncertainty about the priorities and direction of the CFPB under the new U. S. presidential administration, we cannot be certain how the regulatory environment may impact our business. State regulators have also increased the level of regulatory scrutiny on financial technology companies and the bank partnership model. **Massachusetts recently used its unfair, deceptive For- or example, the State of Maryland initiated an enforcement action against abusive acts or practices (“UDAAP”) law to find that a fintech financial technology company and its that partnered with a federally insured, state-chartered bank partner to offer loans in the state was the “true lender” of the loans, and required the fintech company to permanently cease all business in Massachusetts**. A recent alert from the Ohio banking regulator announced a change in the regulator’s opinion that the small loan license is now required for **fintech companies unlicensed lending within the state, and Colorado opted out of the federal law that allows out-of-state banks to export broker loans to their bank partners rates to Colorado**. Some **Increased scrutiny of bank partnership arrangements continues, as states codify have codified in their laws a test to determine who is the true lender for certain loans with the goal of regulating either the non-bank partner or limiting the rate that can be charged and / or collected**. Moreover, the OCC has also indicated that it, **FDIC, and the Board of Governors of the Federal Reserve System issued joint guidance indicating they intends, intend to use its their supervisory authority through examinations** to review bank third-party relationships with financial technology companies **to identify, including a review of third-party business practices that could pose a risk of potential consumer harm that**. **Should the agencies review our program and identify any such risks or issue consent orders against any of our lending partners, it could impact the viability safety and soundness of the banks- bank partnership model subject to agency supervision**. Should the agency examine any of our- **or require additional actions by us and the** lending partners- **partner**, such examinations may involve a review of our business practices to **mitigate** determine whether they pose a risk **risks identified** to the safety and soundness of those lending partners. While we have been proactively working with the federal government and **state** regulatory bodies to ensure that our AI lending marketplace and other services are in compliance with applicable laws and regulations, we can provide no assurance that we will not be subject to any regulatory actions. For example, the CFPB issued Upstart the no- action letters, which provided that the CFPB **would, after a detailed review of Upstart’s fair lending program, did not take-recommend any** supervisory or enforcement action against Upstart for a violation of the ECOA. However, in June 2022, at our request, the no- action letter was terminated so that we can keep our models accurate and updated during a period of significant economic change. As a result, we can provide no assurance that the CFPB or any other federal or state regulator will not take supervisory or enforcement action against us in the future. We have been subject to governmental inquiries as well. See the risk factor titled “— We have been in the past and may in the future be subject to federal and state regulatory inquiries regarding our business” for more information. Any government investigations or inquiries, whether or not accurate or warranted, or whether concerning us or one of our competitors, could negatively affect our brand and reputation and the overall market acceptance of and trust in our AI lending marketplace. Any of the foregoing could harm our business, financial condition and results of operations. If we are unable to manage the risks related to our loan servicing and collections obligations, our business, financial condition and results of operations could be adversely affected. Our success depends in part on our loan servicing and collection efforts. In the year ended December 31, **2023-2024**,

28-21 % of our revenue **from fees, net** was generated from loan servicing fees. The vast majority of Upstart- powered loans are not secured by any collateral, **and none are** guaranteed or insured by any third party or backed by any governmental authority. As a result, we are limited in our ability to collect on such loans on behalf of our lending partners and institutional investors if a borrower is unwilling or unable to repay them. Where the loan is secured by an automobile, **for our auto product, or home, for our HELOC product,** we could still be limited in our ability to collect on the loan if we cannot secure the automobile **or home**. The ability to collect on the loans is largely dependent on the borrower's continuing financial stability, and consequently, collections can be adversely affected by a number of factors, including, but not limited to, unemployment, divorce, death, illness, bankruptcy or the economic or social factors beyond personal circumstances of a borrower. In addition, the application of various federal and state laws, including federal and state bankruptcy and insolvency laws, may limit the amount that can be recovered on these loans. It is possible that a higher percentage of consumers will seek protection under bankruptcy or debtor relief laws as a result of the current inflationary environment, the possibility of a recession and market volatility. Federal, state, or other restrictions could impair our ability to collect amounts owed and due on the loans facilitated through our marketplace, reduce income received from the loans facilitated through our marketplace, or negatively affect our business, financial condition and results of operations. We began conducting first- party collection activities for our lending partners in the fourth quarter of 2022 for loans facilitated through our marketplace. We **do not** have **extensive** no prior experience conducting first- party or in- house collection activities, and we cannot be certain that we will be able to effectively manage risks associated with such activities. In addition to first- party collection activities, we partner with third- **party parties, including** collection agencies, **to collect on loans we service** for loans our lending partners. **In late 2024, we service partnered with a third party to begin, for the first time, pursuing litigation as a strategy to collect from certain delinquent borrowers who demonstrate an ability but not a willingness to repay.** If such **Upstart or the** third- party **parties with whom we work on** collection collections agencies do not perform as expected under our agreements with them or if we or these collection agents **third parties** act unprofessionally **and/or** otherwise **cause** harm **to the user experience** for borrowers of Upstart- powered loans, our brand and reputation could be harmed and our ability to attract potential borrowers to our marketplace could be negatively impacted. For example, during periods of increased delinquencies caused by economic downturns or otherwise, it is important that we and the collection agents **agencies we use** are proactive and consistent in contacting a borrower to bring a delinquent balance current and ultimately avoid the **related** loan becoming charged off. If we or the collection agents **third parties we work with** are unable to maintain a high quality of service, or fulfill the servicing **and collection** obligations **at all** due to resource constraints, it could result in increased delinquencies and charge- offs on the loans, which could decrease fees payable to us, cause our lending partners to decrease **the their volume of demand for** Upstart- powered loans **kept on their balance sheets**, erode trust in our lending marketplace or increase the costs of loan funding for our marketplace. If we fail to successfully address any of the foregoing risks associated with our collection activities, our business, financial condition and results of operations could be adversely affected. We are the loan servicer for most loans facilitated through our marketplace, including the loans that are sold as part of whole loan sales, contributed to asset- backed securitizations and pass- through certificate transactions, and pledged in connection with warehouse credit facilities. Loan servicing is a highly manual process and an intensely regulated activity. Errors in our servicing activities, including payment collection and charge- off processes, or failures to comply with our servicing obligations, have in the past and could in the future affect our internal and external reporting of the loans that we service, adversely affect our business and reputation and expose us to liability to borrowers, lending partners or institutional investors. In addition, we charge our loan holders a fixed percentage servicing fee based on the outstanding balance of loans serviced. If we fail to efficiently service or collect on such loans and the costs incurred exceed the servicing fee charged, our results of operations would be adversely affected. Moreover, the laws and regulations governing these activities, **including licensing obligations and requirements,** are subject to change. **If For institutional investors that are statutory trusts, there is now additional risk based on a court decision in the United States Court of Appeals for the Third Circuit, where the CFPB recently obtained a favorable decision that it has enforcement authority over these trusts when the trusts engage in providing financial products or services, such as using third parties to collect on delinquent debts. Overall, if** we are unable to comply with such laws and regulations **governing servicing activities**, we could lose one or more of our licenses or authorizations, become subject to greater scrutiny by regulatory agencies or become subject to sanctions or litigation, which may have an adverse effect on our ability to perform our servicing obligations or make our marketplace available to borrowers in particular states. Any of the foregoing could adversely affect our business, financial condition and results of operations. While auto loans issued through our lending marketplace **or retail installment contracts we purchase from automobile dealerships** are secured by collateral, auto loans are inherently risky, as they are **often** secured by assets that may be difficult to locate and can depreciate rapidly. We generally begin the repossession process for auto loans that become 60 days past due. We have engaged a third- party auto repossession vendor to handle all repossession activity. Following a repossession, if a borrower fails to redeem their vehicle or reinstate their loan agreement, **whichever is required by law,** the repossessed vehicle is sold at an auction and the proceeds are applied to the unpaid balance of the loan and related expenses. If the proceeds do not cover the unpaid balance of the loan and any related expenses **permitted to be charged,** and we are unable to recover the deficiency balance from the borrower, where permitted, the deficiency would be charged- off. Further, if a vehicle cannot be located, repossession and sale of the vehicle would not be possible, **which could also lead to delinquencies and charge- offs the outstanding loan balance may not be recovered.** A significant number of delinquencies and charge- offs could decrease fees **payable to collectable by** us, cause our lending partners to reduce loan originations, erode trust in our lending marketplace and **lead to an** increase **in** the costs of loan funding for our marketplace. Additionally, if such repossession vendors do not perform consistent with agreements entered into with us, or if vendors act unprofessionally or otherwise **cause** harm **to the user experience** for borrowers of Upstart- powered loans, our brand and reputation could be harmed and our ability to attract potential borrowers to our marketplace could be negatively

impacted. We may also become subject to regulatory scrutiny and potential litigation based on the conduct of our repossession vendors. The vast majority of loan originations currently facilitated through our marketplace are unsecured personal loans. While the market for unsecured personal loans has grown rapidly in recent years, it is unclear to what extent such market will continue to grow, if at all. A wide variety of factors could impact the market for unsecured personal loans, including macroeconomic conditions, competition, regulatory developments and other developments in the credit market. Our success will depend in part on the continued growth of the unsecured personal loan market, and if such market does not further grow or grows more slowly than we expect, our business, financial condition and results of operations could be adversely affected. In addition, **order to preserve and expand our relationships with** lending partners and institutional investors may find it desirable to partner with competitors that are able to offer them a broader array of credit products. In order to preserve and expand our relationships with our existing lending partners and institutional investors, and enter into new lending partnerships and arrangements with institutional investors, it may become important for us to be able to offer a wider variety of products than we currently provide. We are also susceptible to competitors that may intentionally underprice their loan products, even if such pricing practices lead to losses. Such practices by competitors would negatively affect the overall demand for loans facilitated through our marketplace. Further, because such personal loans are unsecured, there is a risk that borrowers will not prioritize repayment of such loans, particularly in any economic **downcycle down-cycle**. To the extent borrowers have or incur other indebtedness that is secured, such as a mortgage, a home equity line of credit or an auto loan, borrowers may choose to repay **those** obligations under such secured indebtedness before repaying their **unsecured** Upstart- powered personal loans. In addition, borrowers may not view Upstart- powered loans, which were originated through an online lending marketplace, as having the same significance as other credit obligations arising under more traditional circumstances, such as loans **directly** from banks or other commercial financial institutions. Any of the foregoing could lead to higher default rates and decreased demand by our lending partners and institutional investors to fund loans facilitated through our marketplace, which would adversely affect our business, financial condition and results of operations. We are also more susceptible to the risks of changing and increased regulations and other legal and regulatory actions targeted towards the unsecured personal loan market. ~~It is possible that regulators may view unsecured personal loans as high risk for a variety of reasons, including that borrowers will not prioritize repayment of such loans due to the unsecured nature of such loans or because existing laws and regulations may not sufficiently address the benefits and corresponding risks related to financial technology as applied to consumer lending.~~ If we are unable to manage the risks associated with the unsecured personal loan product, our business, financial condition and results of operations could be adversely affected. Our sales and onboarding process with new lending partners can be long, vary widely and generally takes approximately two to twelve months. As a result, revenues and results of operations may vary significantly from period to period. Prospective lending partners are often cautious in making decisions to implement our platform and related services because of the risk management alignment and regulatory uncertainties related to their use of our AI models, including their oversight, model governance and fair lending compliance obligations associated with using such models. In addition, prospective lending partners undertake an extensive diligence review of our platform, compliance and servicing activities before choosing to partner with us. Further, the implementation of our AI ~~lending model models~~ often ~~involves~~ **involve** shifts by the lending partner to a new software platform or changes in their operational procedures, which may involve significant time and expense to implement. Delays in onboarding new lending partners can also arise while prospective lending partners complete their internal procedures to approve expenditures and test and accept our applications. Consequently, we face difficulty predicting the quarter in which new lending partners will begin using our platform and the volume of fees we will receive, which can lead to fluctuations in our revenues and results of operations. We are continuing to introduce and develop new loan products and services offerings, and if these products are not successful or we are unable to manage the related risks, our growth prospects, business, financial condition and results of operations could be adversely affected. We have introduced auto loan, small dollar loan, and home equity lines of credit products and are continuing to invest in developing these products and other new loan products and service offerings. New initiatives are inherently risky, as each involves unproven business strategies, new regulatory requirements and new financial products and services with which we, and in some cases our lending partners, have limited or no prior development or operating experience. We cannot be sure that we will be able to develop, commercially market and achieve market acceptance of any new products and services. In addition, our investment of resources to develop new products and services may either be insufficient or result in expenses that are excessive in light of revenue actually derived from these new products and services. It is also possible that such investment of resources may need to be delayed or deferred, as was the case with respect to the small business loan product when we decided to suspend its development in January 2023 due to the adverse macroeconomic conditions affecting our business at that time. We may also have difficulty with securing adequate loan funding **, either from lending partners or from institutional investors,** for new loan products and services, and if we are unable to do so, our ability to develop and grow these new offerings and services will be impaired. If the profile of borrowers using any new products and services is different from that of those currently served by the existing loan products offered **on-through** our marketplace, our AI models may not be able to accurately evaluate the credit risk of such borrowers, and we may not be able to obtain loan funding for new products and services on commercially reasonable terms, or at all. Moreover, it is possible that a new product in its development stage has a higher level of delinquencies or defaults than a more established product as our AI models calibrate to a potentially different set of data. Failure to accurately predict demand or growth with respect to our new products and services could have an adverse impact on our reputation and business, and there is always risk that new products and services will be unprofitable, will increase our costs, decrease operating margins or take longer than anticipated to achieve target margins. In addition, any new products or services may raise new and potentially complex regulatory compliance obligations, which would increase our costs and may cause us to change our business in unexpected ways. Further, our development efforts with respect to these initiatives could distract management from current operations and will divert capital and other resources from our existing business. If we are unable to

effectively manage the foregoing risks, our growth prospects, business, financial condition and results of operations could be adversely affected. Misconduct and errors by our employees, former employees, vendors, or service providers could harm our reputation and subject us to significant legal liability. We operate in an industry in which integrity and the confidence of our borrowers and lending partners is of critical importance. Our business depends on our employees, vendors, and service providers to process a large number of increasingly complex transactions, including transactions that involve significant dollar amounts and loan transactions that involve the use and disclosure of **sensitive** personal and business information. We are thus exposed to the risk of misconduct and errors by our employees, vendors, and other service providers that could adversely affect our business, including employees, vendors, or service providers taking, converting, or misusing funds, documents, or data, or failing to follow applicable laws and regulations or our internal policies or protocol when interacting with consumers and borrowers. It is not always possible to identify and deter misconduct or errors by employees, vendors, or service providers, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses. There have been numerous highly- publicized cases of fraud and other misconduct by financial services industry employees. We have experienced employee misconduct and may continue to do so in the future. Depending on the severity, any illegal, improper, or suspicious activity or other misconduct by our employees, vendors or service providers could result in serious harm to our reputation, financial condition, relationships with lending partners and borrowers, and our ability to attract new lending partners or borrowers. We could also be ~~perceived to have facilitated or participated in the illegal misappropriation of funds, documents, or data, or the failure to follow protocol, and therefore be~~ **perceived to have facilitated or participated in the illegal misappropriation of funds, documents, or data, or the failure to follow protocol, and therefore be** subject to civil or criminal liability **as a result of actions by our employees, vendors or service providers**. Any of these occurrences could result in our diminished ability to operate our business, inability to attract future borrowers or lending partners, reputational damage, regulatory intervention, and financial harm, which could negatively impact our business, results of operations, financial condition, and future prospects. If we do not compete effectively in our target markets, our business, results of operations and financial condition could be harmed. The consumer lending market is highly competitive and increasingly dynamic as emerging technologies continue to enter the marketplace. With the introduction of new technologies and the influx of new entrants, competition may persist and intensify in the future, which could have an adverse effect on our operations or business. Our inability to compete effectively could result in reduced loan volumes, reduced average size of loans facilitated on our marketplace, reduced fees, increased marketing and borrower acquisition costs or the failure of the Upstart marketplace to achieve or maintain more widespread market acceptance, any of which could have an adverse effect on our business and results of operations. Consumer lending is a vast and competitive market, and we compete to varying degrees with all other sources of ~~unsecured~~ consumer credit. This can include banks, non-bank lenders ~~including~~, retail- based lenders and other financial technology lending platforms. Because personal loans often serve as a replacement for credit cards, we also compete with the convenience and ubiquity that credit cards **and buy now, pay later products** represent. Many of our competitors operate with different business models, such as lending- as- a- service, have different funding sources, have different cost structures or regulatory obligations, or participate selectively in different market segments. They may ultimately prove more successful or more adaptable to new regulatory, economic, technological and other developments, including utilizing new data sources or credit models. We may also face competition from banks or companies that have not previously competed in the consumer lending market, including companies with access to vast amounts of consumer- related information that could be used in the development of their own credit risk models. Our current or potential competitors may be better at developing new products due to their large and experienced data science and engineering teams, who are able to respond more quickly to new technologies. Many of our current or potential competitors have significantly more resources, such as financial, technical and marketing resources, than we do and may be able to devote greater resources to the development, promotion, sale and support of their platforms and distribution channels. We face competition in **a variety of** ~~such as compliance capabilities, commercial financing terms and costs of capital, interest rates and fees (and other financing terms) available to consumers from our lending partners, approval rates, model efficiency, speed and simplicity of loan origination, ease of use, marketing expertise, service levels, products and services, technological capabilities and integration, borrower experience, brand and reputation, and terms available to our loan funding institutional investor base.~~ Our competitors may ~~also~~ have longer operating histories, lower commercial financing costs or costs of capital, more extensive borrower bases, more diversified products and borrower bases, operational efficiencies, **a better user experience**, more versatile or extensive technology platforms, greater brand recognition and brand loyalty, broader borrower and partner relationships, more extensive and / or **a** more diversified loan funding institutional investor bases ~~than we have~~, greater capacity to fund loans through their balance sheets, and more extensive product and service offerings ~~than we have~~. Furthermore, our existing and potential competitors may decide to modify their pricing and business models to compete more directly with us. Our ability to compete will also be affected by our ability to provide our lending partners with a commensurate or more extensive suite of loan products than those offered by our competitors. In addition, current or potential competitors, including financial technology lending platforms and existing or potential lending partners, may also acquire or form strategic alliances with one another, which could result in our competitors being able to offer more competitive loan terms due to their access to lower- cost capital. Such acquisitions or strategic alliances among our competitors or potential competitors could also make our competitors more adaptable to a rapidly evolving regulatory environment. To stay competitive, we may need to increase our regulatory compliance expenditures or our ability to compete may be adversely affected. Our industry is driven by constant innovation. We utilize **AI artificial intelligence** and machine learning, which is characterized by extensive research efforts and rapid technological progress. If we fail to anticipate or respond adequately to technological developments, our ability to operate profitably could suffer. There can be no assurance that research, data accumulation and development by other companies will not result in AI models that are superior to our AI models or result in products superior to those we develop or that any technologies, products or services we develop will be preferred to any existing or newly- developed technologies, products or services. If we are unable to compete with such companies or fail to meet the need for innovation in our industry, the use of our

technology could stagnate or substantially decline, or our AI lending marketplace could fail to maintain or achieve more widespread market acceptance, which could harm our business, results of operations and financial condition. Our business is heavily concentrated in U. S. consumer credit, and therefore our results are more susceptible to fluctuations in that market than a more diversified company. Our business is heavily concentrated in U. S. consumer credit. As a result, we are more susceptible to fluctuations and risks particular to U. S. consumer credit than a more diversified company. For example, our business is particularly sensitive to macroeconomic conditions that affect the U. S. economy and consumer spending and consumer credit, such as rising interest rates and changes in monetary policy. We are also more susceptible to the risks of increased regulations and legal and other regulatory actions that are targeted at consumer credit. Our business concentration could have a material adverse effect on our business, results of operations, financial condition, and future prospects. If we are unable to manage the risks associated with fraudulent activity, our brand and reputation, business, financial condition and results of operations could be adversely affected. Fraud is prevalent in the financial services industry and is likely to increase as perpetrators become more sophisticated. **High profile fraudulent activity also could negatively impact our brand and reputation.** We are subject to the risk of fraudulent activity associated with borrowers and third parties handling borrower information and, in limited situations, we cover certain fraud losses of our lending partners and institutional investors. For example, in the third quarter of 2021 and the first quarter of 2022, we experienced temporary increases in fraudulent activity. Fraud rates could also increase in a down- cycle economy. We ~~are also~~ **have experienced employee misconduct in the past and continue to be** subject to risk of fraudulent activity associated with our own employees. We use several identity and fraud detection tools, including tools provided by third- party vendors and our proprietary AI models, to predict and otherwise validate or authenticate applicant-reported data and data derived from third- party sources. If such efforts are insufficient to accurately detect and prevent fraud, the level of fraud- related losses of Upstart- powered loans could increase, which would decrease confidence in our AI lending marketplace **and have a negative impact on our financial condition and operating results. It is also possible that fraud perpetrators target our marketplace because of the high degree of automation in our credit decision process where borrowers can be approved instantly.** In addition, our lending partners, institutional investors or we may not be able to recover amounts disbursed on loans made in connection with inaccurate statements, omissions of fact or fraud, which could erode the trust in our brand and negatively impact our ability to attract new lending partners and institutional investors to our marketplace. ~~High profile fraudulent activity also could negatively impact our brand and reputation.~~ In addition, significant increases in fraudulent activity could lead to regulatory intervention, which could increase our costs and also negatively impact our brand and reputation. Further, if there is any increase in fraudulent activity that increases the need for human intervention in screening loan application data, the level of automation on our platform could decline and negatively affect our unit economics. If we are unable to manage these risks, our business, financial condition and results of operations could be adversely affected. We depend on our key personnel and other highly skilled personnel, and if we fail to attract, retain and motivate our personnel, our business, financial condition and results of operations could be adversely affected. Our success significantly depends on the continued service of our senior management team and other highly skilled personnel. Our success also depends on our ability to identify, hire, develop, motivate and retain highly qualified personnel for all areas of our organization. Competition is high for skilled personnel, including engineering and data analytics personnel, particularly in the San Francisco Bay Area where ~~one of~~ our headquarters is located. While we have transitioned to a Digital First work model which allows us to recruit nationwide, we have experienced, and expect to continue to face, some difficulty identifying and hiring qualified personnel, especially as we pursue our growth strategy. We may not be able to hire or retain such personnel at compensation or flexibility levels consistent with our existing compensation and salary structure and policies. We periodically review our compensation levels to ensure they remain competitive and have increased them when we believe market conditions warrant it. However, we may need to further increase our existing compensation levels in response to competition, rising inflation or labor shortages, which would increase our operating costs and reduce our margins. Many of the companies with which we compete for experienced employees have greater resources ~~than we have~~ and may be able to offer more attractive terms of employment. In particular, candidates making employment decisions, specifically in high- technology industries, often consider the value of any equity they may receive in connection with their employment. The recent significant volatility in the price of our stock may have adversely contributed to, and in the future may affect, our ability to attract or retain highly skilled technical, financial and marketing personnel. In addition, we invest significant time and expense in training our employees, which increases their value to competitors who may seek to recruit them. If we fail to retain our employees, we could incur significant expenses in hiring and training their replacements. While we are in the process of training their replacements, the quality of our services and our ability to serve our lending partners, institutional investors and borrowers whose loans we service may suffer, resulting in an adverse effect on our business. Furthermore, we have reduced our workforce ~~in the past November 2022 and January 2023~~ and may further reduce our workforce in the future to lower our operating costs and streamline operations. These reductions in our workforce may adversely affect employee morale, our culture and our ability to attract and retain personnel who are critical to our business. It may also negatively impact our ability to pursue new initiatives due to insufficient resources and personnel. We may be unsuccessful in distributing duties and obligations of impacted employees among the remaining employees. We also may not realize the anticipated benefits and cost savings and may suffer unintended consequences, such as the loss of institutional knowledge, higher than expected employee turnover and significant disruptions in our day- to- day operations. If we are unable to realize the expected operational efficiencies or cost savings from the reductions in our workforce, or if we experience significant adverse consequences as a result, our business, financial ~~conditions~~ **condition** and results of operations may be adversely affected. If we fail to effectively manage the fluctuations in our business, our business, financial condition and results of operations could be adversely affected. Our growth in the past placed significant demands on our management, processes and operational, technological and financial resources. ~~More recently, economic~~ **Economic** headwinds in ~~2022~~ **recent years** led to us announcing reductions in our workforce ~~in November 2022 and January 2023~~ which were intended to help us achieve a more

cost-efficient organization. These fluctuations in the momentum of our business challenge our ability to manage our growth effectively and to integrate new employees and technologies into our existing business. Our success as a business continues to require us to retain, attract, train, motivate and manage employees and invest strategically to refine our operational, technological and financial infrastructure. See also the risk factor titled “ — We depend on our key personnel and other highly skilled personnel, and if we fail to attract, retain and motivate our personnel, our business, financial condition and results of operations could be adversely affected. ” As part of that effort and from time to time, we rely on temporary independent contractor programs to scale our operations team. Failure to effectively implement and manage such programs could result in misclassification or other employment related claims or inquiries by governmental agencies. Continued fluctuations in the momentum of our business will strain our ability to develop and improve our operational policies and procedures, AI models and technology, disclosure controls and procedures, internal control over financial reporting, management oversight, loan funding and relationships with borrowers, lending partners and institutional investors. For example, there are certain aspects of our information technology and our operations, such as servicing activities, that have required, and still require, manual processes which are prone to errors and that we have not yet fully automated with new technologies. Some of the foregoing factors, like the manual processes, have negatively affected, and could continue to negatively affect, our business, financial condition and results of operations. Security breaches and incidents compromising, improper access to our or borrowers’ confidential information that we store data, or other security incidents may harm our reputation, adversely affect our results of operations and expose us to liability. We are increasingly dependent on data, information systems, services and infrastructure to operate our business. In the ordinary course of our business, we collect, process, transmit and store large amounts of sensitive information, including personal information, credit information and other sensitive data of borrowers and potential borrowers. It is critical that we do so in a manner designed to maintain the confidentiality, security and integrity and availability of such sensitive information. We also have arrangements in place with certain of our third-party vendors that require us to share consumer information in order for the vendor to provide its services. We have outsourced elements of our operations (including elements of our information technology infrastructure) to third parties, and as a result, we manage a number of third-party vendors who may have access to our computer networks and sensitive or confidential information. In addition, many of those third parties may in turn subcontract or outsource some of their responsibilities to other third-parties. As a result, our information technology systems, including the functions of third parties that are involved or have access to those systems, are large and complex, with many points of entry and access. While all information technology operations are inherently vulnerable to inadvertent or intentional security breaches, incidents, attacks and exposures, the size, complexity, accessibility and distributed nature of our information technology systems that house, and the large amounts of sensitive information stored on those systems, make such systems potentially vulnerable to unintentional or malicious, internal and external attacks. Any vulnerabilities can be exploited from inadvertent or intentional actions of our employees, third-party vendors, lending partners, institutional investors, or by malicious threat actors. While we continuously refine mature our security controls to address the evolving threat landscape, such measures will not provide absolute security, and remediation efforts may not be successful. Cybersecurity attacks of this nature in the financial services industry are increasing in their frequency, levels of persistence, sophistication and intensity, and are being conducted by sophisticated and organized groups and individuals with a wide range of motives (including, but not limited to, industrial espionage) and expertise, including organized criminal groups, “hacktivists,” nation states and others. These risks may be heightened in connection with geopolitical conflicts. In addition to the extraction of sensitive information, cyber attacks could result in compromising the integrity or availability of our information systems, products and services or infrastructure to operate our business and the confidentiality of our and borrowers’ data. Such attacks could include the deployment of harmful malware, ransomware, denial-of-service attacks, social engineering and other means to affect service reliability and threaten the confidentiality, integrity and availability of information and systems. The In addition, the prevalent use of mobile devices increases the risk of data security incidents. Further, our Digital First working environment could increase the risks of security breaches and incidents as more of our employees are accessing our servers services and infrastructure remotely through home or other networks, reducing physical and social security controls on employee monitoring. We also face indirect technology, cybersecurity and operational risks relating to the borrowers, lending partners, institutional investors, vendors and other third parties with whom we do business or upon whom we rely on to facilitate or enable our business activities. Security breaches and attacks on our information systems and infrastructure or those of our business partners may cause interruptions to the services we provide, degrade the user experience of our products and services, cause our customers, borrowers or business partners to lose confidence and trust in us, or harm our transaction volume, revenue or future growth prospects. Significant disruptions to information technology systems or other security incidents within our company, our lending partners and dealerships, or third parties that we or they do business with could adversely affect our business operations and result in the loss, misappropriation, or unauthorized access, use or disclosure of, or the prevention of access to, sensitive consumer or employee information, which could result in financial, legal, regulatory, business and reputational harm to us. When security breaches, incidents or attacks impact information systems of third parties, we may not always have control over security measures or responses to such events. For example, a mid-2024 cyber attack on CDK Global, a third-party vendors vendor that provides customer relationship management and deal management services solutions to dealerships, temporarily disrupted dealership operations nationwide. While we promptly implemented workaround solutions to support our dealer partners and thus other the business impact to partners could adversely affect our business operations and result in the loss, misappropriation, or our unauthorized access company was minimal, the dealers were impacted in use or disclosure of, or the their ability prevention of access to make sales sensitive information, which could result in financial, legal, regulatory, business and provide auto loans reputational harm to us. Our use of AI technology may create additional cybersecurity risks or increase cybersecurity risks, including risks of security breaches and incidents.

Further, AI technology may be used in connection with certain types of cybersecurity attacks, resulting in heightened risks of security breaches and incidents. Because techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until they are launched against a target, we and **our business partners** ~~our~~ **or vendors** ~~any third parties that we rely on to operate our business~~ may be unable to anticipate these techniques or to implement adequate preventative measures. In addition, many governments have enacted laws requiring companies to notify individuals of data security breaches involving their personal **data information**. These mandatory disclosures regarding a security breach are costly to implement and often lead to widespread negative publicity following a breach, which may cause borrowers and potential borrowers to lose confidence in the effectiveness of our ~~data security measures on for~~ **our platform products and enterprise**. Any security breach or incident, whether actual or perceived, would harm our reputation and ability to attract new borrowers to our marketplace. ~~We also face indirect technology, cybersecurity and operational risks relating to the borrowers, lending partners, institutional investors, vendors and other third parties with whom we do business or upon whom we rely on to facilitate or enable our business activities, including vendors, payment processors, and other parties who have access to confidential information due to our agreements with them. In addition, any security compromise in our industry, whether actual or perceived, or information technology system disruptions, whether from attacks on our technology environment or from computer malware, natural disasters, terrorism, war, geopolitical conflicts, or telecommunication or electrical failures, could interrupt our business or operations, harm our reputation, erode borrower confidence, negatively affect our ability to attract new borrowers, or subject us to third-party lawsuits, regulatory fines or other action or liability, which could adversely affect our business and results of operations.~~ Like other financial and technology services firms, we have been and continue to be the subject of actual or attempted unauthorized access, mishandling or misuse of information, computer viruses or malware, and cyber-attacks that could obtain confidential information, destroy data, disrupt or degrade service, sabotage systems or cause other damage, distributed denial of service attacks, data breaches and other infiltration, exfiltration or other similar events. ~~While we regularly monitor data flow inside and outside the company, attackers have become very sophisticated in the way they conceal access to systems, and we may not be aware that we have been attacked.~~ Any event that leads to unauthorized access, use or disclosure of personal information or other sensitive information that we or our vendors maintain, including our own proprietary business information and sensitive information such as personal information regarding borrowers, ~~loan applicants or any security compromises in~~ ~~or our employees~~ **industry or industries that we rely on to conduct our business**, ~~whether actual or perceived, or information technology system disruptions~~ could ~~disrupt~~ **interrupt** our business **or operations**, harm our reputation, **erode borrower confidence, negatively affect** compel us to comply with applicable federal and ~~or our ability to attract new borrowers~~ ~~state breach notification laws and foreign law equivalents~~, **or** subject us to **third-party lawsuits** ~~time consuming, distracting and expensive litigation~~, regulatory **fines or other** investigation and oversight, mandatory corrective action, ~~require us to verify the correctness of data, or otherwise subject us to liability under laws, regulations and contractual obligations, including those that protect the privacy and security of personal information. This could result in increased costs to us and result in significant legal and financial exposure and /or reputational harm. In addition, any failure or perceived failure by us or our vendors to comply with our privacy, confidentiality or data security-related legal or other obligations to our lending partners or other third parties, actual or perceived security breaches, or any security incidents or other events that result in the unauthorized access, release or transfer of sensitive information, which could adversely affect~~ include personally identifiable information, may result in governmental investigations, enforcement actions, regulatory fines, litigation, or public statements against us by advocacy groups or others, and could cause our lending partners and other third parties to lose trust in us or we could be subject to claims by our lending partners and other third parties that we have breached our privacy- or confidentiality-related obligations, which could harm our business and ~~prospects~~ **results of operations**. Moreover, data security **Security** incidents and other inappropriate access can be difficult to detect, and any delay in identifying them may lead to increased harm of the type described above. There can be no assurance that our security measures intended to protect our **services** information technology systems and infrastructure will successfully prevent service interruptions or security incidents. For example, in April 2020, we were made aware of a software error which allowed access to certain consumers' accounts through the Upstart website without providing such consumers' passwords. As a result, certain of such consumers' personal information, such as their name, address and job information (but not full social security information), could have been accessed by a third party. We promptly deployed an update to our software to address such vulnerability and conducted an internal investigation. We are not aware of any information being compromised as a result of this error. We cannot provide any assurance that **similar security** vulnerabilities will not arise in the future as we continue to expand the features and functionalities of our platform and introduce new loan products on our platform, and we expect to continue investing substantially to protect against security vulnerabilities and incidents. We maintain errors, omissions, and cyber liability insurance policies covering certain security and privacy damages. However, we cannot be certain that our coverage will continue to be available on economically reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that an insurer will not deny coverage as to any future claim, or that any insurer will be adequately covered by reinsurance or other risk mitigants or that any insurer will offer to renew policies at an affordable rate or offer such coverage at all in the future. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have an adverse effect on our business, financial condition and results of operations. Our proprietary AI models rely in part on the use of loan applicant and borrower data and other third-party data, and if we lose the ability to use such data, or if such data contain inaccuracies, our business could be adversely affected. We rely on our proprietary AI models, which are statistical models built using a variety of data-sets. Our AI models rely on a wide variety of data sources, including data collected from applicants and borrowers, credit bureau data, and our credit experience gained through monitoring the payment performance of borrowers over time. ~~Under our agreements with our lending partners, we receive~~

licenses to use data collected from loan applicants and borrowers. The CFPB has proposed **recently issued a final rule** on “open banking” **and protection of personal financial data rights** that would give consumers certain rights in deciding how **financial institutions and** companies like us can use **their and transfer consumer** personal financial data, and also **proposed includes** additional restrictions and requirements on companies that use such data. **The CFPB also issued a proposed rule on Regulation V, which implements the FCRA, which, if not withdrawn, could limit our use of data.** If we are unable to access and use data collected from applicants and borrowers, data received from credit bureaus, repayment data collected as part of our loan servicing activities, or any other data for our AI models, or our access to such data is limited, our ability to accurately evaluate potential borrowers, detect fraud and verify applicant data would be compromised. Any of the foregoing could negatively impact the accuracy of our pricing ~~decisions~~, the degree of automation in our loan application process and the volume of loans facilitated on our marketplace. **In addition, if we were required to share unique data we collect from applicants and borrowers with third parties, that could lessen Upstart’s competitive advantage.** Third-party data sources on which we rely include the consumer reporting agencies regulated by the CFPB and other alternative data sources. Such data is electronically obtained from third parties and used, **for example,** in our AI models to price applicants and in our fraud models to verify the accuracy of applicant-reported information. Data from national credit bureaus and other consumer reporting agencies, as well as other information that we receive from third parties about an applicant or borrower, may be inaccurate or may not accurately reflect the applicant or borrower’s creditworthiness for a variety of reasons, including inaccurate reporting by creditors to the credit bureaus, errors, staleness or incompleteness. ~~For example, loan~~ **Loan** applicants’ credit scores may not reflect such applicants’ actual creditworthiness because the credit scores **or data underlying those credit scores** may be based on outdated, incomplete or inaccurate ~~consumer reporting data, including, as a consequence of us utilizing credit reports for a specific period of time after issuance before such reports are deemed to be outdated. Similarly, the data taken from an applicant’s credit report may also be based on outdated, incomplete or inaccurate consumer reporting data.~~ Although regulatory protections, **such as ECOA and the FCRA,** are in place to afford consumers the right to dispute inaccuracies and despite the fact that we use numerous third-party data sources and multiple credit factors within our proprietary models, which helps mitigate this risk, it does not eliminate the risk of an inaccurate individual report. Further, although we attempt to verify the income, employment and education information provided by ~~certain selected~~ applicants, we cannot guarantee the accuracy of applicant information. Our fraud models rely in part on data we receive from a number of third-party verification vendors, data collected from applicants, and our experience gained through monitoring the performance of borrowers over time. Information provided by ~~borrowers~~ **applicants** may be incomplete, inaccurate or intentionally false. Applicants may also misrepresent their intentions for the use of loan proceeds. We do not verify or confirm any statements by applicants as to how loan proceeds are to be used after loan funding, **although borrowers agree that they will use the funds for household or personal use.** If an applicant supplied false, misleading or inaccurate information and our fraud detection processes do not flag the application, repayments on the corresponding loan may be lower, in some cases significantly lower, than expected, leading to losses for the lending partner or institutional investor. In addition, if any data used to train and improve our AI models is inaccurate or otherwise unreliable, or access to third-party data is limited or becomes unavailable to us, our ability to continue to improve our AI models would be adversely affected. Any of the foregoing could result in sub-optimally and inefficiently priced loans, incorrect approvals or denials of loans, or higher than expected loan losses, which in turn could adversely affect our ability to attract new borrowers, lending partners and institutional investors to our marketplace or increase the number of Upstart-powered loans and adversely affect our business, financial condition and results of operations. In connection with asset-backed securitizations, pass-through certificate transactions, warehouse credit facilities and whole loan sales, we make representations and warranties concerning the loans transferred, and if such representations and warranties are not accurate when made, we could be required to repurchase the applicable loans. In our asset-backed securitizations, pass-through certificate transactions, warehouse credit facilities ~~and,~~ whole loan sale arrangements **and other commercial transactions,** we make numerous representations and warranties concerning the characteristics of the Upstart-powered loans sold and transferred in connection with such transactions, including representations and warranties that the loans meet the eligibility requirements of those facilities and of institutional investors. If those representations and warranties were not accurate when made and are not timely cured or incurable, we may be required to repurchase the underlying loans. Failure to repurchase such loans could constitute a default, ~~an event of default~~ or termination event under the agreements governing our various arrangements or transactions and could require us to indemnify certain financing parties. Through December 31, ~~2023~~ **2024,** the number of repurchased Upstart-powered loans as a result of inaccurate representations and warranties represents less than 1% of all Upstart-powered loans. While only a small number of Upstart-powered loans have been historically repurchased by us, there can be no assurance that we would have adequate cash or other qualifying assets available to make such repurchases if and when required. Such repurchases could be limited in scope, relating to small pools of loans, or significant in scope, across multiple pools of loans. If we were required to make such repurchases and if we do not have adequate liquidity to fund such repurchases, our business, financial condition and results of operations could be adversely affected. In addition, a high volume of repurchases due to a breach of such representations and warranties could have an adverse impact on our reputation as a loan seller and servicer. Borrowers may prepay a loan at any time without penalty, which could reduce our servicing fees and deter our lending partners and institutional investors from investing in loans facilitated through our lending marketplace. A borrower may decide to prepay all or a portion of the ~~remaining~~ **outstanding** principal amount on a loan at any time without penalty. If the entire **outstanding** or a significant ~~portion of the remaining~~ unpaid principal amount of a loan is prepaid, we would not receive a servicing fee, or we would receive a significantly ~~lower~~ **less** servicing fee ~~fees for associated with~~ such prepaid loan. ~~Prepayments may occur for a variety of reasons, including if interest rates decrease after a loan is made. If a significant volume of prepayments occurs, the amount of our servicing fees would decline, which could harm our business and results of operations.~~ Our AI models are designed to predict prepayment rates. ~~However,~~ **if but prepayment may occur for a variety of reasons. If** a significant volume of

prepayments occur that our AI models do not accurately predict, **the amount of our revenue from servicing fees would decline and** returns targeted by our lending partners and institutional investors would be adversely affected, **which would harm our business and results or operations** and our ability to attract new lending partners and institutional investors ~~would be negatively affected~~. Our marketing efforts and brand promotion activities may not be effective. Promoting awareness of our AI lending marketplace is important to our ability to grow our business, attract new lending partners, increase the number of potential borrowers on our marketplace and attract institutional investors to our marketplace. We believe that the importance of brand recognition will increase as competition in the consumer lending industry expands. ~~However~~ **For example**, because **some of** our lending partners **have adopted** ~~are increasingly adopting~~ our lending partner- branded version of our AI lending marketplace through their own websites, potential borrowers may not be aware they are experiencing our AI lending marketplace, which may hinder recognition of our brand. Successful promotion of our brand will depend largely on the effectiveness of marketing efforts and the overall user experience of our lending partners and potential borrowers on the Upstart marketplace, ~~which factors are outside our control~~. The marketing channels that we employ may also become more crowded and saturated by other lending platforms, which may decrease the effectiveness of our marketing campaigns and increase borrower acquisition costs. Also, the methodologies, policies and regulations applicable to marketing channels may change. For example, **the the CFPB has proposed a rule that limits how data brokers can share consumer information and that prohibits secondary use of data, including for targeted marketing. Similarly**, internet search engines could revise their methodologies, which could adversely affect borrower volume from organic ranking and paid search. Search engines may also implement policies that restrict the ability of companies such as us to advertise their services and products, which could prevent us from appearing in a favorable location or any location in the organic rankings or paid search results when certain search terms are used by the consumer. Our brand promotion activities may not yield increased revenues. If we fail to successfully build trust in our AI lending marketplace and the performance and predictability of Upstart- powered loans, we may lose existing lending partners and institutional investors to our competitors or be unable to attract new lending partners and institutional investors, which in turn would harm our business, results of operations and financial condition. Even if our marketing efforts result in increased revenue, we may be unable to recover our marketing costs through increases in loan volume, which could result in a higher borrower acquisition cost per account. Any ~~incremental increases in loan servicing costs, such as~~ increases due to greater marketing expenditures, could have an adverse effect on our business, financial condition and results of operations. Unfavorable outcomes in legal proceedings may harm our business and results of operations. We are, and may in the future become, subject to ~~litigation, claims, examinations, investigations, enforcement actions, legal and administrative cases and proceedings, whether civil or criminal, or~~ lawsuits by governmental agencies or private parties, **other claims, examinations, investigations, enforcement actions, legal and administrative cases and proceedings, whether civil or criminal, all of** which may affect our results of operations. These claims, lawsuits, and proceedings could involve, and in some cases have involved, labor and employment, discrimination and harassment, commercial disputes, intellectual property rights (including patent, trademark, copyright, trade secret, and other proprietary rights), class actions, general contract, tort, defamation, data privacy rights, antitrust, common law fraud, government regulation, ~~or compliance~~, alleged federal and state securities and “blue sky” law violations or other investor claims, and other matters. For example, we are a defendant in a number of securities class action and other related lawsuits. See the “Legal” section under “Note 12. Commitments and Contingencies” and the risk factor titled “— The trading price of our common stock may be volatile, and you could lose all or part of your investment” for more information. ~~Due~~ **In addition, due** to the consumer- oriented nature of our business and the application of certain laws and regulations, participants in our industry are regularly named as defendants in litigation alleging violations of federal and state laws and regulations ~~and consumer law torts~~, including fraud. ~~Many of these legal proceedings involve alleged violations of consumer protection laws.~~ **The CFPB recently issued a final rule** ~~In addition, we have been in the past and may in the future be subject to litigation, claims, examinations, investigations, legal and administrative cases and proceedings related to the offer and sale of Upstart- powered loans. In particular, lending programs that would require~~ involve originations by a bank in reliance on origination- related services being provided by non- bank **entities like us** lending platforms and / or program managers are subject to **report any public orders related to violations of consumer protection laws in a registry that will be made available to the general public, potential potentially increasing** litigation and **regulatory scrutiny** government enforcement claims based on “rent- a- bank” or “true lender” theories, particularly where such programs involve the subsequent sale of such loans or interests therein through the lending marketplace. See the risk factor titled “— If loans facilitated through our marketplace for one or more lending partners were subject to successful challenge that the lending partner was not the “true lender,” such loans may be unenforceable, subject to rescission or otherwise impaired, we or other program participants may be subject to penalties, and / or our commercial relationships may suffer, each which would adversely affect our business and results of operations” for more information. ~~In addition, loans originated by lending partners (which are exempt from certain state requirements under federal banking laws), followed by the sale, assignment, or other transfer to non- banks of such loans are subject to potential litigation and government enforcement claims based on the theory that transfers of loans from banks to non- banks do not transfer the ability to enforce contractual terms such as interest rates and fees from which only banks benefit under federal preemption principles.~~ See **also** the risk factors titled “— If loans originated by our lending partners were found to violate the laws of one or more states, whether at origination or after sale by the lending partner, loans facilitated through our marketplace may be unenforceable or otherwise impaired, we or other program participants may be subject to, among other things, fines and penalties, and / or our commercial relationships may suffer, each of which would adversely affect our business and results of operations” and “— We have been in the past and may in the future be subject to federal and state regulatory inquiries regarding our business” for more information. If we were subject to such litigation or enforcement, then any unfavorable results of pending or future legal proceedings may result in contractual damages, usury related claims, fines, penalties, injunctions, the unenforceability, rescission or other impairment of loans originated ~~on~~ **through**

our marketplace or other censure that could have an adverse effect on our business, results of operations and financial condition. Even if we adequately address the issues raised by an investigation or proceeding or successfully defend a third- party lawsuit or counterclaim, we may have to devote significant financial and management resources to address these issues, which could harm our business, financial condition and results of operations. ~~The We have a limited history of operating with a Digital First workforce, and the~~ **of operating with a Digital First workforce** long- term impact on our business, financial condition and results of operations is uncertain. Since our announcement of a Digital First work model in June 2021, remote work with less time in the office has been the primary experience for most of our employees. Our workforce is currently distributed across the U. S., and we expect this to continue. ~~We have a limited history of operating with a Digital First workforce.~~ Although we anticipate that this Digital First model will have a long- term positive impact on our business, financial condition and results of operations, there is no guarantee that we will realize any anticipated benefits to our business from this model, including cost savings, operational efficiencies, or productivity. Our Digital First model could lead to a negative long- term impact on our operations, the execution of our business plans and sales and marketing efforts, our company culture, or the productivity and retention of key personnel and other employees necessary to conduct our business, or otherwise cause operational failures due to changes in our past business practices. If a natural disaster, power outage, connectivity issue, or other event were to occur that impacted our employees' ability to work remotely, it may be difficult or, in certain cases, impossible, for us to continue our business for a substantial period of time. The increase in remote working may also result in increased exposure to consumer privacy and data security incidents, or fraudulent activity. Furthermore, our understanding of applicable legal and regulatory requirements related to a remote workforce may be subject to legal or regulatory challenge, particularly as regulatory guidance evolves in response to future developments. If we are unable to successfully address the foregoing risks and challenges as we encounter them, our business, financial condition and results of operations could be adversely affected. We may evaluate and potentially consummate acquisitions or investments in complementary business and technologies, which could require significant management attention, consume our financial resources, disrupt our business and adversely affect our results of operations, and we may fail to realize the anticipated benefits of these acquisitions or investments. Our success will depend, in part, on our ability to grow our business. In some circumstances, we may determine to do so through the acquisition of, or investments in, complementary businesses and technologies rather than through internal development. For example, in 2021, we completed the acquisition of Prodigy, **a provider of automotive retail software**. The identification of suitable acquisition candidates can be difficult, time- consuming, and costly, and we may not be able to successfully complete identified acquisitions. In the future, we may acquire assets or businesses. The risks we face in connection with acquisitions include: • diversion of management time and focus from operating our business to addressing acquisition integration challenges; • utilization of our financial resources for acquisitions or investments that may fail to realize the anticipated benefits; • inability of the acquired technologies, products or businesses to achieve expected levels of revenue, profitability, productivity or other benefits; • coordination of technology, product development and sales and marketing functions and integration of administrative systems; • transition of the acquired company' s borrowers to our systems; • retention of employees from the acquired company; • regulatory risks, including maintaining good standing with existing regulatory bodies or receiving any necessary approvals, as well as being subject to new regulators with oversight over an acquired business; • attracting financing; • cultural challenges associated with integrating employees from the acquired company into our organization; • the need to implement or improve controls, procedures and policies at a business that prior to the acquisition may have lacked effective controls, procedures and policies; • potential write- offs of loans or intangibles or other assets acquired in such transactions that may have an adverse effect on our results of operations in a given period; • liability for activities of the acquired company before the acquisition, including patent and trademark infringement claims, violations of laws, commercial disputes, tax liabilities and other known and unknown liabilities; • assumption of contractual obligations that contain terms that are not beneficial to us, require us to license or waive intellectual property or increase our risk for liability; and • litigation, claims or other liabilities in connection with the acquired company. Our failure to address these risks or other problems encountered in connection with any future acquisitions and strategic investments could cause us to fail to realize the anticipated benefits of these acquisitions or investments, **or** cause us to incur unanticipated liabilities and harm our business generally. Future acquisitions could also result in dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities, amortization expenses or the write- off of goodwill, any of which could harm our financial condition. Strategic investments in which we have a minority ownership stake and that we do not control may from time to time have economic, business, or legal interests or goals that are inconsistent with our goals. As a result, business decisions or other actions or omissions of controlling shareholders, management, or other persons or entities who control companies in which we invest may adversely affect the value of our investment, result in litigation or regulatory action against us, or otherwise damage our reputation and brand. Our business is subject to the risks of natural disasters and other catastrophic events, many of which are becoming more acute and frequent due to climate change, and to interruption by human- induced problems. Significant natural disasters or other catastrophic events, such as earthquakes, fires, hurricanes, blizzards, or floods (many of which are becoming more acute and frequent as a result of climate change), or interruptions by strikes, crime, terrorism, epidemics, pandemics, cyber- attacks, computer viruses, internal or external system failures, telecommunications failures, a failure of banking or other financial institutions, power outages or increased risk of cybersecurity breaches due to a swift transition to remote work brought about by a catastrophic event, could have an adverse effect on our business, results of operations and financial condition. The long- term effects of climate change on the global economy and our industry in particular are unclear; however, we recognize that there are inherent climate- related risks wherever business is conducted. Either of our headquarters may be vulnerable to the adverse effects of climate change. **Our One of our** headquarters is located in the San Francisco Bay Area, a region that is prone to seismic activity and has experienced and may continue to experience, climate- related events and at an increasing rate. Examples include but are not limited to drought and water scarcity, warmer temperatures, wildfires and air quality impacts and power shut- offs associated with wildfire prevention. The increasing

intensity of drought throughout California and annual periods of wildfire danger increase the probability of planned power outages. Our ~~office~~ ~~other headquarters~~ in Columbus, Ohio is a region at higher risk for extreme winter weather, including blizzards. Although we maintain a disaster response plan and insurance, such events could disrupt our business, the business of our lending partners or third- party suppliers, and may cause us to experience losses and additional costs to maintain and resume operations. We may not maintain sufficient business interruption or property insurance to compensate us for potentially significant losses, including potential harm to our business that may result from interruptions in our ability to provide our financial products and services. In addition, acts of war and other armed conflicts, disruptions in global trade, travel restrictions and quarantines, terrorism and other civil, political and geopolitical conflicts, could cause disruptions in our business and lead to interruptions, delays or loss of critical data. Any of the foregoing risks may be further increased if our business continuity plans prove to be inadequate and there can be no assurance that both personnel and non- mission critical applications can be fully operational after a declared disaster within a defined recovery time. If our personnel, systems or data centers are impacted, we may suffer interruptions and delays in our business operations. In addition, to the extent these events impact the ability of borrowers to timely repay their loans, our business could be negatively affected. If our estimates or judgments relating to our critical accounting policies prove to be incorrect or financial reporting standards or interpretations change, our results of operations could be adversely affected. The preparation of the consolidated financial statements in conformity with generally accepted accounting principles in the United States requires our management to make estimates and assumptions that affect the amounts reported and disclosed in our consolidated financial statements and accompanying notes. We base our estimates and assumptions on historical experience and on various other data points that we believe to be reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities, and equity, and the amount of revenue and expenses that are not readily apparent from other sources. Significant estimates and assumptions which we believe are critical in understanding and evaluating our financial results include: (i) fair value determinations; (ii) stock- based compensation; (iii) consolidation of VIEs; and (iv) the evaluation for impairment of goodwill and acquired intangible assets. **The judgments and assumptions used in accounting conclusions related to committed capital and other co- investment arrangements are especially complex.** Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of industry or financial analysts and investors, resulting in a decline in the trading price of our common stock. Additionally, we regularly monitor our compliance with applicable financial reporting standards and review new pronouncements and drafts thereof that are relevant to us. As a result of new standards, or changes to existing standards, and changes in their interpretation, we might be required to change our accounting policies, alter our operational policies and implement new or enhance existing systems so that they reflect new or amended financial reporting standards, or we may be required to restate our published financial statements. Such changes to existing standards or changes in their interpretation may have an adverse effect on our reputation, business, financial condition, and profit and loss, or cause an adverse deviation from our revenue and operating profit and loss target, which may negatively impact our results of operations. If we fail to maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired. As a public company, we are subject to the reporting requirements of the ~~Securities Exchange Act of 1934, or the~~ Exchange Act, the Sarbanes- Oxley Act of 2002, or the Sarbanes- Oxley Act, and the rules and regulations of the applicable listing standards of the Nasdaq Global Select Market. We expect that the requirements of these rules and regulations will continue to increase our legal, accounting, and financial compliance costs, make some activities more difficult, time- consuming, and costly, and place significant strain on our personnel, systems, and resources. The Sarbanes- Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal controls over financial reporting. We are continuing to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the SEC is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that information required to be disclosed in reports under the Exchange Act is accumulated and communicated to our principal executive and financial officers. We are also continuing to improve our internal controls over financial reporting. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal controls over financial reporting, we have expended, and anticipate that we will continue to expend significant resources, including accounting- related costs, and significant management oversight. Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. Weaknesses in our disclosure controls and internal control over financial reporting have been discovered in the past and may be discovered in the future. We cannot assure you that the measures we have taken to date, or any measures we may take in the future, will be sufficient to identify or prevent future material weaknesses or deficiencies. The nature of our business is such that our financial statements involve a number of complex accounting policies, many of which involve significant elements of judgment, including determinations regarding the consolidation of variable interest entities, determinations regarding the fair value of financial assets and liabilities (including loans, **line of credit receivable**, notes receivable, payable to securitization note holders and residual certificate holders, servicing assets and liabilities, and trailing fee liabilities) and the appropriate classification of various items within our financial statements. See Note 1 to our consolidated financial statements for more information about our significant accounting policies. The inherent complexity of these accounting matters and the nature and variety of transactions in which we are involved require that we have sufficient qualified accounting personnel with an appropriate level of experience and controls in our financial reporting process commensurate with the complexity of our business. While we believe we have sufficient internal accounting personnel and external resources and appropriate controls to address the demands of our business, we expect that the growth and development of our business will place significant additional demands on our accounting resources. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our results of

operations or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting could also adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we will eventually be required to include in our periodic reports that will be filed with the SEC. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the trading price of our common stock. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the Nasdaq Global Select Market. As a public company, we are required to provide an annual management report on the effectiveness of our internal control over financial reporting. There can be no assurance that we will maintain internal control over financial reporting sufficient to enable us to identify or avoid material weaknesses in the future. Any failure to maintain effective disclosure controls and internal control over financial reporting could materially and adversely affect our business, results of operations, and financial condition and could cause a decline in the trading price of our common stock. Some of our estimates, including our key metrics in this report, are subject to inherent challenges in measurement, and any real or perceived inaccuracies may harm our reputation and negatively affect our business. Certain estimates and forecasts included in this report, including those we have generated ourselves, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. The estimates and forecasts in this report relating to the size and expected growth of our target market may prove to be inaccurate. It is impossible to offer every loan product, term or feature that every customer wants or that any given lending partner is necessarily capable of supporting, and our competitors may develop and offer loan products, terms or features that we do not offer. Even if the markets in which we compete meet the size estimates and growth forecasted in this report, we may be unable to address these markets successfully and our business could fail to grow for a variety of reasons outside of our control, including competition in our industry. We regularly review and may adjust our processes for calculating our key metrics to improve their accuracy. For example, in the third quarter of 2021, we adjusted our process for calculating Conversion Rate to account for an increase in fraudulent applications. Our key metrics may differ from estimates published by third parties or from similarly titled metrics of our competitors due to differences in methodology. If investors or analysts do not perceive our metrics to be accurate representations of our business, or if we discover material inaccuracies in our metrics, our reputation, business, results of operations, and financial condition would be adversely affected. We maintain cash deposits in excess of federally insured limits. Adverse developments affecting financial institutions, including bank failures, could adversely affect our liquidity and financial performance. We regularly maintain domestic cash deposits in Federal Deposit Insurance Corporation (“FDIC”) insured banks that exceed the FDIC insurance limits. Bank failures, events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, or concerns or rumors about such events, may lead to liquidity constraints. For example, on March 10, 2023, Silicon Valley Bank failed and was taken into receivership by the FDIC. Similarly, on March 12, 2023, Signature Bank and Silvergate Capital Corp. were each swept into receivership. The failure of a bank, or other adverse conditions in the financial or credit markets impacting financial institutions at which we maintain balances, could adversely impact our liquidity and financial performance. There can be no assurance that our deposits in excess of the FDIC or other comparable insurance limits will be backstopped by the U. S. treasury, or that any bank or financial institution with which we do business will be able to obtain needed liquidity from other banks, government institutions or by acquisition in the event of a failure or liquidity crisis.

#### RISKS RELATED TO OUR INTELLECTUAL PROPERTY AND PLATFORM DEVELOPMENT

It may be difficult and costly to protect our intellectual property rights, and we may not be able to ensure their protection. Our ability to operate our platform depends, in part, upon our proprietary technology. We may be unable to protect our proprietary technology effectively, which would allow competitors to duplicate our AI models or AI lending marketplace and adversely affect our ability to compete with them. We rely on a combination of copyright, trade secret, patent, trademark laws and other rights, as well as confidentiality procedures, contractual provisions and our information security infrastructure to protect our proprietary technology, processes and other intellectual property. While we have **two, as of December 31, 2024, four** patents issued **granted** and **three-four** patent applications pending **in the United States related to our proprietary risk model and data engineering**, we have limited patent protection and our patent **application-applications** may not be successful. A third party may attempt to reverse engineer or otherwise obtain and use our proprietary technology without our consent. The pursuit of a claim against a third party for infringement of our intellectual property could be costly, and there can be no guarantee that any such efforts would be successful. Our failure to secure, protect and enforce our intellectual property rights could adversely affect our brand and adversely impact our business. Our proprietary technology, including our AI models, may actually or may be alleged to infringe upon third-party intellectual property **rights**, and we may face intellectual property challenges from such other parties. We may not be successful in defending against any such challenges or in obtaining licenses to avoid or resolve any intellectual property disputes. If we are unsuccessful, such claims or litigation could result in a requirement that we pay significant damages or licensing fees, or we could in some circumstances be required to make changes to our business to avoid such infringement, which would negatively impact our financial performance. We may also be obligated to indemnify parties, **cease using the technology** or pay substantial settlement costs, including royalty payments, in connection with any such claim or litigation and to modify applications or refund fees, which could be costly. Even if we were to prevail in such a dispute, any litigation regarding our intellectual property could be costly and time-consuming and divert the attention of our management and key personnel from our business operations. Moreover, it has become common in recent years for individuals and groups to purchase intellectual property assets for the sole purpose of making claims of infringement and attempting to extract settlements from companies such as ours. Even in instances where we believe that claims and allegations of intellectual property infringement against us are without merit, defending against such claims is time-consuming and expensive and could result in the diversion of time and attention of our management and employees. In addition, although in some cases a

third party may have agreed to indemnify us for such costs, such indemnifying party may refuse or be unable to uphold its contractual obligations. In other cases, our insurance may not cover potential claims of this type adequately or at all, and we may be required to pay monetary damages, which may be significant. Furthermore, our technology may become obsolete or inadequate, and there is no guarantee that we will be able to successfully develop, obtain or use new technologies to adapt our models and systems to compete with other technologies as they develop. If we cannot protect our proprietary technology from intellectual property challenges, or if our technology becomes obsolete or inadequate, our ability to maintain our model and systems, facilitate loans or perform our servicing obligations on the loans could be adversely affected. Any significant disruption in our AI lending platform could prevent us from processing loan applicants and servicing loans, reduce the effectiveness of our AI models and result in a loss of lending partners, institutional investors, applicants or borrowers. In the event of a system outage or other event resulting in data loss or corruption, our ability to process loan applications, service loans or otherwise facilitate loans **on-through** our marketplace would be adversely affected. We also rely on facilities, components, and services supplied by third parties, including data center facilities, cloud storage services and national consumer reporting agencies **to process loan applications, service loans and otherwise facilitate loans through our marketplace**. We host our AI lending platform using Amazon Web Services, or AWS, a provider of cloud infrastructure services. In the event that our AWS service agreements are terminated, or there is a lapse of service, interruption of internet service provider connectivity or damage to AWS data centers, we could experience interruptions in access to our platform as well as delays and additional expense in the event we must secure alternative cloud infrastructure services. For a large portion of borrowers' data used in our AI lending marketplace, we obtain borrowers' data from national consumer reporting agencies, such as TransUnion, and rely on their services in order to process loan applications **for our lending partners**. Any interference or disruption of our technology and underlying infrastructure or our use of third- party services could adversely affect our relationships with our lending partners and institutional investors, and the overall user experience of our marketplace. Depending on the type and severity of any such disruption, we could be exposed to litigation and regulatory risk. For example, a cybersecurity incident could result in the exposure of consumer data triggering remedial measures, notification requirements, as well as litigation and regulatory exposure. Also, as our business grows, we may be required to expand and improve the capacity, capability and reliability of our infrastructure. If we are not able to effectively address capacity constraints, upgrade our systems as needed and continually develop our technology and infrastructure to reliably support our business, our business, financial condition and results of operations could be adversely affected. Additionally, in the event of damage or interruption, our insurance policies may not adequately compensate us for any losses incurred. Our disaster recovery plan has not been tested under actual disaster conditions, and we may not have sufficient capacity to recover all data and services in the event of an outage or other event resulting in data loss or corruption. These factors could prevent us from processing or posting payments on the loans, damage our brand and reputation, divert our employees' attention, subject us to liability and cause borrowers to abandon our business, any of which could adversely affect our business, results of operations and financial condition. Our platform and internal systems rely on software that is highly technical, and if our software contains undetected errors, our business could be adversely affected. Our platform and internal systems rely on software that is highly technical and complex. In addition, our platform and internal systems depend on the ability of such software to store, retrieve, process and manage high volumes of data. The software on which we rely has contained, and may now or in the future contain, undetected errors or bugs. Some errors may only be discovered after the code has been released for external or internal use. Errors or other design defects within the software on which we rely may result in failure to accurately predict a loan applicant' s creditworthiness, failure to comply with applicable laws and regulations, approval of sub- optimally priced loans, incorrectly displayed interest rates to applicants or borrowers, or incorrectly charged interest to borrowers or fees to lending partners or institutional investors, failure to present or properly display regulatory disclosures to applicants for an extended period of time, failure to detect fraudulent activity on our platform, a negative experience for consumers or lending partners, delayed introductions of new features or enhancements, or failure to protect borrower data or our intellectual property. Any errors, bugs or defects discovered in the software on which we rely could result in harm to our reputation, loss of consumers or lending partners, increased regulatory scrutiny, fines or penalties, loss of revenue or liability for damages, any of which could adversely affect our business, financial condition and results of operations. Furthermore, updates made to our software to remediate any errors discovered may prove to be ineffective, resulting in repeated issues and further harm to our business. Some aspects of our business processes include open source software, and any failure to comply with the terms of one or more of these open source licenses could negatively affect our business. We incorporate open source software into processes supporting our business. Such open source software may include software covered by licenses like the GNU General Public License and the Apache License. The terms of various open source licenses have not been interpreted by U. S. courts, and there is a risk that such licenses could be construed in a manner that limits our use of the software, inhibits certain aspects of our systems and negatively affects our business operations. Some open source licenses contain requirements that we make source code available at no cost for modifications or derivative works we create based upon the type of open source software we use. We may face claims from third parties demanding the release or license of, such modifications or derivative works (which could include our proprietary source code or AI models) or otherwise seeking to enforce the terms of the applicable open source license. If portions of our proprietary AI models are determined to be subject to an open source license, or if the license terms for the open source software that we incorporate change, we could be required to publicly release the affected portions of our source code, re- engineer all or a portion of our model or change our business activities, any of which could negatively affect our business operations and potentially our intellectual property rights. If we were required to publicly disclose any portion of our proprietary models, it is possible we could lose the benefit of trade secret protection for our models. In addition to risks related to license requirements, the use of open source software can lead to greater risks than the use of third- party commercial software, as open source licensors generally do not provide warranties or controls on the origin of the software. Use of open source software may also present additional security risks because the public

availability of such software may make it easier for hackers and other third parties to determine how to breach our website and systems that rely on open source software. Many of the risks associated with the use of open source software cannot be eliminated and could adversely affect our business. The use of generative AI technologies by our employees or contractors could expose us to unexpected liability. Our employees and contractors use generative AI technologies in connection with their performance of services and, as with many developing technologies, generative AI presents risks and challenges that could affect its further development, adoption, and use, and therefore our business. **We** **While we have policies and processes in place to protect against it, we** face the risk of security threats from employee or contractor errors (such as unauthorized use of third party generative AI technologies in job functions, our products, or in the operation of our business) or malfeasance in connection with generative AI technologies. Even authorized use of generative AI technologies by our employees or contractors may generate content, including software code, that appears facially correct but is factually inaccurate or flawed or contains security vulnerabilities. Our customers, employees, or others may rely on or use such factually incorrect or flawed content to their detriment, which may expose us to brand or reputational harm, competitive harm, and / or legal liability. Further, security vulnerabilities introduced by generative AI technologies into our software could expose us to cybersecurity risks. Questions surrounding license rights and liability for infringement in AI technology generally, and generative AI technology specifically, have not been fully addressed by competent legal tribunals or applicable laws or regulations. The use or adoption of third- party AI technology, including generative AI technology, into our products and services and our internal business operations may result in exposure to claims of copyright infringement, other intellectual property- related causes of action, or other potential reputational harms. While we have policies governing our personnel' s use of third party generative AI technologies, we cannot guarantee that the policies will be adhered to by all of our employees and contractors and we cannot guarantee that the policies will protect us from all potential liability relating to our adoption of generative AI technologies. **RISKS RELATED TO OUR DEPENDENCE ON THIRD PARTIES** A significant number of consumers that apply for a loan on Upstart. com learn about and access Upstart. com through the **website websites of a loan aggregator aggregators**, typically with a **hyperlink hyperlinks** from such loan **aggregator aggregators' s website websites** to a **landing page pages** on our website. While we are continuing to expand our direct acquisition channels, we anticipate that we will continue to depend in significant part on relationships with loan aggregators to maintain and grow our business. For example, a significant amount of our loan originations was derived from traffic from Credit Karma, one of the loan aggregators with whom we partner. The loan aggregators, including Credit Karma, are not required to display offers from our lending partners on **their websites Upstart. com** nor are they prohibited from working with our competitors or adding our competitors to their platforms. If traffic from Credit Karma or other loan aggregators decreases in the future for any reason **or if the loan aggregators implement policies that would adversely impact our business**, our loan originations and results of operations would be adversely affected. There is also no assurance that Credit Karma or other loan aggregators will continue to partner with us on commercially reasonable terms or at all. Our competitors may be effective in providing incentives to loan aggregators to favor their products or services or in reducing the volume of loans facilitated through our marketplace. Loan aggregators may not perform as expected under our agreements with them, and we may have disagreements or disputes with them, which could adversely affect our brand and reputation. If we cannot successfully enter into and maintain effective strategic relationships with loan aggregators, our business could be adversely affected. Such loan aggregators also face litigation and regulatory scrutiny for their part in the consumer lending ecosystem, and as a result, their business models may require fundamental change or may not be sustainable in the future. For example, loan aggregators are increasingly required to be licensed as loan brokers or lead generators in many states, subjecting them to increased regulatory supervision and more stringent business requirements. While we require loan aggregators to make certain disclosures in connection with our lending partners' offers and restrict how loan aggregators may display such loan offers, loan aggregators may nevertheless alter or even remove these required disclosures without notifying us, which may result in liability to us. Further, we do not have control over any content on loan aggregator websites **unrelated to our product**, and it is possible that our brand and reputation may be adversely affected by being associated with such content. An unsatisfied borrower could also seek to bring claims against us based on the content presented on a loan aggregator' s website. Such claims could be costly and time - consuming to defend and could distract management' s attention from the operation of the business. We rely on third- party vendors and if such third parties do not perform adequately or terminate their relationships with us, our costs may increase and our business, financial condition and results of operations could be adversely affected. Our success depends in part on our relationships with third- party vendors. In some cases, third- party vendors are one of a limited number of sources. For example, we rely on national consumer reporting agencies, such as TransUnion, for a large portion of the data used in our AI models. In addition, we rely on third- party verification technologies and services that are critical to our ability to maintain a high level of automation on our platform. In addition, because we are not a bank, we cannot belong to or directly access the ACH payment network. As a result, we rely on one or more banks with access to the ACH payment network to process collections on Upstart- powered loans. Many of our vendor agreements are terminable by either party without penalty and with little notice. If any of our third- party vendors terminates its relationship with us or refuses to renew its agreement with us on commercially reasonable terms, we would need to find an alternate provider, and may not be able to secure similar terms or replace such providers in an acceptable time frame. We also rely on other software and services supplied by vendors, such as communications, analytics and **internal- software - as- a- service platforms**, and our business may be adversely affected to the extent such software and services do not meet our expectations, contain errors or vulnerabilities, are compromised or experience outages. Any of these risks could increase our costs and adversely affect our business, financial condition and results of operations. Further, any negative publicity related to any of our third- party partners, including any publicity related to quality standards or safety concerns, could adversely affect our reputation and brand, and could potentially lead to increased regulatory or litigation exposure. We incorporate technology from third parties into our platform. We cannot be certain that our licensors are not infringing the intellectual property rights of others or that the suppliers and licensors have sufficient rights to the technology in

all jurisdictions in which we may operate. Some of our license agreements may be terminated by our licensors for convenience. If we are unable to obtain or maintain rights to any of this technology because of intellectual property infringement claims brought by third parties against our suppliers and licensors or against us, or if we are unable to continue to obtain the technology or enter into new agreements on commercially reasonable terms, our ability to develop our platform containing that technology could be severely limited and our business could be harmed. Additionally, if we are unable to obtain necessary technology from third parties, we may be forced to acquire or develop alternate technology, which may require significant time and effort and may be of lower quality or performance standards. This would limit and delay our ability to provide new or competitive loan products or service offerings and increase our costs. If alternate technology cannot be obtained or developed, we may not be able to offer certain functionality as part of our platform and service offerings, which could adversely affect our business, financial condition and results of operations. Failure by our third- party vendors or our failure to comply with legal or regulatory requirements or other contractual requirements could have an adverse effect on our business. We have significant vendors that provide us with a number of services to support our platform. If any third- party vendors fail to comply with applicable laws and regulations or comply with their contractual requirements, including failure to maintain adequate systems addressing privacy and data protection and security, we could be subject to **service outages**, regulatory enforcement actions, **consumer demands and lawsuits** and suffer economic and reputational **damage to** ~~harm that could harm~~ our business. Further, we may incur significant costs to resolve any such disruptions in service or failure to provide contracted services, which could adversely affect our business. The CFPB and each of the prudential bank regulators that supervise our lending partners have issued guidance stating that institutions under their supervision may be held responsible for the actions of the companies with which they contract. **In addition, several state regulators have issued rules that impact how non- banks protect data that is shared by or with third parties, and eight federal regulators recently issued a proposed rule to establish joint standards for collection of information reported to those agencies, including proposed standards for data transmission to the agencies.** As a service provider to these supervised entities **and when subject to state laws on similar topics**, we must ensure we have implemented an adequate vendor management program **and would have to comply with any data transmission requirements to which our lending partners are subject related to loans our bank partners originated through our marketplace**. We or our lending partners could be adversely impacted to the extent we fail to implement a vendor management system that is satisfactory to the CFPB and other regulators or our vendors fail to comply with the legal requirements applicable to the particular products or services being offered. Our use of third- party vendors is subject to increasing regulatory attention. The CFPB and other regulators have also issued regulatory guidance that has focused on the need for financial institutions to perform increased due diligence and ongoing monitoring of third- party vendor relationships, including, for example, the June 2023 interagency guidance on third party risk management **and the supplement guidance released for community banks issued in March 2024**. Such guidance increases the scope of management involvement in connection with using third- party vendors. Moreover, if regulators conclude that we or our lending partners have not met the heightened standards for oversight of our third- party vendors, we or our lending partners could be subject to enforcement actions, civil monetary penalties, supervisory orders to cease and desist or other remedial actions, which could have an adverse effect on our business, financial condition and results of operations. If loans originated by our lending partners were found to violate the laws of one or more states, whether at origination or after sale by the lending partner, loans facilitated through our marketplace may be unenforceable or otherwise impaired, we or our lending partners or institutional investors may be subject to, among other things, fines and penalties, and / or our commercial relationships may suffer, each of which would adversely affect our business and results of operations. When establishing the interest rates and structures (and the amounts and structures of certain fees constituting interest under federal **and state banking law laws**, such as origination fees, late fees and non- sufficient funds fees) that are charged to borrowers on loans originated ~~on through~~ our marketplace, our lending partners rely on ~~certain~~ authority under federal law to export the interest rate requirements of ~~the state where each lending partner~~ **'s home is located to borrowers in all other states- state**. Further, we, our securitization vehicles and our institutional investors that purchase Upstart- powered loans originated by our lending partners rely on the ability, as subsequent holders of the loans, to continue charging the interest rates and fee structures and enforce other contractual terms agreed to between the lending partners and the borrowers, as permitted under federal banking laws. The current maximum annual percentage rate of the loans facilitated through our marketplace is 35.99% **and in some cases, the maximum rate is lower based on regulatory or legislative action in a particular state**. In ~~some other~~ states, the interest rates **and fee structures** of certain Upstart- powered loans exceed the maximum interest rate **or may not align with the fee structure** permitted for consumer loans applicable to non- bank lenders to borrowers residing in, or that have nexus to, such states. In ~~addition 2024~~, **several states introduced legislation to opt out of the rate structures federal law that allows** for Upstart- powered loans may not be permissible in all states for non- bank purchasers and / or the amount or structures of certain fees charged in connection with Upstart- powered loans may not be permissible in all states for non- bank purchasers. Furthermore, other ~~the exportation of~~ states have proposed or enacted additional limitations on interest rates **and fees by state- chartered banks**, which such as laws in Illinois, Maine and New Mexico that cap **if passed, would arguably prevent out- of- state banks from exporting their higher** interest rates on certain loans ~~at~~ **into the states that opted out. Iowa opted out of rate exportation many years ago and "all- in" 36% APR more recently, Colorado passed legislation to opt out, although the law is the subject of litigation and is not currently enforceable**. Usury, fee, and disclosure related claims involving Upstart- powered loans may be raised in multiple ways. We or the participants in our marketplace, including lending partners and institutional investors, may face litigation, government enforcement or other challenges, for example, based on claims that our lending partners did not establish loan terms that were permissible in the state they were located or did not correctly identify the home ~~or host~~ state in which they were located for purposes of interest exportation authority under federal law. Alternatively, we or our institutional investors may face litigation, government enforcement or other challenge, for example, based on claims that rates and fees were lawful at origination and through any period during which the lending partner

retained the loan and interests therein, but following the sale of loans, we or other purchasers of the loans, including our institutional investors, are not permitted to enforce the loans pursuant to their contracted- for terms, or that while certain disclosures were not required at origination because the loans were originated by banks, they may be required following the sale of such loans. In *Madden v. Midland Funding, LLC*, 786 F. 3d 246 (2d Cir. 2015), cert. denied, 136 S. Ct. 2505 (June 27, 2016), for example, the United States Court of Appeals for the Second Circuit held that the non- bank purchaser of defaulted credit card debt could not rely on preemption standards under the National Bank Act applicable to the originator of such debt in defense of usury claims. **The Madden case** addressed circumstances under which a defaulted extension of credit under a consumer credit card account was assigned, following default, to a non- bank debt buyer that then attempted to collect the loan and to continue charging interest at the contracted- for rate. The debtor filed a suit claiming, among other claims, that the rate charged by the non- bank collection entity exceeded the usury rates allowable for such entities under New York usury law. Reversing a lower court decision, the Second Circuit held that preemption standards under the National Bank Act applicable to the bank that issued the credit card were not available to the non- bank debt buyer as a defense to usury claims. Following denial of a petition for rehearing by the Second Circuit, the defendant sought review by the United States Supreme Court. The Supreme Court denied certiorari on June 27, 2016, and therefore, the Second Circuit’ s decision remains binding on federal courts in the Second Circuit (which include all federal courts in New York, Connecticut, and Vermont). Upon remand to the District Court for consideration of additional issues, the parties settled the matter in 2019. The scope and validity of the Second Circuit’ s Madden decision remain subject to challenge and clarification, **including outside of the Second Circuit**. For example, the Colorado Administrator of the Colorado Uniform Consumer Credit Code, or the UCCC, reached a settlement with respect to complaints against two online lending platforms whose operations share certain commonalities with ours, including with respect to the role of lending partners originating loans and non- bank purchasers of such loans. The complaints included, among other claims, allegations, grounded in the Second Circuit’ s Madden decision, that the rates and fees for certain loans could not be enforced lawfully by non- bank purchasers of bank- originated loans. Under the settlement, the banks and non- bank purchasers committed to, among other things, limit the annual percentage rates, or APR, on loans to Colorado consumers to 36 % and take other actions to ensure that the banks were in fact the true lenders. The non- bank purchasers also agreed to obtain and maintain a Colorado lending license. In Colorado, this settlement created a helpful model for what constitutes an acceptable bank partnership model; however, Colorado **passed legislation to opt-- opt** out of the federal law that allows state- chartered banks to export their rates, with such law **becoming scheduled to become** effective July 1, 2024 **but was later subject to and- an** **putting injunction pending** the **settlement model in jeopardy outcome of a legal challenge of the law**. Regardless, the settlement may also invite other states to initiate their own actions, and set their own regulatory standards through enforcement. In addition, in June 2019, private plaintiffs filed class action complaints against multiple traditional credit card securitization programs, including, *Petersen, et al. v. Chase Card Funding, LLC*, et al., (No. 1: 19- cv- 00741- LJV- JJM (W. D. N. Y. June 6, 2019)) and *Cohen, et al. v. Capital One Funding, LLC* et al., (No. 19- 03479 (E. D. N. Y. June 12, 2019)). In *Petersen*, the plaintiffs sought class action status against certain defendants affiliated with a national bank that have acted as special purpose entities in securitization transactions sponsored by the bank. The complaint **alleges alleged** that the defendants’ acquisition, collection and enforcement of the bank’ s credit card receivables violated New York’ s civil usury law and that, as in *Madden*, the defendants, as non- bank entities, are not entitled to the benefit of federal preemption of state usury law. The complaint sought a judgment declaring the receivables unenforceable, monetary damages and other legal and equitable remedies, such as disgorgement of all sums paid in excess of the usury limit. **The Cohen case was case involved** a materially similar claim against another national bank. **In September** On January 22, 2020, the magistrate judge in *Petersen* issued a report and **recommendation responding to the defendants’ motion to dismiss**. The magistrate recommended that **the motion to dismiss be granted as to both of the plaintiffs’ claims (usury and unjust enrichment)**. On September 21, 2020, **the District Court Courts** **accepted the magistrate’ s recommendation and dismissed the Peterson and Cohen finding all claims**. The District Court found that the usury claims were expressly preempted by the National Bank Act and **referenced the OCC’ s recent rulemaking that a subsequent sale, assignment or transfer of a valid loan ( discussed further below e. g. credit card receivables ) that “[i] did not affect legally permissible interest interest charged on a such loan loans that is permissible under [the National Bank Act] shall not be affected by the sale, assignment, or other transfer of the loan.”** Among other things, the Court deferred to the “OCC’ s reasoned judgment that enforcing New York’ s usury laws against the Chase defendants would significantly interfere with [ the bank’ s ] exercise of its [ National Bank Act ] powers.” The *Cohen* case was dismissed on September 29, 2020. The plaintiffs in both **cases Cohen and Petersen** filed, but ultimately dropped, their appeals of the decision to the second circuit. As noted above, federal prudential regulators have also taken actions to address the *Madden* decision. **On May 29, The OCC and FDIC each issued rules in 2020 , the OCC issued a final rule** clarifying that, when a national bank or savings association sells, assigns, or otherwise transfers a loan, interest permissible before the transfer continues to be permissible after the transfer. **That Both rule rules were subject** took effect on August 3, 2020. Similarly, the FDIC finalized on June 25, 2020 its 2019 proposal **declaring that the interest rate for a loan is determined when the loan is made, and will not be affected by subsequent events**. On July 29, 2020, California, New York and Illinois filed suit in the U. S. District Court for the Northern District of California to **legal challenge** enjoin enforcement of the OCC rule (Case No. 20- CV- 5200) and **with several states challenging** similarly in the same court, on August 20, 2020 California, Illinois, Massachusetts, Minnesota, New Jersey, New York, North Carolina, and the District of Columbia sought to enjoin enforcement of the FDIC rule (Case No. 20- CV- 5860), in each case related to permissible interest rates post- loan transfer on the grounds that the OCC and FDIC exceeded their authority when promulgating those rules. While the court ruled in favor of the OCC and FDIC holding that the agencies did not exceed their statutory authorities when promulgating their “ valid when made ” rules, there is risk that the OCC and FDIC rules continue to be challenged or are repealed in the future through legislation. There are factual distinctions between our program and the circumstances addressed in the Second Circuit’ s *Madden* decision, as well as the circumstances in the Colorado UCCC

settlement, credit card securitization litigation, and similar cases. As noted above, there are also bases on which the Madden decision's validity might be subject to challenge or the Madden decision may be addressed by federal regulation or legislation. Nevertheless, there can be no guarantee that a Madden-like claim will not be brought successfully against us, our lending partners or our institutional investors. **Effective October 1, 2021, Maine updated its Consumer Credit Code at least twelve (12) states had or proposed to enact include a statutory "true lender" laws. Also known as anti-evasion laws, true lender laws are statutory tests**, providing that **an a non-bank** entity is a "lender" subject to certain requirements of the **state Consumer consumer Credit Code lending license laws** if the **person-entity**, among other things: (i) has the predominant economic interest in a loan; (ii) **brokers, arranges, or facilitates a loan and has with a greater rate of interest than is permitted by the right to purchase the loan-state's lending laws**; or (iii) **brokers, arranges or facilitates a loan and and has the right to purchase the loan; or (iv)** based on the totality of the circumstances, appears to be the lender **(e, and the transaction is structured to evade certain statutory requirements. Me.g. Rev operates or controls the credit program)**. **Washington most recently passed Stat. § 2-702. Connecticut and Minnesota codified a "true lender" test into their laws- law in that became effective June 6, 2023-2024**, which similarly focus on the totality of the circumstances or who has the "predominant economic interest" in the loans. More states may also institute similar statutory "true lender" tests, **which**. The statutory "true lender" tests may increase the risk of true lender litigation in certain jurisdictions, **More** and **impact how the tests are applied by courts and regulators in determining the true lender tests**. They may also result in increased usury and licensing risk **or an unwillingness by our lending partners or investors to originate or purchase loans in states with these laws**. Other states may take different paths to promulgate similar "true lender" restrictions, and if not through a legislative path, impacted parties may have little to no advance notice of new restrictions and compliance obligations **(e.g. Massachusetts recently concluded a non-bank entity was the true lender using the state's unfair and deceptive practices statute)**. If a borrower or any state agency were to successfully bring a claim against us, our lending partners, our securitization vehicles and / or the trustees of such vehicles or our institutional investors **that we are the true lender and therefore, violated** for a state usury law or fee **limitation or state licensing requirement or** restriction violation and the rate or fee at issue on the loan was impermissible under applicable state law, we, our lending partners, securitization vehicles and / or trustees or institutional investors may face various commercial and legal repercussions, including that such parties would not receive the total amount of interest expected, and in some cases, may not receive any interest or principal, may hold loans that are void, voidable, rescindable, or otherwise impaired or may be subject to monetary, injunctive or criminal penalties. Were such repercussions to apply to us, we may suffer direct monetary loss or may be a less attractive candidate for lending partners, securitization trustees or institutional investors to enter into or renew relationships; and were such repercussions to apply to our lending partners or institutional investors, such parties could be discouraged from using our marketplace. We may also be subject to payment of damages in situations where we agreed to provide indemnification, as well as fines and penalties assessed by state and federal regulatory agencies. If loans facilitated through our marketplace for one or more lending partners were subject to successful challenge that the lending partner was not the "true lender," such loans may be unenforceable, subject to rescission or otherwise impaired, we or other program participants may be subject to penalties, and / or our commercial relationships may suffer, each which would adversely affect our business and results of operations. **Loans originated though Upstart-powered loans- s marketplace** are originated in reliance on the fact that our lending partners are the "true lenders" for such loans. **Their** true lender status determines various Upstart-powered loan program details, and Upstart-powered loans may involve interest rates and structures **( and including certain fees and fees structures) permissible at origination only** because the loan terms and lending practices are **set by duly chartered and insured** permissible only when the lender is a bank **banks**, and / or **credit unions** the disclosures provided to borrowers would be accurate and compliant only if the lender is a bank. Because the loans facilitated by our marketplace are originated by our lending partners, many state consumer financial regulatory requirements, including usury restrictions (other than the restrictions of the state in which a lending partner originating **the a particular loan-loans** is located) and many licensing requirements and substantive requirements under state consumer credit laws, are **treated as inapplicable to the loans**, based on principles of federal preemption or express exemptions provided in relevant state laws **for certain types of financial institutions or loans they originate**. Certain recent litigation and regulatory enforcement has challenged, or is currently challenging, the characterization of bank partners as the "true lender" **of loans** in connection with programs involving origination and / or servicing relationships between a bank partner and non-bank lending platform or program manager. As noted above, the Colorado Administrator has entered into a settlement agreement with certain banks and non-banks that addresses this true lender issue. **Specifically, the such settlement to end in 2025 or under agreement sets forth a safe harbor indicating that a bank is the true lender if certain specific terms and conditions are met change to Colorado law to prohibit rate exportation to the state**. However, other **Other** states could also bring lawsuits based on these types of **bank-partnership** relationships. For example, in June 2020, the Washington, DC-D. C. Attorney General filed a lawsuit against online lender Elevate for allegedly deceptively marketing high-cost loans with interest rates above the **Washington, DC-District's usury cap of 24 %**. The usury claim is based on an allegation that Elevate, **which was not licensed in Washington, DC, and not its partner bank, originated-is the true lender of** these loans, and was therefore in violation of the state's usury laws. This case ultimately settled, with Elevate agreeing to charge rates only up to 24 %, **instead of rates over 100 %**, and to refund consumers who were charged rates over what is allowed under Washington, DC law. A similar **Similarly** complaint against an online lender, Opportunity Financial, LLC, was filed in early 2021, alleging that it rather than a bank originated these loans and the loans were therefore in violation of Washington, DC usury laws. The parties settled this case in November 2021. Also in April 2021, the Maryland Office of the Commissioner of Financial Regulation also alleged in the context of a civil suit that a state-chartered bank and its fintech partners engaged in a bank partnership program that violated various state licensing and credit statutes. The case is pending before the Office of the Commissioner of Financial Regulation for administrative adjudication. In June 2021, a putative class action lawsuit was filed against the online lender

Marlette Funding LLC in the Court of Common Pleas of Allegheny County, Pennsylvania, alleging that the company, doing business as Best Egg, was the true lender of usurious loans, **originated through a partnership with Cross River Bank, with a rate of interest far in excess of the 6 % rate permitted to be charged in Pennsylvania by unlicensed non-banks, originated through a partnership with Cross River Bank (Case No. 21-CV-985).** Furthermore, in April 2022, **Opportunity Financial, LLC (“ OppFi ”) filed a lawsuit against** the California Department of Financial Protection and Innovation **filed a complaint in Los Angeles Superior Court alleging to challenge the Department’s application of California usury caps to loans originated on OppFi’s online platform. OppFi argued** that Opportunity Financial, LLC is the **Department was applying a “ true lender ” test to** several loans to California residents that exceeded the applicable California usury limit for small dollar loans, **even though such test does not exist in California law.** While **OppFi Opportunity Financial** received a favorable decision in October 2023 that denied California’s motion for preliminary injunction, in California and other states **where OppFi faced legal challenges, the case has not yet been resolved and** there is an ongoing risk that government agencies and private plaintiffs will seek to challenge these types of relationships that are similar to our business model. **Finally, in June 2024, the Massachusetts Attorney General entered into a settlement with a fintech company it believed to be the true lender of loans originated using the bank partnership model, relying on the state’s UDAAP authority to reach such a conclusion, rather than a state licensing or true lender law.** We note that the OCC issued on October 27, 2020, a final rule to address the “ true lender ” issue for lending transactions involving a national bank. For certain purposes related to federal banking law, including the ability of a national bank to “ export ” interest-related requirements from the state from which they lend, the rule would treat a national bank as the “ true lender ” if it is named as the lender in the loan agreement or funds the loan. However, the rule was subsequently challenged by the Attorneys General from seven states and ultimately repealed by Congress pursuant to the Congressional Review Act on June 30, 2021. **No Although supported by the FDIC, no** similar rule applicable to state-chartered banks was issued by the FDIC, and thus there is no **longer a** clear federal standard. While we have taken steps to comply with the safe harbor in the Colorado settlement and other laws, regulations and guidance, we, lending partners, institutional investors, securitization vehicles and other similarly situated parties could become subject to challenges like those presented **above, by the Colorado settlement private actions or by state or federal regulators,** and, if so, we could face penalties and / or Upstart-powered loans may be void, voidable or otherwise impaired in a manner that may have adverse effects on our operations (directly, or as a result of adverse impact on our relationships with our lending partners, institutional investors or other commercial counterparties). There have been no formal proceedings against us or indication of any proceedings against us to date, but there can be no assurance that the Colorado Administrator or any other regulator will not make assertions similar to those made in its present actions with respect to the loans facilitated by our marketplace in the future. **It is also possible that other state agencies or regulators could make similar assertions. If a court, or a state or federal enforcement agency, were to deem Upstart, rather than our lending partners, the “ true lender ” for loans originated on our marketplace, and if for this reason (or any other reason) the loans were deemed subject to and in violation of certain state consumer finance laws, we could be subject to fines, damages, injunctive relief (including required modification or discontinuation of our business in certain areas) and other penalties or consequences, and the loans could be rendered void or unenforceable in whole or in part, any of which could have a material adverse effect on our business (directly, or as a result of adverse impact on our relationships with our lending partners, institutional investors or other commercial counterparties).** We are subject to counterparty risk with respect to the capped call transactions. The counterparties to the capped call transactions entered into in connection with the offering of the **2026 Notes (as defined below) and 2029** Notes (as defined below) are financial institutions, and we are subject to the risk that one or more of the counterparties may default or otherwise fail to perform, **or may exercise certain rights to terminate,** their obligations under the capped call transactions. Our exposure to the credit risk of the counterparties will not be secured by any collateral. Global economic conditions have in the past resulted in the actual or perceived failure or financial difficulties of many financial institutions. If a counterparty to **a one or more capped call transactions – transaction** becomes subject to bankruptcy or other insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at the time under **such the relevant capped call transactions – transaction.** Our exposure will depend on many factors but, generally, our exposure will increase **if to the extent there is an increase in our common stock market price or and in the volatility of the market price** of our common stock **increases.** In addition, upon a default or other failure to perform, or a termination of obligations, **by a counterparty, the counterparty may fail to deliver the shares of our common stock or cash required to be delivered to us under the capped call transactions and** we may suffer adverse **tax consequences or experience more dilution than we currently anticipate** with respect to our common stock **than anticipated.** We can provide no **assurances – assurance** as to the financial stability or viability **of any** of the counterparties. RISKS RELATED TO OUR REGULATORY ENVIRONMENT Litigation, regulatory actions and compliance issues could subject us to significant fines, penalties, judgments, remediation costs and / or requirements resulting in increased expenses. In the ordinary course of business, we have been named as a defendant in various legal actions, including a class action **lawsuit lawsuits** and other litigation. Generally, this litigation arises from the dissatisfaction of a consumer with the products or services offered on our marketplace; some of this litigation, however, has arisen from other matters, including claims of violation of laws related to credit reporting, **statements made regarding our business and prospects,** collections, **and do-not-call requests or restrictions.** All such legal actions are inherently unpredictable and, regardless of the merits of the claims, litigation is often expensive, time-consuming, disruptive to our operations and resources, and distracting to management. In addition, certain actions may include claims for indeterminate amounts of damages. Our involvement in any such matter also could cause significant harm to our or our lending partners’ reputations **and divert management attention from the operation of our business,** even if the matters are ultimately determined in our favor. If resolved against us, legal actions could result in excessive verdicts and judgments, injunctive relief, equitable relief, and other adverse consequences that may affect our financial condition and how we operate our business. In addition, a number of participants in the consumer financial services

industry have been the subject of putative class action lawsuits, state attorney general actions and other state regulatory actions ; **or** federal regulatory enforcement actions **alleging noncompliance with various laws and regulations relating to originating, servicing and collecting consumer loans and providing consumer financial services and products** , including actions relating to alleged unfair, deceptive or abusive acts or practices, violations of state licensing and lending laws, including state usury and disclosure laws ; **and** actions alleging discrimination on the basis of race, ethnicity, gender or other prohibited bases ; **and allegations of noncompliance with various state and federal laws and regulations relating to originating, servicing, and collecting consumer finance loans and other consumer financial services and products**. The current regulatory environment, increased regulatory compliance efforts and enhanced regulatory enforcement have resulted in us undertaking significant time-consuming and expensive operational and compliance efforts to operate in accordance with relevant laws, which may delay or preclude our or our lending partners' ability to provide certain new products and services. There is no assurance that these regulatory matters or other factors will not, in the future, affect how we conduct our business and, in turn, have a material adverse effect on our business. In particular, legal proceedings brought under state **or federal** consumer protection ~~statutes or under several of the various federal consumer financial services statutes~~ may result in a separate fine assessed for each ~~statutory and regulatory~~ violation or substantial damages from class action lawsuits, potentially in excess of the amounts we earned from the underlying activities **or that may be covered by our insurance** . Some of ~~our the~~ agreements used in the course of our business include arbitration clauses **that permit either party to request arbitration** . If our arbitration agreements were to become unenforceable for any reason, we could experience an increase to our consumer litigation costs and exposure to potentially damaging class action lawsuits, with a potential material adverse effect on our business and results of operations. We contest our liability and the amount of damages, as appropriate, in each pending matter. The outcome of pending and future matters could be material to our results of operations, financial condition and cash flows, and could materially adversely affect our business. In addition, from time to time, through our operational and compliance controls, we identify compliance issues that require us to make operational changes and ~~depending on the nature of the issue,~~ result in financial remediation to impacted borrowers. These self-identified issues and voluntary remediation payments could be significant, depending on the issue and the number of borrowers impacted, and could generate litigation or regulatory investigations that subject us to additional risk. We are subject to or facilitate compliance with a variety of federal, state, and local laws, including those related to consumer protection and ~~loan financings~~ **lending requirements** . We must comply with regulatory regimes or facilitate compliance with regulatory regimes on behalf of our lending partners that are independently subject to federal and / or state oversight by bank regulators, including those applicable to our referral and marketing services, consumer credit transactions, loan servicing and collection activities and the purchase and sale of whole loans and other related transactions. ~~The current presidential administration has brought an increased focus on enforcement of federal consumer protection laws, notably those related to artificial intelligence, and has appointed consumer-oriented regulators at federal agencies such as the CFPB and the OCC. It is possible that regulators in the current or future presidential administration~~ **administrations** could promulgate rulemakings and bring enforcement actions that materially impact our business and the business of our lending partners. These regulators may augment requirements that apply to loans facilitated by our marketplace, or impose new programs and restrictions, and could otherwise revise or create new regulatory requirements that apply to us (or our lending partners), impacting our business, operations, and profitability. **Federal and Certain certain** state laws generally regulate **interest rates financial products and services** other charges and require certain disclosures. In addition, **including requirements that** other federal and state laws may apply to the origination, servicing and collection of loans originated on our marketplace, and the purchase and sale of whole loans or asset-backed securitizations. In particular, ~~certain the~~ laws, regulations and rules we or our lending partners are subject to include: • state lending laws and regulations that require certain parties to hold licenses or other government approvals or filings in connection with specified **lending** activities, and impose requirements related to **brokering loans**, loan disclosures and terms, fees and interest rates, credit discrimination, credit reporting, servicemember relief, debt collection, repossession, unfair or deceptive business practices and consumer protection, as well as other state laws relating to privacy, information security, conduct in connection with data breaches and money transmission; • the Truth-in-Lending Act and Regulation Z promulgated thereunder, and similar state laws, which require certain disclosures to borrowers regarding the terms and conditions of their loans and credit transactions, require creditors to comply with certain lending practice restrictions, limit the ability of a creditor to impose certain loan terms **and impose disclosure requirements in connection with credit card origination**; • the Equal Credit Opportunity Act and Regulation B promulgated thereunder, and similar state fair lending laws, which prohibit creditors from discouraging or discriminating against credit applicants on a prohibited basis, including race, color, sex, age, religion, national origin, marital status, the fact that all or part of the applicant' s income derives from any public assistance program or the fact that the applicant has in good faith exercised any right under the federal Consumer Credit Protection Act; • the Fair Credit Reporting Act and Regulation V promulgated thereunder, ~~which imposes~~ **impose** certain obligations on users of consumer reports and those that furnish information to consumer reporting agencies, including obligations relating to obtaining consumer reports, marketing using consumer reports, taking adverse action on the basis of information from consumer reports, addressing risks of identity theft and fraud and protecting the privacy and security of consumer reports and consumer report information , **including the CFPB' s recent proposed amendments to Regulation V that could add additional requirements thereunder if not withdrawn** ; • Section 5 of the Federal Trade Commission Act, which prohibits unfair and deceptive acts or practices in or affecting commerce, and Section 1031 of the Dodd- Frank Act, which prohibits unfair, deceptive or abusive acts or practices in connection with any consumer financial product or service, and analogous state laws prohibiting unfair, deceptive or abusive acts or practices; • the Credit Practices Rule which (i) prohibits lenders from using certain contract provisions that the Federal Trade Commission has found to be unfair to consumers; **and** (ii) **requires lenders to advise consumers who co-sign obligations about their potential liability if the primary obligor fails to pay**; and (iii) prohibits certain **activity relating to the assessment of** late charges; • the Fair Debt Collection Practices Act, **and** Regulation F

**promulgated thereunder**, and similar state debt collection laws, which provide guidelines and limitations on the conduct of third-party debt collectors (and some limitation on creditors collecting their own debts) in connection with the collection of consumer debts; • the Gramm- Leach- Bliley Act, or GLBA, and Regulation P promulgated thereunder, **and similar state privacy laws**, which ~~includes~~ **include** limitations on financial institutions' disclosure of nonpublic personal information about a consumer to nonaffiliated third parties, in certain circumstances requires financial institutions to limit the use and further disclosure of nonpublic personal information by nonaffiliated third parties to whom they disclose such information and requires financial institutions to disclose certain privacy notices and practices with respect to information sharing with affiliated and unaffiliated entities as well as to safeguard personal borrower information, and other state privacy laws and regulations; • the Bankruptcy Code, which limits the extent to which creditors may seek to enforce debts against parties who have filed for bankruptcy protection; • the Servicemembers Civil Relief Act **and similar state laws**, which allows military members to suspend or postpone certain civil obligations, requires creditors to reduce the interest rate to 6 % on loans to military members under certain circumstances, and imposes restrictions on enforcement of loans to servicemembers, so that the military member can devote his or her full attention to military duties; • the Military Lending Act, which requires those who lend to "covered borrowers", including members of the military and their dependents, to only offer Military APRs (a specific measure of all-in-cost-of-credit) under 36 %, prohibits arbitration clauses in loan agreements, and prohibits certain other loan agreement terms and lending practices in connection with loans to military servicemembers, among other requirements, and for which violations may result in penalties including voiding of the loan agreement; • the Electronic Fund Transfer Act and Regulation E promulgated thereunder, which provide guidelines and restrictions on the electronic transfer of funds from consumers' bank accounts, including a prohibition on a creditor requiring a consumer to repay a credit agreement in preauthorized (recurring) electronic fund transfers and disclosure and authorization requirements in connection with such transfers; • the Telephone Consumer Protection Act and the regulations promulgated thereunder, **and similar state laws**, which impose various consumer consent requirements and other restrictions in connection with telemarketing activity and other communication with consumers by phone, fax or text message, and which provide guidelines designed to safeguard consumer privacy in connection with such communications; • the ~~Federal~~ Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 and the Telemarketing Sales Rule and ~~analogous~~ **similar** state laws, which impose various restrictions on **commercial** marketing conducted use of email, telephone, fax or text message; • the Electronic Signatures in Global and National Commerce Act and similar state laws, particularly the Uniform Electronic Transactions Act, which authorize the creation of legally binding and enforceable agreements utilizing electronic records and signatures and which require creditors and loan servicers to obtain a consumer's consent to electronically receive disclosures required under federal and state laws and regulations **that would otherwise be provided in a physical writing**; • the Right to Financial Privacy Act and similar state laws enacted to provide ~~the financial records of~~ financial institution customers a reasonable amount of privacy from government scrutiny **of their financial records**; • the Bank Secrecy Act and the USA PATRIOT Act, which relate to compliance with anti-money laundering, borrower due diligence and record-keeping policies and procedures; • the regulations promulgated by the Office of Foreign Assets Control under the U. S. Treasury Department related to the administration and enforcement of sanctions against foreign jurisdictions and persons that threaten U. S. foreign policy and national security goals, primarily to prevent targeted jurisdictions and persons from accessing the U. S. financial system; • federal and state securities laws, including, among others, the Securities Act of 1933, as amended, or the Securities Act, the Exchange Act, the Investment Advisers Act of 1940, as amended, or the IAA, and ~~the Investment Company Act of 1940, as amended, or~~ the Investment Company Act, rules and regulations adopted under those laws, and similar state laws and regulations, which govern how we offer, sell and transact in our loan financing products; and • other state-specific and local laws and regulations. We may not always have been, and may not always be, in compliance with these and other applicable laws, regulations and rules. And while compliance with these requirements is a business priority for us, it is also costly, time-consuming and limits our operational flexibility. Additionally, Congress, the states and regulatory agencies, as well as local municipalities, could further regulate the consumer financial services industry in ways that make it more difficult or costly for us to offer our AI lending marketplace and related services or facilitate the origination of loans for our lending partners. These laws also are ~~often~~ subject to changes that could severely limit the operations of our business model. Further, changes in the regulatory application or judicial interpretation of the laws and regulations applicable to financial institutions also could impact the manner in which we conduct our business. The regulatory environment in which financial institutions operate has become increasingly complex, and following the financial crisis that began in 2008, supervisory efforts to apply relevant laws, regulations and policies have become more intense. Additionally, states are increasingly introducing and, in some cases, passing laws that restrict interest rates and APRs on loans similar to the loans made on our marketplace. ~~For example, which could end~~ **Illinois, Maine and New Mexico enacted laws that cap interest rates- rate exportation in their states by out on certain loans at an "all-in" 36 % APR of- state, state- chartered banks. Colorado was the first state to enact such legislation since Iowa, and other states have proposed similar legislation.** Further, in late 2020, California created **the Department of Financial Protection and Innovation ("DFPI")**, a "mini- CFPB," ~~which could~~ **through expansion of regulation of financial service providers under the California Consumer Financial Protection Law. This increase increases its the state's authority and oversight over of** bank partnership relationships and ~~strengthen~~ **strengthens** state consumer protection authority ~~of state regulators~~ to police debt collections and unfair, deceptive or abusive acts and practices. Voter referendums also have ~~been~~ introduced and, in some cases, passed, restrictions on interest rates and / or APRs. If such legislation or bills were to be propagated, ~~with rates and / or~~ **APRs under 36 %, or if** state or federal regulators seek to restrict regulated financial institutions such as our lending partners from engaging in business with Upstart in certain ways, our lending partners' ability to originate loans in certain states could be greatly reduced, and as a result, our business, financial condition and results of operations would be adversely affected. Where applicable, we seek to comply with state broker, ~~credit service organization,~~ small loan, **automobile lender**, finance lender, servicing, collection, money

transmitter and similar statutes. Nevertheless, if we are found to not comply with applicable laws, we could lose one or more of our licenses or authorizations, become subject to greater scrutiny by other state regulatory agencies, face other sanctions or be required to obtain a license in such jurisdiction, which may have an adverse effect on our ability to continue to facilitate loans, perform our servicing obligations or make our marketplace available to consumers in particular states, which may harm our business. Further, failure to comply with the laws and regulatory requirements applicable to our business and operations may, among other things, limit our ability to collect all or part of the principal of or interest on Upstart- powered loans. In addition, non- compliance could subject us to damages, revocation of required licenses, class action lawsuits, administrative enforcement actions, rescission rights held by investors in securities offerings and civil and criminal liability, all of which would harm our business. Internet- based loan origination processes may give rise to greater risks than paper- based processes and may not always be allowed under state law. We use the internet to obtain application information and distribute certain legally required notices to applicants and borrowers, and to obtain electronically signed loan documents in lieu of paper documents with actual borrower signatures. These processes may entail greater risks than would paper- based loan origination processes, including risks regarding the sufficiency of notice for compliance with consumer protection laws, risks that borrowers may challenge the authenticity of loan documents, and risks that despite internal controls, unauthorized changes are made to the electronic loan documents. In addition, our software could contain “ bugs ” that result in incorrect calculations or disclosures or other non- compliance with federal or state laws or regulations. If any of those factors were to cause any loans, or any of the terms of the loans, to be unenforceable against the borrowers, or impair our ability to service loans, the performance of the underlying promissory notes **loan documents** could be adversely affected. For auto loans issued through our auto lending marketplace, certain state laws may not allow for electronic lien and title transfer, which would require us to use a paper- based title process to secure title to the underlying collateral. ~~While this process may help mitigate some of the risks associated with online processes, because~~ **Because** it is highly manual and outside of our usual practices and titling rules can vary by state, we may be prone to errors ~~and~~ **or delays in placing titles or otherwise** encounter greater difficulty complying with the proper procedures. If we fail to effectively follow such procedures we may, among other things, be limited in our ability to secure the collateral associated with loans issued through our auto lending marketplace. If we are found to be operating without having obtained necessary state or local licenses, our business, financial condition and results of operations could be adversely affected. Certain states have adopted laws regulating and requiring licensing by parties that engage in certain activities regarding consumer finance transactions, including facilitating and assisting such transactions ~~in certain circumstances. Furthermore, certain states and localities have also adopted laws requiring licensing for~~ **or consumer debt in connection with** collection- ~~collecting or,~~ servicing and / or purchasing or selling consumer loans. While we believe we have obtained or are in the process of obtaining all necessary licenses, the application of some consumer finance licensing laws to our AI lending marketplace and the related activities we perform, as well as to our lending partners, is unclear. In addition, state licensing **requirements and state regulators’ interpretation of such** requirements may evolve over time, including, in particular, recent trends toward increased licensing requirements and regulation of parties engaged in loan solicitation ~~and,~~ student loan servicing activities ~~. States also maintain licensing requirements pertaining to the transmission of money, and~~ **debt collection** ~~certain states may broadly interpret such licensing requirements to cover loan servicing and the transmission of funds to investors~~. If we or one of our lending partners were found to be in violation of applicable state licensing requirements by a court or a state, federal, or local enforcement agency, we could be subject to fines, damages, injunctive relief (including required modification or discontinuation of our business in certain areas), criminal penalties and other penalties or consequences, and the loans originated by our lending partners on our marketplace could be rendered void or unenforceable in whole or in part, any of which could have a material adverse effect on our business. The CFPB has sometimes taken expansive views of its authority to regulate consumer financial services, creating uncertainty as to how the agency’ s actions or the actions of any other agency could impact our business. The CFPB, which commenced operations in July 2011, has broad authority to create and modify regulations under federal consumer financial protection laws and regulations, such as the Truth in Lending Act and Regulation Z, ECOA and Regulation B, the Fair Credit Reporting Act and Regulation V, the Electronic Funds Transfer Act and Regulation E, among other regulations, and to enforce compliance with those laws. The CFPB **has broad enforcement authority over all providers of financial products and supervises** ~~services~~ **. The CFPB also has supervisory authority over** banks, thrifts and credit unions with assets over \$ 10 billion and ~~examines certain of our lending partners. Further, the CFPB is charged with the examination and supervision of~~ certain participants in the consumer financial services market, including short- term, small dollar lenders, non- bank mortgage originators and servicers, and larger participants in other areas of financial services **, including some of our lending partners and Upstart Mortgage LLC**. The CFPB is also authorized to prevent “ unfair, deceptive or abusive acts or practices ” through its rulemaking, supervisory and enforcement authority. To assist in its enforcement **and supervisory activity**, the CFPB maintains an online complaint system that allows consumers to log complaints with respect to various consumer finance products, including the loan products offered ~~on through~~ **our marketplace**, **and recently finalized a rule establishing a public registry for final orders issued against non- banks subject to CFPB enforcement actions**. This system could inform future CFPB decisions with respect to its regulatory, enforcement or examination focus. The CFPB may also request reports concerning our organization, business conduct, markets and activities and conduct on- site examinations of our business on a periodic basis if the CFPB were to determine, through its complaint system, that we were engaging in activities that pose risks to consumers. ~~There continues to be~~ **In May 2024, the Supreme Court ruled that the CFPB’ s funding structure is constitutional, and although more recent actions have been filed that challenge the CFPB’ s authority on other grounds, the Supreme Court’ s decision ended** uncertainty about the future of the CFPB and ~~as to~~ how its strategies and priorities, including in both its examination and enforcement processes, will impact our business and our results of operations going forward. ~~This uncertainty is~~ **In the aftermath, the CFPB increased hiring in light of the fact that the new director of its Enforcement Division and created a Repeat Offender Unit. In February 2024,** the CFPB ~~has new examination~~ **published a**

**decision** and enforcement priorities, including safeguarding **order in a supervisory designation proceeding** against a **algorithmic bias**. In April 2022, the CFPB announced that it intends to examine non-bank financial companies **installment lender** that pose, for the first time, officially established the CFPB's supervisory authority over a non-bank entity not otherwise subject to the CFPB's supervisory authority due to the risks **risk the non-bank lender posed** to consumers. **The CFPB opined that risk does not need to be based on a violation of law. The CFPB exercised this previously dormant authority for the second time in December 2024, establishing supervisory authority over a technology company offering a peer-to-peer payment product.** If the CFPB decides to subject us to its supervisory process, it could significantly increase the level of regulatory scrutiny of our business practices. **However, as of the filing of this Annual Report Form 10-K, given that the priorities and direction of the CFPB and other federal agencies under the new U. S. presidential administration are unclear, we we cannot be certain how the regulatory environment may impact our business.** See the risk factor titled “ — Our business is subject to a wide range of laws and regulations, many of which are evolving, and failure or perceived failure to comply with such laws and regulations could harm our business, financial condition and results of operations ” for more information. In addition, evolving views regarding the use of alternative variables and machine learning in assessing credit risk could result in the CFPB taking actions that result in requirements to alter or cease offering affected financial products and services, making them less attractive and restricting our ability to offer them. See the risk factor titled “ — Our reputation and brand are important to our success, and if we are unable to continue developing our reputation and brand, our ability to retain existing and attract new bank partners, our ability to attract borrowers to our marketplace, our ability to maintain diverse and resilient loan funding and our ability to maintain and improve our relationship with regulators of our industry could be adversely affected ” for more information. The CFPB could also implement rules that restrict our effectiveness in servicing our financial products and services. Although we have committed resources to enhancing our compliance programs, future actions by the CFPB (or other regulators) against us, our lending partners or our competitors could discourage the use of our services or those of our lending partners, which could result in reputational harm, a loss of lending partners, borrowers or institutional investors, or discourage the use of our or their services and adversely affect our business, **especially now that actions resulting in orders will be subject to publication on the CFPB's public registry.** If the CFPB changes regulations that were adopted in the past by other regulators and transferred to the CFPB by the Dodd-Frank Act, or modifies through supervision or enforcement past regulatory guidance or interprets existing regulations in a different or stricter manner than they have been interpreted in the past by us, the industry or other regulators, our compliance costs and litigation exposure could increase materially. This is particularly true with respect to the application of ECOA and Regulation B to credit risk models that rely upon alternative variables and machine learning, an area of law where regulatory guidance is currently uncertain and still evolving, and for which there are not well-established regulatory norms for establishing compliance. The **current former** presidential administration **has appointed and is expected to continue to appoint** consumer-oriented regulators at federal agencies such as the CFPB, the FTC, the OCC and the FDIC **and, While we expect the government's to continue its** focus on enforcement of federal consumer protection laws **is expected, it remains to increase be seen how the new presidential administration will address consumer protection under new leadership.** It is possible that these regulators could promulgate rulemakings and bring enforcement actions that materially impact our business and the business of our lending partners. If future regulatory or legislative restrictions or prohibitions are imposed that affect our ability to offer certain of our products or that require us to make significant changes to our business practices, and if we are unable to develop compliant alternatives with acceptable returns, these restrictions or prohibitions could have a material adverse effect on our business. If the CFPB, or another regulator, were to issue a consent decree or other similar order against us **or our lending partners**, this could also directly or indirectly affect our results of operations. Our compliance and operational costs and litigation exposure could increase if and when the CFPB or another agency amends or finalizes any proposed regulations, including the regulations discussed above or if the CFPB or other regulators enact new regulations, change regulations that were previously adopted, modify, through supervision or enforcement, past regulatory guidance, or interpret existing regulations in a manner different or stricter than have been previously interpreted. We have been in the past and may in the future be subject to federal and state regulatory inquiries regarding our business. We have, from time to time in the normal course of our business, received, and may in the future receive or be subject to, inquiries or investigations by state and federal regulatory agencies and bodies such as the CFPB, the FTC, state Attorneys General, the SEC, state financial regulatory agencies and other state or federal agencies or bodies regarding the Upstart marketplace, including the marketing of loans for lenders, underwriting and pricing of consumer loans for our lending partners, our fair lending compliance program and licensing and registration requirements. While we expect to address inquiries or investigations and engage in open dialogue with regulators, we cannot guarantee that a federal or state regulator will not take supervisory or enforcement action against us in the future. Since the no-action letter with the CFPB was terminated in June 2022, we no longer enjoy the protection of the no-action letter which had provided that the CFPB would not take supervisory or enforcement action against us for a violation of ECOA. We intend to continue to pursue a transparent and cooperative relationship with the CFPB, which could involve sharing information about our models and other aspects of our business. It is also possible the CFPB may take supervisory or enforcement action against us in the future. We have also received inquiries from state regulatory agencies regarding requirements to obtain licenses from or register with those states, including in states where we have determined that we are not required to obtain such a license or be registered with the state, and we expect to continue to receive such inquiries. Any such inquiries or investigations could involve substantial time and expense to analyze and respond to, could divert management's attention and other resources from running our business, and could lead to public enforcement actions or lawsuits and fines, penalties, injunctive relief, and the need to obtain additional licenses that we do not currently possess. Our involvement in any such matters, whether tangential or otherwise and even if the matters are ultimately determined in our favor, could also cause significant harm to our reputation, lead to additional investigations and enforcement actions from other agencies or litigants, and further divert management attention and resources from the operation of our business. Formal

enforcement actions are generally made public, which **also** carries reputational risk. The market price of our common stock could decline as a result of the initiation of a **CFPB-regulatory** investigation of Upstart or even the perception that such an investigation could occur, even in the absence of any finding by **the CFPB a regulator** that we have violated any state or federal law. As a result, the outcome of legal and regulatory actions arising out of any state or federal inquiries we receive could be material to our business, results of operations, financial condition and cash flows and could have a material adverse effect on our business, financial condition or results of operations. For non-bank financial institutions, the FTC is also a primary regulator, and in recent years the FTC has been focused on practices of financial technology companies. Based on publicly available actions, the FTC's primary focus has been with respect to financial technology company marketing and disclosure practices. For instance, in October 2018 the FTC took action against student loan refinance lender SoFi, claiming that the company made prominent false statements regarding the average savings a consumer would realize over the lifetime of the loan if they refinanced with SoFi. In addition, SoFi allegedly exaggerated claims of anticipated borrower savings by excluding certain customer populations from the analysis. In addition, in July 2021 the FTC settled litigation with LendingClub regarding, among other things, the adequacy of its disclosures of an origination fee associated with the product. Moreover, the FTC recently issued a staff report on digital "dark patterns," sophisticated design practices that can trick or manipulate consumers into buying products or services or giving up their private information, that, among other things, highlighted marketing and disclosure practices by some financial technology companies that the FTC claimed were deceptive because of their use of dark patterns. Based upon prior enforcement actions, staff reports, and statements by FTC officials, we believe this scrutiny of financial technology company marketing and disclosure practices will continue in the near future. While we maintain policies and procedures that require our marketing and loan application and servicing operations comply with UDAP standards, we may not be successful in our efforts to achieve compliance either due to internal or external factors, such as resource allocation limitations or a lack of vendor cooperation. The collection, processing, storage, use and disclosure of personal **data-information** could give rise to liabilities as a result of existing or new governmental regulation, conflicting legal requirements or differing views of personal privacy rights. We receive, transmit and store large volumes of personal information and other sensitive data, which may potentially include biometric data as defined by state law, from applicants and borrowers. Each lending partner can access information about their respective borrowers and declined applicants via daily loan reports and other reporting tools that are provided via the platform. For loan institutional investors, while we generally limit access to personal information, we do share some personal information about borrowers with certain institutional investors. There are federal, state and foreign laws regarding privacy and the storing, sharing, use, disclosure and protection of personal information and sensitive data including those specific to biometric data. Specifically, cybersecurity and data privacy issues, particularly with respect to personal information, are increasingly subject to legislation and regulations to protect the privacy and security of personal information that is collected, processed and transmitted. For example, the GLBA includes limitations on financial institutions' disclosure of nonpublic personal information about a consumer to non-affiliated third parties, in certain circumstances requires financial institutions to limit the use and further disclosure of nonpublic personal information by non-affiliated third parties to whom they disclose such information and requires financial institutions to disclose certain privacy notices and practices with respect to information sharing with affiliated and unaffiliated entities as well as to safeguard personal borrower information. Privacy requirements under the GLBA are enforced by the CFPB, as well as the FTC, and under Section 5 of the Federal Trade Commission Act, we and our lending partners are prohibited from engaging in unfair and deceptive acts and practices, or UDAP. For example, both the FTC and CFPB have relied on UDAP / UDAAP principles to increase enforcement of "dark patterns", the definition of which varies but has been defined as "design features used to deceive, steer, or manipulate users into behavior that is profitable for an online service, but often harmful to users or contrary to their intent." **We are and our lending partners are also prohibited from sharing consumer information without proper notification and consent. For example, lawsuits were recently filed against TD Bank and Capital One for alleged privacy violations under GLBA and similar state privacy laws and unfair and deceptive practices under UDAAP, for the alleged sharing of nonpublic personal information ("NPI") with Meta without (1) properly disclosing in the bank's privacy policy or elsewhere that NPI was shared with Meta; and (2) allowing customers to opt out of having their NPI shared with Meta.** At the state level, the California Consumer Privacy Act, or the CCPA, which went into effect on January 1, 2020, requires, among other things, that covered companies provide disclosures to California residents and afford such persons new abilities to opt-out of certain sales or retention of their personal information by us. Aspects of the CCPA and its interpretation remain unclear. In addition, California voters approved Proposition 24 in the November 2020 election to create the California Privacy Rights Act, or CPRA, which amends and purports to strengthen the CCPA and created a state agency, the California Privacy Protection Agency, to enforce privacy laws. The CPRA amendments create obligations relating to consumer data as of January 1, 2023 (with a one-year lookback), and enforcement beginning March 29, 2024. Following the enactment of the CCPA, certain states, including but not limited to Texas, Virginia, Colorado, **Maryland, Oregon** and Utah, have enacted, and other states are proposing to enact, laws and regulations that impose obligations similar to the CCPA or that otherwise involve significant obligations and restrictions. While many of these laws include exemptions for information covered by the GLBA, and we therefore may be exempt from all or most obligations under many of these state privacy laws, some states may not provide for such exemptions, and such exemptions may not fully exempt us from compliance with state laws. Many privacy and data security laws, such as the CCPA, apply to biometric data. **However, some Some** states **also** have passed or are considering legislation that **are-is** biometric-specific. For instance, in Illinois, the Biometric Information Privacy Act, or BIPA, specifically governs the collection, possession, and disclosure of biometric information or biometric identifiers. There has been a corresponding increase in litigation related specifically to state biometric privacy laws. Whether information we receive from borrowers is subject to state laws expressly governing biometric data depends on how such laws define "biometric data" or other similar terms of art. Compliance with current and future borrower privacy data protection and information security laws and regulations could result

in higher compliance, technical or operating costs. We cannot fully predict the impact of the CCPA, BIPA, or other privacy and data security state laws on our business or operations, but it may require us to further modify our data infrastructure and data processing practices and policies and to incur additional costs and expenses in an effort to continue to comply. Further, any actual or perceived violations of these laws and regulations may require us to change our business practices, data infrastructure or operational structure, address legal claims and regulatory investigations and proceedings and sustain monetary penalties and / or other harms to our business. We could also be adversely affected if new legislation or regulations are adopted or if existing legislation or regulations are modified such that we are required to alter our systems or change our business practices or privacy policies. As the regulatory framework for **AI artificial intelligence** and machine learning technology evolves, our business, financial condition and results of operations may be adversely affected. The regulatory framework for **AI artificial intelligence** and machine learning technology is evolving and remains uncertain. For example, in April 2023, the FTC, DOJ, EEOC and CFPB released a joint statement on potential “ threats ” posed by **AI artificial intelligence**, such as contributing to discriminatory outcomes. Additionally, the CFPB published statements in May 2022 and September 2023 on the applicability of ECOA to **AI artificial intelligence** and machine learning underwriting models when generating adverse action notices. **Several federal agencies including the CFPB and Treasury Department have issued requests for information to investigate the impacts of AI on the provision of financial goods and services. There is also a significant amount of proposed legislation at the state and federal levels addressing the use and development of AI and on AI governance and oversight. For example, the Colorado Artificial Intelligence Act (the “ CAIA ”), the first comprehensive state AI regulation, will go into effect in February 2026. Among other things, the CAIA imposes a duty of reasonable care on developers and deployers to avoid “ algorithmic discrimination ” in high- risk AI systems, and sets forth various disclosure, risk assessment, and governance requirements.** However, the language of **the primary fair lending regulation (i. e. ECOA )** remains unaltered. Therefore, it is possible that new laws and regulations will be adopted in the United States, or existing laws and regulations may be interpreted in new ways, that would affect the operation of our marketplace and the way in which we use **AI artificial intelligence** and machine learning technology, including with respect to fair lending laws. Further, the cost to comply with such laws or regulations could be significant and would increase our operating expenses, which could adversely affect our business, financial condition and results of operations. If we are required to register under the Investment Company Act, our ability to conduct business could be materially adversely affected. The Investment Company Act contains substantive legal requirements that regulate the manner in which “ investment companies ” are permitted to conduct their business activities. In general, an “ investment company ” is a company that holds itself out as an investment company or holds more than 40 % of the total value of its assets (minus cash and government securities) in “ investment securities. ” We believe we are not an investment company. Our business involves developing and operating an online lending marketplace that provides our lending partners with access to technology, including proprietary AI models, and related services, so lending partners can assess the credit risk of potential borrowers and offer loans online, and our revenue derives primarily from fees based on the platform and referral services provided to our lending partners and loan servicing. We do not hold ourselves out as an investment company. We understand, however, that the loans held on our balance sheet could be viewed by the SEC or its staff as “ securities, ” which could in turn cause the SEC or its staff to view Upstart Holdings, Inc., Upstart Network, Inc., or an affiliate as an “ investment company ” subject to regulation under the Investment Company Act. We believe that we have never been an investment company because, among other reasons, we are primarily engaged in the business of providing an AI- based lending marketplace, and therefore can reasonably rely on exemptions from investment company status. If we are not able to rely on exemptions from investment company status, we could be deemed an investment company and may be required to institute burdensome compliance requirements, restricting our activities in a way that could adversely affect our business, financial condition and results of operations. For example, among other things, we could be subject to investment company governance requirements; restricted as to future borrowings and in our transactions with affiliates; and be more limited in available corporate financing alternatives and compensation arrangements. If we were ever deemed to be in non- compliance with the Investment Company Act, we could also be subject to various penalties, including administrative or judicial proceedings that might result in censure, fine, civil penalties, cease- and- desist orders or other adverse consequences, as well as private rights of action, any of which could materially adversely affect our business. If we are required to register under the Investment Advisers Act, our ability to conduct business could be materially adversely affected. The IAA contains substantive legal requirements that regulate the manner in which “ investment advisers ” are permitted to conduct their business activities. We do not believe that we or our affiliates are required to register as an investment adviser with either the SEC or any of the various states, because our business consists of providing a marketplace for consumer lending and loan financing for which investment adviser registration and regulation does not apply under applicable federal or state law. However, one of our affiliates, Upstart Network, Inc., has notice filed as an exempt reporting adviser with the state of California based on its limited activities advising a fund. While we believe our current practices do not require us or any of our other affiliates or subsidiaries to register or notice file as an investment adviser, or require us to extend regulations related to Upstart Network, Inc.’ s status as an exempt reporting adviser to our other operations, if a regulator were to disagree with our analysis with respect to any portion of our business, we or a subsidiary may be required to register or notice file as an investment adviser and to comply with applicable law. Registering as an investment adviser could adversely affect our method of operation and revenues. For example, the IAA requires that an investment adviser act in a fiduciary capacity for its clients. Among other things, this fiduciary obligation requires that an investment adviser manage a client’ s portfolio in the best interests of the client, have a reasonable basis for its recommendations, fully disclose to its client any material conflicts of interest that may affect its conduct and seek best execution for transactions undertaken on behalf of its client. The IAA also limits the ways in which a company can market its services and offerings. It could be difficult for us to comply with these obligations without meaningful changes to our business operations, and there is no guarantee that we could do so successfully. If we were ever deemed to be in non- compliance with applicable investment adviser regulations, we could

also be subject to various penalties, including administrative or judicial proceedings that might result in censure, fine, civil penalties, cease- and- desist orders or other adverse consequences, as well as private rights of action, any of which could materially adversely affect our business. If our transactions involving institutional investors who provide loan funding to our marketplace are found to have been conducted in violation of the Securities Act or similar state law, or we have generally violated any applicable law, our ability to obtain financing for loans facilitated through our marketplace could be materially adversely affected, and we could be subject to private or regulatory actions. Certain transactions involving institutional investors or related to acquisitions may rely or have relied on exemptions from the registration requirements of the Securities Act provided for in Regulation D or Section 4 (a) (2) of the Securities Act. If any of these transactions were found to not be in compliance with the requirements necessary to qualify for these exemptions from Securities Act registration, or otherwise found to be in violation of the federal or state securities laws, our business could be materially adversely affected. The SEC or state securities regulators could bring enforcement actions against us, or we could be subject to private litigation risks as a result of any violation of the federal or state securities laws, which could result in civil penalties, injunctions and cease and desist orders from further violations, as well as monetary penalties of disgorgement, pre- judgment interest, rescission of securities sales, or civil penalties, any of which could materially adversely affect our business. If we are found to be in violation of state or federal law generally, we also may be limited in our ability to conduct future transactions. For example, we could in the future become ineligible to sell securities under Regulation D if we become subject to “ bad actor ” disqualification pursuant to Rule 506 (d) of Regulation D. Under Rule 506 (d), issuers are ineligible “ bad actors ” if they or certain related persons, including directors and certain affiliates, are subject to disqualifying events, including certain cease- and- desist orders obtained by the SEC. If we were subject to this or other “ bad actor ” provisions of the securities laws, we may not be able to continue sales of whole loans, fractional interests in loans, or asset- backed securities, or we could be subject to significant additional expense associated with making our offerings, which would adversely affect our business, financial condition and results of operations. If we are required to register with the SEC or under state securities laws as a broker- dealer, our ability to conduct business could be materially adversely affected. We are not currently registered with the SEC as a broker- dealer under the Exchange Act or any comparable state law. The SEC heavily regulates the manner in which broker- dealers are permitted to conduct their business activities. We believe we have conducted, and we intend to continue to conduct, our business in a manner that does not result in our being characterized as a broker- dealer, based on guidance published by the SEC and its staff. Among other reasons, this is because we do not believe we take any compensation that would be viewed as being based on any transactions in securities in any of our business lines. To the extent that the SEC or its staff publishes new or different guidance with respect to these matters, we may be required to adjust our business operations accordingly. Any additional guidance from the SEC staff could provide additional flexibility to us, or it could inhibit our ability to conduct our business operations. There can be no assurance that the laws and regulations governing our broker- dealer status or that SEC guidance will not change in a manner that adversely affects our operations. If we are deemed to be a broker- dealer, we may be required to institute burdensome compliance requirements and our activities may be restricted, which would adversely affect our business, financial condition and results of operations. We may also be subject to private litigation and potential rescission of certain investments investors in our loan financing products have made, which would harm our operations as well. Similarly, we do not believe that our sales of whole loans and asset- backed securities will subject us to broker- dealer registration in any state in which we operate, primarily because we do not accept compensation that we believe could be viewed as transaction- based. However, if we were deemed to be a broker- dealer under a state’ s securities laws, we could face civil penalties, or costly registration requirements, that could adversely affect our business. Anti- money laundering, anti- terrorism financing, anti- corruption and economic sanctions laws could have adverse consequences for us. We maintain a compliance program designed to enable us to comply with all applicable anti- money laundering and anti- terrorism financing laws and regulations, including the Bank Secrecy Act and the USA PATRIOT Act and U. S. economic sanctions laws administered by the Office of Foreign Assets Control. This program includes policies, procedures, processes and other internal controls designed to identify, monitor, manage and mitigate the risk of money laundering and terrorist financing and engaging in transactions involving sanctioned countries, persons and entities. These controls include procedures and processes to detect and report suspicious transactions, perform borrower due diligence, respond to requests from law enforcement, and meet all recordkeeping and reporting requirements related to particular transactions involving currency or monetary instruments. During 2020, we failed to file timely reports of suspicious transactions as required with appropriate regulatory agencies. We remediated the failure to file and have added additional resources to support our compliance with these reporting requirements. We are also subject to anti- corruption and anti- bribery and similar laws, such as the U. S. Foreign Corrupt Practices Act of 1977, as amended, or the FCPA, the U. S. domestic bribery statute contained in 18 U. S. C. § 201, and the U. S. Travel Act, which prohibit companies and their employees and agents from promising, authorizing, making, or offering improper payments or other benefits to government officials and others in the private sector in order to influence official action, direct business to any person, gain any improper advantage, or obtain or retain business. We have implemented an anti- corruption policy to ensure compliance with these anti- corruption and anti- bribery laws. No assurance is given that our programs and controls will be effective to ensure compliance with all applicable anti- money laundering and anti- terrorism financing and anti- corruption laws and regulations, and our failure to comply with these laws and regulations could subject us to significant sanctions, fines, penalties, contractual liability to our lending partners or institutional investors, and reputational harm, all of which could harm our business. Our securitizations are subject to regulation under federal law, and failure to comply with those laws could adversely affect our business. Our loan securitizations and sales of asset- backed securities are subject to regulation under federal law, and banks and other regulated financial institutions acquiring and holding asset- based securities, including asset- backed securities sponsored by us, are subject to capital and leverage requirements. These requirements, which are costly to comply with, could decrease investor demand for securities issued through our securitization transactions. For example, the Credit Risk Retention rule, codified as Regulation RR under the Exchange Act, was

jointly adopted by the SEC, the Department of the Treasury, the Federal Reserve System, the Federal Deposit Insurance Corporation, the Federal Housing Finance Agency, and the Department of Housing and Urban Development in 2014. Regulation RR generally requires the sponsor of asset-backed securities to retain not less than five percent of the credit risk of the assets collateralizing the securities, and generally prohibits the sponsor or its affiliate from directly or indirectly hedging or otherwise selling or transferring the retained credit risk for a specified period of time, depending on the type of asset that is securitized. Some aspects of these risk retention rules have not been the subject of significant separate guidance. We believe, but cannot be certain, that we have conducted our business, and will continue to conduct our business, in such a way that we are compliant with these risk retention rules. However, if we have failed to comply, or should fall out of compliance with these rules, it could adversely affect our source of funding and our business. We may also face regulatory risks related to compliance with Section 13 of the Bank Holding Company Act, commonly known as the “Volcker Rule,” which prohibits banking entities from acquiring an ownership interest in entities that are investment companies for purposes of the Investment Company Act, or would be investment companies but for Sections 3 (c) (1) or 3 (c) (7) of the Investment Company Act, which are generally known as “private funds.” This means that in order for a banking entity regulated under the Volcker Rule to purchase certain asset-backed securities issued by our affiliates, such affiliates may need to rely on another exemption or exception from being deemed “investment companies” if they wish to continue selling to banking entities. Currently, those affiliates generally rely on Rule 3a-7 under the Investment Company Act, which provides an exclusion to the definition of an investment company for issuers that pool income-producing assets and issue securities backed by those assets. However, if a regulator or other third party were to find or assert that our analysis under Rule 3a-7 (or, where applicable, some other exemption or exemption) is incorrect, banks that have purchased asset-backed securities may be able to rescind those sales, which would adversely affect our business. We believe, but cannot guarantee, that we have conducted our business, and will continue to conduct our business, in such a way that enables our applicable banking entity investors to be compliant with the Volcker Rule.

**RISKS RELATED TO INDEBTEDNESS** We rely on borrowings under our warehouse credit facilities to fund certain aspects of our operations, and any inability to meet our obligations as they come due or to comply with various covenants or representations contained in our warehouse credit facilities could harm our business. We, through our warehouse trust special purpose entities, have entered into warehouse credit facilities to partially finance the purchase of **certain** loans from certain lending partners that originate loans through our marketplace, which credit facilities are secured by the purchased loans. Under our warehouse credit **facility facilities for, we may borrow up to an aggregate of \$ 475. 0 million to purchase** unsecured personal loans **(the “ULT Warehouse Credit Facility”)**, **we may borrow from an aggregate of \$ 250-100 . 0 million financing capacity to purchase small dollar loans , and up to \$ 75-50 . 0 million of to purchase auto loans. Our warehouse credit facilities mature between December 2025 and June 2028, by** which **time is available to us at the discretion of the lender, until the earlier of June 2025 and an accelerated amortization event. Any** outstanding principal, together with any accrued and unpaid interest, are due and payable **by the warehouse trust special purpose entity in June 2026**. As of December 31, **2023-2024**, the **aggregate** amount borrowed under **our** the ULT Warehouse **warehouse Credit credit Facility facilities** was \$ **247-195 . 9-6** million, and \$ **350-457 . 4-6** million of **the aggregated- aggregate** fair value of loans purchased were pledged as collateral. Under our warehouse facility for auto loans (the “UAWT Warehouse Credit Facility”), we may borrow up to \$ 200 million until June 14, 2024, and any outstanding principal , together with any accrued and unpaid interest, are due and payable **by the warehouse trust special purpose entity twelve months after the determined amortization date. As of December 31, 2023, the amount borrowed under the UAWT Warehouse Credit Facility was \$ 139. 5 million, and \$ 277. 6 million of aggregated fair value of loans purchased were and restricted cash** pledged as collateral. Our warehouse credit facilities impose operating and financial covenants on the applicable warehouse trust special purpose entity, and under certain events of default, the applicable lender could require that all or a portion of our outstanding borrowings become immediately due and payable or terminate their respective agreement with us. We have in the past, and may in the future, fail to comply with certain operating or financial covenants in our warehouse credit facilities, requiring a waiver from our lenders. If we are unable to repay our obligations at maturity or in the event of default, the applicable borrowing warehouse trust special purpose entity may have to liquidate the loans held as collateral at an inopportune time or price or, if the lender liquidated the loans, such warehouse trust would have to pay any amount by which the original purchase price exceeded their sale price. An event of default would negatively impact our ability to purchase loans from our marketplace and require us to rely on alternative funding sources, which might increase our costs or which might not be available when needed. If we were unable to arrange new or alternative methods of financing on favorable terms, we might have to limit our loan funding, which could have an adverse effect on our lending partners’ ability or willingness to originate new loans or our ability to use leverage for the loans we hold, which in turn would have an adverse effect on our business, results of operations and financial condition. Corporate and asset-backed debt ratings could adversely affect our ability to support loan funding for our marketplace at attractive rates, which could negatively affect our results of operations, financial condition and liquidity. Our unsecured senior corporate debt currently has no rating. Asset-backed securities sponsored or co-sponsored by us are currently rated by a limited number of credit rating agencies. Structured finance ratings reflect these rating agencies’ opinions of our receivables credit performance and ability of the receivables cash flows to pay interest on a timely basis and repay the principal of such asset-backed securitizations, as well as our ability to service the receivables and comply with other obligations under such programs, such as the obligation to repurchase loans subject to breaches of loan-level representations and warranties. Such ratings also reflect the rating agencies’ opinions of other service providers in such transactions, such as trustees, back-up servicers, charged-off loan purchasers and others. Our asset-backed securities have been subject to downgrades in the past, and any future downgrade or non-publication of ratings may increase the interest rates that are required to attract investment in such asset-backed securities, adversely impacting our ability to provide liquidity or financing to our lending partners and institutional investors. Our lack of parent debt rating and any further downgrades to the ratings of our asset-backed securities could negatively impact our business, financial condition and results of operations. We may need to raise

additional funds in the future, including through equity, ~~debt~~ **equity-linked**, or ~~convertible~~ debt financings, to support business growth and those funds may not be available on acceptable terms, or at all. We may continue to make investments to support our business growth and may require additional funds to respond to business challenges, including the need to develop new loan products, enhance our AI models, supplement loan funding, improve our operating infrastructure, acquire complementary businesses and technologies, or make strategic investments. Accordingly, we may need to engage in equity, ~~debt~~ **equity-linked** or ~~convertible~~ debt financings to secure additional funds. If we raise additional funds by issuing equity securities or securities convertible into equity securities, our stockholders may experience dilution. For example, if we elect to deliver shares of our common stock to settle the conversion (other than paying cash in lieu of delivering any fractional share) of ~~the~~ **our outstanding** Notes (as defined below), it may have a dilutive effect on our stockholders' equity holdings. Further, debt financing, if available, may involve **protective provisions or** covenants restricting our operations or our ability to incur additional debt. Any ~~debt or~~ **equity** financing that we raise may contain terms that are not favorable to us or our stockholders. If we are unable to obtain adequate financing or on terms satisfactory to us when we require it, we may pursue alternate transactions or be unable to pursue certain business opportunities and our ability to continue to support our business growth and to respond to business challenges could be impaired and our business may be harmed. In ~~addition, in~~ August 2021, we issued \$ 661.3 million in aggregate principal amount of 0.25% convertible senior notes due 2026, ~~or (the "2026 Notes").~~ **In September 2024, we issued (including the exercise in full of the initial purchasers' option to purchase an additional \$ 86.431.3 million in aggregate principal amount of additional 2.00% convertible senior notes due 2029 (the "2029 Notes") and in November 2024, we issued \$ 500.0 million in aggregate principal amount of 1.00% convertible senior notes due 2030 (the "2030 Notes" and together with the 2026 Notes and 2029 Notes, the "Notes").** Concurrently with the issuance of the 2029 Notes, we used \$ 302.4 million of the proceeds to repurchase a portion of the outstanding 2026 Notes in individually negotiated transactions, and additionally repurchased a portion of the outstanding 2026 Notes during the third quarter of 2024 through open market purchases. Holders of the Notes may require us to purchase all or a portion of their Notes upon the occurrence of a fundamental change **(as defined in the applicable Indenture) with respect to such series of Notes** before the **applicable** maturity date, at a fundamental change repurchase price equal to 100% of the principal amount of the Notes **of such series** to be repurchased, plus accrued and unpaid interest, if any. Additionally, upon conversion of the Notes, **as applicable**, unless we elect to deliver solely shares of our common stock to settle such conversion (other than paying cash in lieu of delivering any fractional share), we will be required to make cash payments in respect of the Notes being converted. Moreover, we will be required to **pay repay** the Notes **of each series** in cash at their **respective maturity maturities** unless earlier converted, redeemed or repurchased. However, we may not have enough available cash or be able to obtain financing at the **respective time times** we are required to make repurchases of the Notes ~~or of each series~~, pay cash for **the** Notes being converted, or at their **respective maturity maturities**. In addition, our ability to repurchase the Notes **of each series** or to pay cash upon ~~conversions~~ **conversion** of ~~the any such~~ Notes may be limited by law, by regulatory authority or by agreements governing our future indebtedness at the time. Our failure to repurchase **the** Notes **of a series** at a time when the repurchase is required by the **applicable indenture Indenture**, or to pay any cash payable ~~on upon~~ future conversions of the Notes **of a series** as required by the **applicable indenture Indenture** would constitute a default under ~~the such indenture Indenture~~. A default under the **applicable indenture Indenture** or the fundamental change itself could also lead to a default under agreements governing our other existing or future indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the Notes ~~or of each series~~, pay cash with respect to **the** Notes being converted, or at **the respective maturity maturities** of the Notes. Provisions in the ~~indenture Indentures~~ for the **governing our 2026 Notes, 2029 Notes and 2030** Notes may deter or prevent a business combination that may be favorable to you. If a fundamental change **(as defined in the applicable Indenture)** occurs prior to the maturity date **for a series of the** Notes, holders of the **applicable series of** Notes will have the right, at their option, to require us to repurchase all or a portion of ~~their such~~ Notes. In addition, if a make-whole fundamental change **(as defined in the applicable Indenture)** occurs prior to the maturity date of the **applicable series of** Notes, we will in some cases be required to increase the conversion rate for a holder that elects to convert its Notes **of such series** in connection with such make-whole fundamental change in the manner specified in the **applicable indenture Indenture**. Furthermore, the ~~indenture Indentures~~ **will** prohibit us from engaging in certain mergers or acquisitions unless, among other things, the surviving entity assumes our obligations under the Notes. These and other provisions in the ~~indenture Indentures~~ could deter or prevent a third party from acquiring us even when the acquisition may be favorable to you.

**RISKS RELATED TO TAXES** Our ability to use our deferred tax assets to offset future taxable income may be subject to certain limitations, which may have a material impact on our result of operations. As of December 31, ~~2023~~ **2024**, a valuation allowance has been recorded to recognize only deferred tax assets that are more likely than not to be realized in the United States federal, state and local tax jurisdictions. We assess the available positive and negative evidence to estimate if sufficient future taxable income will be generated to utilize the existing deferred tax assets. Certain of our deferred tax assets may expire unutilized or underutilized, which could prevent us from offsetting future taxable income. We may also be limited in the portion of NOLs that we can use in the future to offset taxable income for U. S. federal and state income tax purposes. The Tax Cuts and Jobs Act, or the Tax Act made broad and complex changes to U. S. tax law, including changes to the uses and limitations of NOLs. A lack of future taxable income would adversely affect our ability to utilize NOLs. In addition, under Section 382 of the Internal Revenue Code of 1986, as amended, or the Code, a corporation that undergoes an "ownership change" is subject to limitations on its ability to utilize its NOLs to offset future taxable income. Future changes in our stock ownership, including future offerings, as well as other changes that may be outside of our control, could result in additional ownership changes under Section 382 of the Code. Our NOLs may also be limited under similar provisions of state and local law. We continue to assess the realizability of our deferred tax assets in the future. Future adjustments in our valuation allowance may be required, which may have a material impact on our quarterly and annual

operating results. Changes in tax laws could have a material adverse effect on our business, financial condition and results of operations. We are subject to taxes in the United States under federal, state and local jurisdictions in which we operate. The governing tax laws and applicable tax rates vary by jurisdiction and are subject to interpretation and macroeconomic, political or other factors. For example, the results of U. S. Presidential presidential and Congressional congressional elections may lead to tax law changes. We may be subject to examination in the future by federal, state and local authorities on income, employment, sales and other tax matters. While we regularly assess the likelihood of adverse outcomes from such examinations and the adequacy of our provision for taxes, there can be no assurance that such provision is sufficient and that a determination by a tax authority would not have an adverse effect on our business, financial condition and results of operations. Various tax authorities may disagree with tax positions we take and if any such tax authorities were to successfully challenge one or more of our tax positions, the results could adversely affect our financial condition. Further, the ultimate amount of tax payable in a given financial statement period may be impacted by sudden or unforeseen changes in tax laws, changes in the mix and level of earnings by taxing jurisdictions, or changes to existing accounting rules or regulations. For example, the Inflation Reduction Act of 2022, enacted on August 16, 2022, imposes a one- percent non- deductible excise tax on repurchases of stock that are made by U. S. publicly traded corporations on or after January 1, 2023, which may affect our share repurchase program. In addition, effective as of January 1, 2022, the Tax Cuts and Jobs Act requires research and experimental expenditures attributable to research conducted within the United States to be capitalized and amortized ratably over a five- year period. Any such expenditures attributable to research conducted outside the United States must be capitalized and amortized over a 15- year period. Accordingly, the determination of our overall provision for income and other taxes is inherently uncertain as it requires significant judgment around complex transactions and calculations. As a result, fluctuations in our ultimate tax obligations may differ materially from amounts recorded in our financial statements and could adversely affect our business, financial condition and results of operations in the periods for which such determination is made. Taxing authorities may successfully assert that we should have collected or in the future should collect sales and use, gross receipts, value added or similar taxes and may successfully impose additional obligations on us, and any such assessments or obligations could adversely affect our business, financial condition and results of operations. The application of indirect taxes, such as sales and use tax, value- added tax, digital services tax, digital advertising tax, business tax, gross receipts tax, and other similar tax to platform and financial technology businesses is a complex and evolving issue. Many of the fundamental statutes and regulations that impose these taxes were established before the adoption and growth of the Internet and e- commerce. Significant judgment is required on an ongoing basis to evaluate applicable tax obligations and as a result amounts recorded are estimates and are subject to adjustments. In many cases, the ultimate tax determination is uncertain because it is not clear how new and existing statutes might apply to our business. In addition, proposed or newly enacted laws regarding indirect tax could increase our compliance obligation. Any failure by us to prepare for and to comply with the reporting and record- keeping obligations could result in penalties and other sanctions, and could adversely affect our financial condition and results of operations. We have faced, and may face in the future, various indirect tax audits in various U. S. jurisdictions. Tax authorities may raise questions about or challenge or disagree with our calculation, reporting or collection of taxes and may require us to collect taxes in jurisdictions in which we do not currently do so or to remit additional taxes and interest, and could impose associated penalties and fees. Although we have reserved for potential payments of past tax liabilities on our financial statements, a successful assertion by one or more tax authorities could result in substantial tax liabilities in excess of such reserves as well as penalties and interest, and could harm our business, financial condition and results of operations. As a result of these and other factors, the ultimate amount of tax obligations owed may differ from the amounts recorded in our financial statements and any such difference may adversely impact our results of operations in future years in which we change our estimates of our tax obligations or in which the ultimate tax outcome is determined.

**RISKS RELATED TO OWNERSHIP OF OUR COMMON STOCK** The trading price of our common stock may be volatile, and you could lose all or part of your investment. The trading price of our common stock may be volatile and could be subject to fluctuations in response to various factors, some of which are beyond our control. These fluctuations could cause you to lose all or part of your investment in our common stock. Factors that could cause fluctuations in the trading price of our common stock include:

- price and volume fluctuations in the overall stock market from time to time;
- volatility in the trading prices and trading volumes of financial technology stocks;
- general economic conditions, including economic slowdowns, recessions, rising changes in interest and inflation rates, tightening of credit markets and disruptions in the banking sector;
- a reduction in the availability of loan funding and liquidity from lending partners and institutional investors;
- quarterly fluctuations in demand for the loans we facilitate through our marketplace;
- changes in operating performance and stock market valuations of other financial technology companies and technology companies that offer services to financial institutions;
- sales of shares of our common stock by us or our stockholders, including sales to cover tax withholding obligations upon vesting of RSUs issued to our employees;
- issuance of shares of our common stock, whether in connection with an acquisition or upon conversion of some or all of the outstanding Notes;
- failure of securities analysts to maintain coverage of us, changes in financial estimates or other statements made by securities analysts or others, or our failure to meet these estimates or the expectations of investors;
- the financial projections we may provide to the public, any changes in those projections, or our failure to meet those projections;
- announcements by us or our competitors of new products, features, or services;
- the public’s reaction to our press releases, other public announcements, and filings with the SEC;
- rumors and market speculation involving us or other companies in our industry;
- actual or anticipated changes in our results of operations or fluctuations in our results of operations;
- fluctuations in the trading volume of our shares or the size of our public float;
- actual or anticipated developments in our business, our competitors’ businesses or the competitive landscape generally;
- litigation involving us, our industry, or both, or investigations by regulators into our operations or those of our competitors;
- compliance with government policies or regulations;
- the issuance of any cease- and- desist orders from regulatory agencies that we are subject to;
- developments or disputes concerning our intellectual property or other proprietary rights;
- market perception of the

accuracy of our AI models; • actual or perceived data security breaches or other data security incidents; • announced or completed acquisitions of businesses, products, services, or technologies by us or our competitors; • new laws or regulations or new interpretations of existing laws or regulations applicable to our business; • changes in accounting standards, policies, guidelines, interpretations, or principles; • recruitment or departure of key personnel; and • other events or factors, including those resulting from war, incidents of terrorism, political unrest, natural disasters, pandemics or responses to these events. The stock market in general has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of listed companies. Broad market and industry factors may seriously affect the market price of our common stock, regardless of our actual operating performance. In the past, following periods of volatility in the overall market and the market prices of particular companies' securities, securities class action litigation has often been instituted against these companies. For example, in May 2022, June 2022 and July 2022, we and certain of our officers were sued in purported class action lawsuits alleging violations of the federal securities laws for allegedly making materially false and misleading statements about our business, operations, and prospects. This litigation could result in substantial costs and a diversion of our management' s attention and resources, which could harm our business. We may be the target of additional litigation of this type in the future as well. We cannot guarantee that our share repurchase program will be fully consummated or that it will enhance long- term shareholder value. Share repurchases could also affect the trading price of our stock, increase volatility of our stock and diminish our cash reserves. Although our Board of Directors has authorized a share repurchase program that does not have an expiration date, the program does not obligate us to repurchase any specific dollar amount or to acquire any specific number of shares of our common stock. We cannot guarantee that the program will be fully consummated or that it will enhance long- term stockholder value. The timing and number of shares repurchased under the program will depend on a variety of factors, including stock price, trading volume, and general business and market conditions. The program could affect the trading price of our stock, increase volatility and diminish our cash reserves. Our Board of Directors will review the program periodically and may authorize adjustments of its terms if appropriate. Any announcement of a suspension or termination of this program may result in a decrease in the trading price of our stock. The capped call transactions **entered into in connection with the issuance of each of the 2026 Notes and the 2029 Notes** may affect the **market** price of our common stock. In connection with the issuance of **each of the 2026 Notes and the 2029** Notes, we entered into privately negotiated capped call transactions with certain financial institutions as counterparties. ~~The~~ **These capped call transactions initially cover, subject to customary adjustments, the number of shares of our common stock initially underlying the Notes. The capped call transactions are intended expected generally** to offset the potential dilution **to our common stock upon any conversion of the applicable series of Notes** and / or **offset-reduce** any cash payments we **are required to** make in excess of the aggregate principal amount of **such** converted Notes, as the case may be, **as with such offset and / or reduction subject to a cap** result of ~~conversion of the Notes~~. From time to time, the counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our common stock and / or purchasing or selling our common stock or other securities of ours in secondary market transactions prior to the maturity of the **applicable series of** Notes (and are likely to do so **following May 15, 2026, in the case of the 2026 Notes, and July 1, 2029, in the case of the 2029 Notes,** during ~~any the~~ observation period **for related to a conversion conversions** of the **applicable series of** Notes ~~or following any conversion of such Notes prior to May 15, 2026, in the case of the 2026 Notes, and July 1, 2029, in the case of the 2029 Notes, in connection with any repurchase or redemption of the Notes of the applicable series, to the extent we unwind a corresponding portion of the capped call transactions, or if we otherwise unwind all or a portion of the capped call transactions~~ ). This activity could also cause or prevent an increase or a decrease in the market price of our common stock. Certain insiders have significant voting power, which could limit your ability to influence the outcome of key transactions, including a change of control. Our directors, officers, and each of our stockholders who own greater than 5 % of our outstanding capital stock and their affiliates, in the aggregate, beneficially own a significant portion of the outstanding shares of our capital stock. As a result, these stockholders, if acting together, are able to influence matters requiring approval by our stockholders, including the election of directors and the approval of mergers, acquisitions, or other extraordinary transactions. They may also have interests that differ from yours and may vote in a way with which you disagree and which may be adverse to your interests. This concentration of ownership may have the effect of delaying, preventing or deterring a change of control, could deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale, and might ultimately affect the trading price of our common stock. The large number of shares of our capital stock eligible ~~for or public sale or subject to rights requiring us to register~~ **registered** them for public sale could depress the market price of our common stock. The market price of our common stock could decline as a result of sales of a large number of shares of our common stock in the market, and the perception that these sales could occur may also depress the market price of our common stock. **We have filed and in** ~~Certain stockholders are entitled, under our investors' rights agreement, to require us to register shares owned by them the~~ **future** for public sale in the United States. In addition, we may file a registration statement **statements on Form S- 8** to register shares reserved for future issuance under our equity compensation plans. As a result, subject to the satisfaction of applicable exercise periods **or vesting conditions and compliance with our Insider Trading Policy**, the shares issued upon exercise of outstanding stock options **and settlement of fully vested RSUs** will be available for immediate resale in the United States in the open market. Sales of our shares may make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. These sales also could cause the trading price of our common stock to fall and make it more difficult for you to sell shares of our common stock. Our common stock does not provide any rights directly related to the loans we hold. Investors in our common stock own a form of equity that may provide returns based on either an increase in the value of the stock or any distributions made to common stockholders. Investors will not, however, receive any interest in or fees based on the loans or other assets we hold on our balance sheet. In particular, investors in our common stock will not receive any distributions directly based on principal or interest payments made by borrowers on the loans we hold. Those loans are not directly related in

any way to the common stock investors' purchase. You may be diluted by the future issuance of additional common stock in connection with our equity incentive plans, acquisitions or otherwise. Our amended and restated certificate of incorporation authorizes us to issue 613-606, 669-530, 697-279 shares of authorized but unissued common stock and rights relating to common stock for the consideration and on the terms and conditions established by our Board of Directors in its sole discretion, whether in connection with acquisitions or otherwise. We have reserved 6-7, 420-669, 703-374 shares for issuance under our 2020 Equity Incentive Plan subject to adjustment in certain events. Any common stock that we issue, including under our 2020 Equity Incentive Plan or other equity incentive plans that we may adopt in the future, could dilute the percentage ownership held by the investors in **our common stock. Transactions relating to our 2026 Notes, 2029 Notes and 2030 Notes may dilute the ownership interest of stockholders, or may otherwise depress the price of our common stock. If the 2026 Notes, the 2029 Notes or the 2030 Notes are converted by holders of such series, we are required under the applicable Indenture to pay or deliver, as the case may be, either cash, shares of common stock, or a combination of cash and shares of common stock, at our election. If we elect to deliver any shares of common stock upon conversion of the 2026 Notes, the 2029 Notes or the 2030 Notes with respect to our conversion obligation, it would dilute the ownership interests of existing stockholders. Any sales in the public market of the common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. In addition, certain holders of the 2026 Notes, the 2029 Notes or the 2030 Notes may engage in short selling to hedge their position in the Notes. Anticipated future issuances of shares of our common stock upon conversion of the 2026 Notes, 2029 Notes or 2030 Notes could depress the price of** our common stock.

To the extent a large number of shares of our common stock are sold in connection with any "sell to cover" transactions upon vesting of restricted stock units (RSUs) issued to our employees, our stock price may fluctuate. Under U. S. tax laws, employment tax withholding and remittance obligations for RSUs arise in connection with their vesting. To fund the tax withholding and remittance obligations arising in connection with the vesting of RSUs, we use the "sell-to-cover" method, under which shares with a market value equivalent to the tax withholding obligation are sold by a broker on behalf of the holder of the RSUs upon vesting to cover the tax withholding liability and the cash proceeds from such sales are subsequently remitted by us to the taxing authorities. The tax withholding due in connection with such RSU vesting is based on the then-current value of the underlying shares of our common stock. Such sales do not result in the expenditure of additional cash by us to satisfy the tax withholding obligations for RSUs. To the extent a large number of shares are sold in connection with any vesting event, such sales volume may cause our stock price to fluctuate. Delaware law and provisions in our amended and restated certificate of incorporation and amended and restated bylaws could make a merger, tender offer, or proxy contest difficult, thereby depressing the market price of our common stock. Our status as a Delaware corporation and the anti-takeover provisions of the Delaware General Corporation Law may discourage, delay, or prevent a change in control by prohibiting us from engaging in a business combination with an interested stockholder for a period of three years after the person becomes an interested stockholder unless certain conditions are met, even if a change of control would be beneficial to our existing stockholders. In addition, our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that may make the acquisition of our company more difficult, including the following: • our Board of Directors is classified into three classes of directors with staggered three-year terms and directors are only able to be removed from office for cause; • vacancies and newly-created seats on our Board of Directors will be able to be filled only by our Board of Directors and not by stockholders; • only the Chair of our Board of Directors, our Chief Executive Officer, our president, or a majority of our entire Board of Directors are authorized to call a special meeting of stockholders; • certain litigation against us or our directors, stockholders, officers or employees can only be brought in Delaware; • advance notice procedures apply for stockholders to nominate candidates for election as directors or to bring matters before an annual meeting of stockholders; and • any amendment of the above anti-takeover provisions in our amended and restated certificate of incorporation or amended and restated bylaws will require the approval of at least 66 2 / 3 % of the combined voting power of our then-outstanding shares of our capital stock. These anti-takeover defenses could discourage, delay, or prevent a transaction involving a change in control of our company. These provisions could also discourage proxy contests and make it more difficult for stockholders to elect directors of their choosing and to cause us to take other corporate actions they desire, any of which, under certain circumstances, could limit the opportunity for our stockholders to receive a premium for their shares of our capital stock, and could also affect the price that some investors are willing to pay for our common stock. Our amended and restated bylaws designate a state or federal court located within the State of Delaware (or any federal district court, for Securities Act claims) as the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to choose the judicial forum for disputes with us or our directors, officers or employees. Our amended and restated bylaws provide that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, stockholders, officers, or other employees to us or our stockholders, (iii) any action arising pursuant to any provision of the Delaware General Corporation Law, our amended and restated certificate of incorporation, or our amended and restated bylaws, or (iv) any other action asserting a claim that is governed by the internal affairs doctrine shall be the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, another state court in Delaware or the federal district court for the District of Delaware), in all cases subject to the court having jurisdiction over the claims at issue and the indispensable parties; provided that the exclusive forum provision will not apply to suits brought to enforce any liability or duty created by the Exchange Act. Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both state and federal courts have jurisdiction to entertain such claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our amended and restated bylaws also provide that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America are the sole and exclusive forum for resolving any complaint asserting a

cause of action arising under the Securities Act. We note, however, that investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder, and that there is uncertainty as to whether a court would enforce this exclusive forum provision. Further, the enforceability of similar choice of forum provisions in other companies' governing documents has been challenged in legal proceedings, and it is possible that a court could find these types of provisions to be inapplicable or unenforceable. For example, in December 2018, the Court of Chancery of the State of Delaware determined that a provision stating that U. S. federal district courts are the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act is not enforceable. Although this decision was reversed by the Delaware Supreme Court in March 2020, other courts may still find these provisions to be inapplicable or unenforceable. Any person or entity purchasing, holding or otherwise acquiring any interest in any of our securities shall be deemed to have notice of and consented to this provision. This exclusive- forum provision may limit a stockholder' s ability to bring a claim in a judicial forum of its choosing for disputes with us or our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers, and other employees. This exclusive forum provision does not apply to any causes of action arising under the Exchange Act or any other claim for which the federal or other courts have exclusive jurisdiction. If a court were to find either of the exclusive- forum provisions in our amended and restated bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could harm our results of operations. Our common stock market price and trading volume could decline if equity or industry analysts do not publish research or publish inaccurate or unfavorable research about our business. The trading market for our common stock will depend in part on the research and reports that equity or industry analysts publish about us or our business. The analysts' estimates are based upon their own opinions and are often different from our estimates or expectations. If one or more of the analysts who cover us downgrade our common stock or publish inaccurate or unfavorable research about our business, the price of our securities would likely decline. If few securities analysts commence coverage of us, or if one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our securities could decrease, which might cause the price and trading volume of our common stock to decline. The requirements of being a public company may strain our resources, divert management' s attention and affect our ability to attract and retain qualified board members. As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes- Oxley Act, the Dodd- Frank Act, the listing requirements of the Nasdaq Global Select Market and other applicable securities rules and regulations. **Our management and other personnel must devote substantial time to these public company requirements that would otherwise be focused on operational and other business matters.** Compliance with these rules and regulations ~~will has~~ **increase increased** our legal and financial compliance costs, ~~make made~~ some activities more difficult, time- consuming or costly and ~~increase increased~~ demand on our systems and resources, ~~especially once we are no longer an and~~ **“emerging growth company.”** The Exchange Act requires, among other things, that we ~~file annual, quarterly and current reports with respect to our business and results of operations. In addition, we expect that our management and other personnel will need to divert attention~~ **continue to invest additional resources and incur substantial costs on ongoing compliance burdens, including compliance with new rules and regulations that are adopted** ~~from operational and other business matters to devote substantial time to these~~ **time and applicable to us as a** public company requirements. ~~We cannot predict or estimate the amount of additional costs we may incur as a result of becoming a public company or the timing of such costs.~~ Being a public company also makes it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage, incur substantially higher costs to obtain coverage or only obtain coverage with a significant deductible. These factors could also make it more difficult for us to attract and retain qualified executive officers and qualified members of our Board of Directors, particularly to serve on our audit committee and compensation committee. In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time- consuming. These laws, regulations and standards are subject to varying interpretations in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management' s time and attention from revenue- generating activities to compliance activities. If, notwithstanding our efforts, we fail to comply with new laws, regulations and standards or our efforts differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us, and our business may be adversely affected. We do not intend to pay dividends for the foreseeable future. We have never declared nor paid cash dividends on our capital stock. We currently intend to retain any future earnings to finance the operation and expansion of our business, as well as to fund our share repurchase program, and we do not expect to declare or pay any dividends in the foreseeable future. In addition, the terms of our existing corporate debt agreements do, and any future debt agreements may, preclude us from paying dividends. As a result, capital appreciation of our common stock, if any, will be the only way for stockholders to realize any future gains on their investment for the foreseeable future. 84