

Initiating Coverage:

SoFi Technologies Inc (\$SOFI)

Time to get in the “loop”

Key Take-away: In the FinTech Space, SoFi has had a record quarter in its financials (Adjusted Net Revenue, EBITDA, Net Income) and its new members and products. SoFi is not slowing down on its growth, expanding its loan platforms and products. The continual growth and expansion of SoFi provides the company with an opportunity to strengthen its ecosystem of services to emerge as a market leader.

Loan Commitments: In 2025, SoFi secured over \$8 billion in new commitments from deals finalized with Blue Owl Capital, Fortress Investment Group, and Edge Focus, with Blue Owl Capital being their record largest commitment. These commitments are rapidly expanding SoFi’s Loan Platform Business and satisfying demand for personal loans. This development is a catalyst for growth because it allows SoFi to broaden its market for borrowers without overloading its balance sheet. We believe the increasing size of these commitments will follow a consistent upward trend and exponentially grow the SoFi member base.

SmartStart: SoFi has recently launched a new product for refinancing student loans called SmartStart. The product allows people to put money they would otherwise use on student loan payments into starting important life needs, like finding jobs or homes. We believe this development is key to long-term SoFi growth because it is a move that primarily targets a young demographic that continues to face more student loan pressure. Building a young member base is integral for SoFi to gain more lifetime value (LTV) from its members.

Brand Deals: SoFi completed a successful inaugural season for their virtual golf league, TGL, exceeding ESPN expectations with 502,400 viewers per match, and has announced a new partnership with the Country Music Association’s CMA Fest. These developments continue to build the SoFi brand through the entertainment industry, aligning with their past acquisition of naming rights to the SoFi stadium and their partnership with the NBA. SoFi’s innovative brand building will invite beneficial brand recognition and value, especially among younger demographics.

Crypto Launch: SoFi has announced a future launch of crypto investing and global remittances as new additions to its digital suite of financial services, coming in the latter half of 2025. SoFi wishes to capitalize on a growing market for crypto trading, aiming to integrate crypto and blockchain innovations into all its business capabilities. SoFi announced that crypto investing and global remittances are the first of many planned crypto and blockchain innovations, signaling a commitment to expanding this segment of its business.

Valuation: We initiate coverage with a \$19 PT.



Consortium Research Group
FIG | Fintech
July 2, 2025

Stock Rating: Equal Weight

Price Target: \$19.00

Price: \$18.00

Potential Upside/Downside: 3.0%

Ticker: \$SOFI

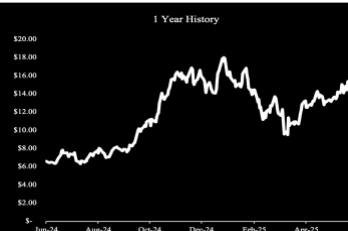


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Company Overview

Company Description: Founded in 2011, SoFi is a personal finance company with three main segments in lending, financial services, and technology. They also hold a national banking charter. SoFi's main mission is to assist members in achieving financial independence and realizing personal objectives. SoFi prioritizes speed, selection, content, and convenience in its digital platform to provide members with ways to borrow, save, spend, invest, and protect their money. This is done through a suite of personal financial products, management tools, and benefits.

Productivity Loop: SoFi has built and developed a suite of financial products and services that include Personal Loans, Student Loans, Home Loan, SoFi Money, SoFi Invest, SoFi Relay, SoFi Credit Card, SoFi Protect, SoFi Relay, SoFi At Work, and SoFi's Loan Platform Business. These services flow in a productivity loop, which is a key strategy for SoFi to retain members. The productivity loop becomes a one-stop shop for client/member financial needs, incentivizing them to use additional SoFi products. SoFi is continuing to innovate its productivity loop by adding products like Pay in 4 (a buy now, pay later product), options trading, and fee-based subscriptions for SoFi Plus.

Further Detail on SoFi Loan Commitments: SoFi's \$8 billion in new commitments with Blue Owl, Fortress, and Edge Focus have accelerated company growth. The significant expansion of SoFi's Loan Platform Business played an important role in SoFi doubling its revenue in Financial Services. Due to these commitments, SoFi originated \$1.6 billion in loans on behalf of third parties in Q1 and originated a record \$7.2 billion in total loans for Q1. These commitments signify a rising demand for SoFi's personal loans as well as a shift towards a less capital-intensive business model.

Industry Overview

Banking as a Service: The trend of Banking-as-a-Service (BaaS) has erupted, where banks are now providing their infrastructure to third-party companies. BaaS has enabled Fintech startups, Neobanks, and even non-financial companies to provide essential services and financial products to their customers. The market for BaaS has surged in growth with a CAGR of 17.7%. This trend is likely to continue with increasing demand for digital banking, growing integration of embedded finance, and global expansion of BaaS.

AI Integration: AI integration has impacted nearly every industry, especially those with a heavy reliance on digital interfaces. Fintech is utilizing AI as an essential tool to boost efficiency and accuracy throughout its financial services. AI has been implemented within credit scoring, fraud detection, advising, and algorithmic trading. AI use allows these services to make better predictions and complete tasks more efficiently. Fintech will likely continue rapidly integrating AI, with global artificial intelligence in the fintech market projected to grow at a CAGR of 16.5%.

Buy Now Pay Later: Buy Now, Pay Later (BNPL) services have emerged in which consumers are allowed to pay for goods in installments spread out over a set period, oftentimes within weeks or months. These short-term loans are usually interest-free and are used for expensive purchases, like luxury items. Several BNPL apps have emerged, as well as apps that are now integrating BNPL features. BNPL has taken off due to rising consumer demand for flexible payment options and credit card alternatives, with the global BNPL market projecting a CAGR of 25.3%.

Peer Comparisons

Comparable Companies						
Ticker	Mkt Cap	EV	P/E LTM	Revenue LTM	EBITDA LTM	
PYPL	\$71,060,000,000	\$71,270,000,000	16.4x	\$31,889,000,000	\$7,134,000,000	
AFRM	\$21,370,000,000	\$26,600,000,000	75.2x	\$3,000,000,000	\$587,066,872	
HOOD	\$73,020,000,000	\$70,870,000,000	47.8x	\$3,260,000,000	\$1,348,000,000	
V	\$674,470,000,000	\$676,040,000,000	34.7x	\$37,621,000,000	\$25,836,000,000	
SOFI	\$17,770,000,000	\$16,580,000,000	37.4x	\$2,798,300,000	\$783,000,000	

Ticker	LTM EV/EBITDA	Gross Margin	EBITDA Margin	EBIT Margin	1 Yr Rev Growth Rate LF	
PYPL	10.0x	46.7%	22.4%	19.2%	0.3%	
AFRM	45.3x	67.5%	19.6%	12.0%	32.2%	
HOOD	52.6x	84.0%	41.3%	38.9%	10.5%	
V	26.2x	80.1%	68.7%	65.7%	4.7%	
SOFI	21.2x	72.6%	9.6%	3.9%	7.1%	

High	52.57x	84.0%	68.7%	65.7%	32.2%	
75th Percentile	45.31x	80.1%	41.3%	38.9%	10.5%	
Average	31.04x	70.2%	32.3%	27.9%	11.0%	
Median	26.17x	72.6%	22.4%	19.2%	7.1%	
25th Percentile	21.17x	67.5%	19.6%	12.0%	4.7%	
Low	9.99x	46.7%	9.6%	3.9%	0.3%	

General Dynamics Valuation		
Implied Enterprise Value (25th Percentile)	\$	16,580,000,000
Implied Enterprise Value (Median)	\$	20,488,439,387
Implied Enterprise Value (75th Percentile)	\$	35,477,730,040

Implied Share Price (25th Percentile)	\$	14.00
Implied Share Price (Median)	\$	17.54
Implied Share Price (75th Percentile)	\$	31.10

Source: Yahoo Finance

Investment Theses

Ecosystem Stickiness: SoFi holds a significant competitive advantage due to its vertically integrated ecosystem. SoFi's broad range of financial services attracts a wide customer base and retains them through gateways between each service. The financial service loop of SoFi products creates a sticky ecosystem that reduces member likelihood of switching over to a competitor. SoFi's member retention is further amplified by its recent launch of paid SoFi Plus member subscriptions.

SoFi is already showing positive signs of a growing ecosystem, with a 34% increase this quarter in new members and a 35% increase this year in new products. With SoFi Plus subscriptions, over 30% of existing members adopted a new product, over 75% of new members adopted at least a second product, and over 40% of new members adopted at least a third product within 30 days of enrollment. SoFi's innovations are actively bringing in new members into its ecosystem and increasing the number of products used per member. This will be the main catalyst behind SoFi's growth.

Strategic Marketing: SoFi has adopted a cohesive and effective marketing strategy, reaching its target demographic through entertainment-based advertising. SoFi already holds naming rights to the SoFi Stadium and a partnership with the National Basketball Association (NBA). This quarter, SoFi launched a successful season of Tomorrow's Golf League (TGL) and became a sponsor of the 2025 CMA Fest. SoFi's increasing brand presence in the entertainment industry is integral to attracting its audience of digitally native young adults. By building a modern and culturally fluent brand identity, SoFi will be able to outperform its competitors with more effective member outreach.

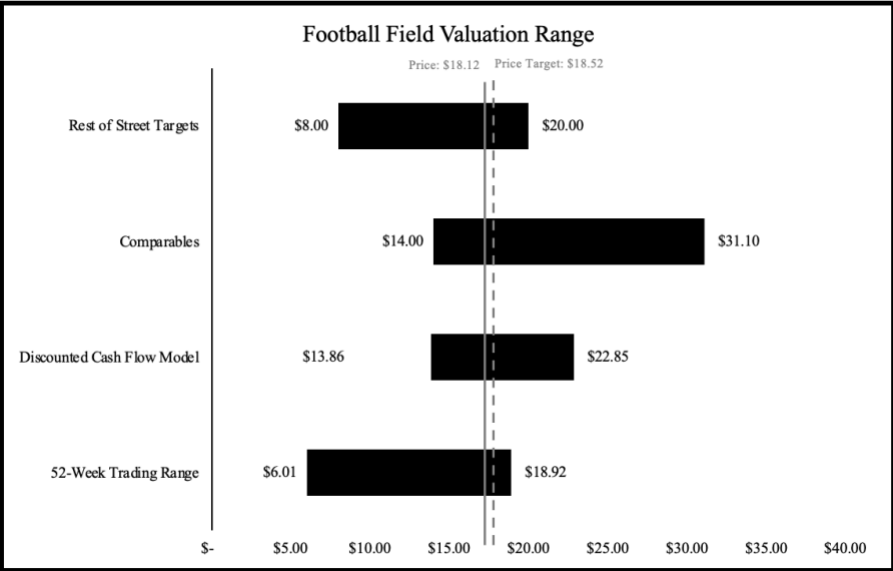
This company is committed to building SoFi into a trusted household name, with strong unaided brand awareness, continued through the quarter at 7%. We believe SoFi's unique marketing strategy will continue to rapidly aid its growth and provide it a significant spotlight within its target demographic.

Big Beautiful Thesis: Congress is on the verge of passing the Big Beautiful Bill, a piece of legislation that will have significant impacts on SoFi's business. Most notably, the Big Beautiful Bill seeks to change the way students receive federal aid, heavily limiting borrowing. By reducing federal aid for student loans, we believe that this will increase demand for private lenders. SoFi, a market leader in private student loans, is sure to benefit from this legislation.

An increase in demand for student loans would not only draw in clients within SoFi's target demographic of young borrowers, but the company's productivity loop would retain those members and incentivize them to cross-buy more products. This development is sure to accelerate revenue and expand SoFi's margins.

Price Target & Valuation

Our analysis gives (\$SOFI) a price target of \$19.00 and an equal rating.



Potential Downsides to Our Rating

Interest Rate Risks: SoFi’s business is reliant on interest rates, making fluctuations and uncertainties in the market a prominent risk to our rating. Higher rates would hurt returns on residual interests in securitization trusts and would decrease demand for SoFi’s lending products, such as their home loans and student loans. It would also impede their ability to maintain competitive APY on deposits.

Regulatory Risks: The legal landscape could also be a potential downside to our rating if future legislation restricts growth for SoFi. Changes in policy could result in investigations, exams, inquiries, or impairment of licenses. New regulations may reduce SoFi’s ability to protect its property rights, mitigate risk exposure, and innovate the company. Due to SoFi’s comprehensive financial services, they are exposed to several regulatory downside risks across many agencies.

Credit Risks: Market fluctuations can also harm our rating through credit-related risks. This could lead to inaccuracies in credit and pricing decisions and forecasted credit losses. Other credit risks include the discharge of qualified student loans in bankruptcy, the failure of third-party service providers to originate or service loans, and the failure of clients to pay for their services.

Our Price Target: \$19.00

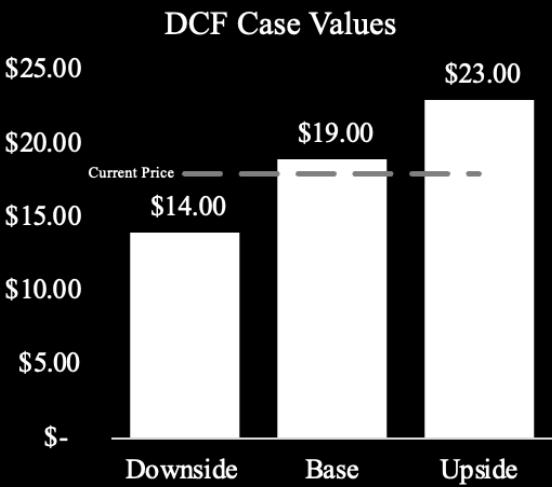
Our price target assumes that the company can sustain growth in line with long-term economic expansion and DD revenue growth, with margins improving over the period. These trends are based upon the assumption that SOFI will shift towards a less capital-intensive business model and continue growing a strong client base.

Our Upside Case: \$23.00

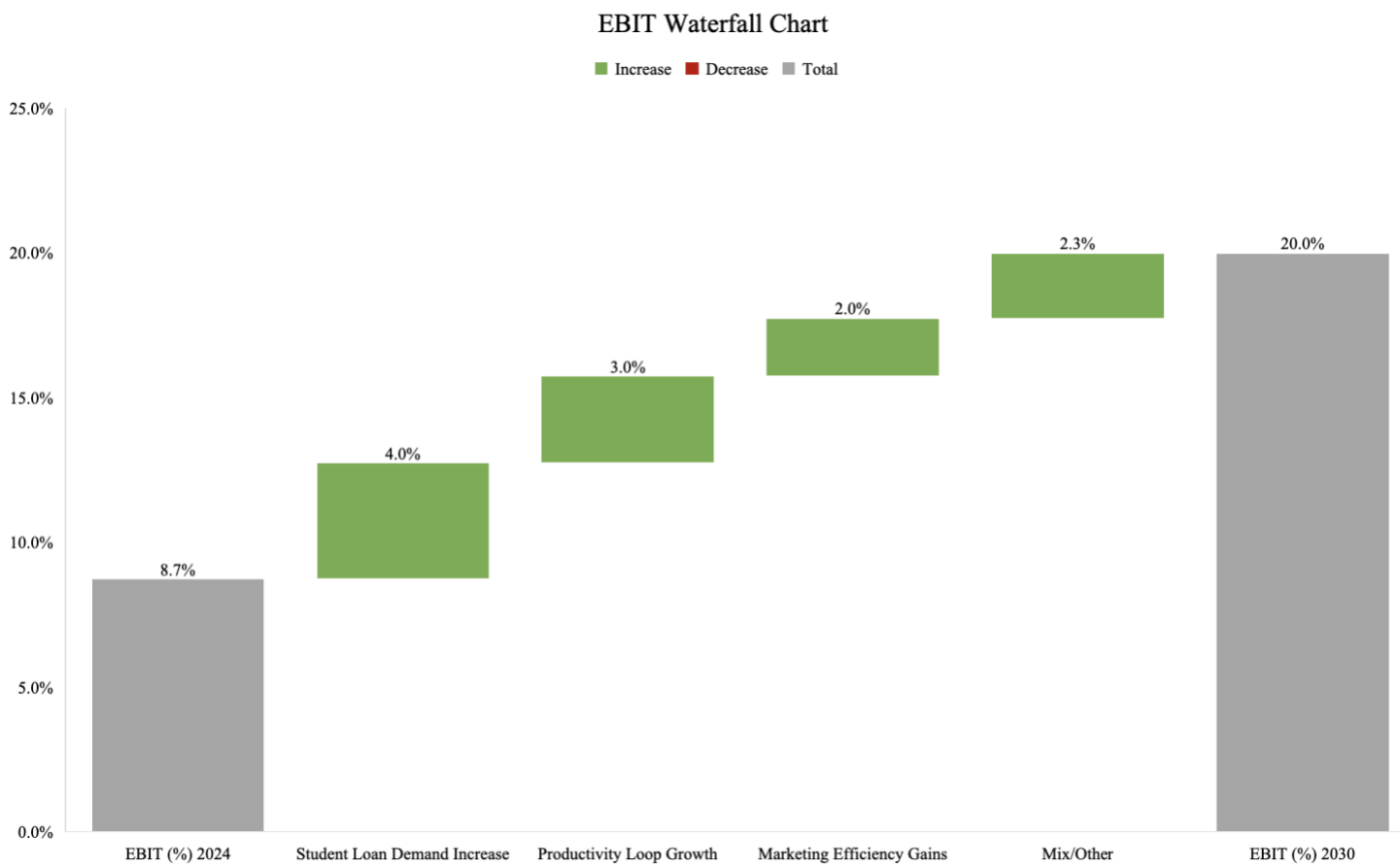
Our upside case assumes higher revenue growth and expansion from faster-than-expected membership growth and favorable macroeconomic circumstances. Interest rate cuts would stimulate borrowing demand, expanding margins, and breakout success of a new product would accelerate membership growth.

Our Downside Case: \$14.00

Our downside case assumes slower growth due to economic slowdowns. This could be through higher interest rates, rising unemployment, or recessions that would reduce incentive for borrowing, thus hurting margins. Downsides could also stem from higher-than-expected defaults or slower than expected membership growth.



EBIT Waterfall



Student Loan Demand Increase: A predicted rise in student loan demand will act as a significant tailwind for SoFi’s margins. Student loan demand increases will attract more demand for SoFi’s student loan refinancing services, boosting SoFi’s revenues. Increased demand also provides SoFi with more pricing power and borrower selectivity, reducing risk and improving net interest margins. We assume future rises in student loan demand will account for a 4% increase in EBIT margins by 2030.

Productivity Loop Growth: A predicted rise in productivity loop growth, the implementation of more successful and innovative products within the SoFi ecosystem, will also act as another significant tailwind in SoFi’s margins. Improvements and additions to SoFi’s signature productivity loop will result in more clients cross-buying products. Increased cross-buying allows SoFi to extract more revenue per user, receive better data, and retain members. We assume future rises in productivity loop growth will account for a 3% increase in EBIT margins by 2030.

Marketing Efficiency Gains: A predicted rise in marketing efficiency will provide an additional tailwind to SoFi’s margins. SoFi’s large investment in national branding has set itself to receive members from direct, organic channels. SoFi’s internal data engine will continue to provide more precise market targeting and segmentation, optimizing marketing spending towards high LTV users. We assume future rises in marketing efficiency will account for a 2% increase in EBIT margins by 2030.

Projections

Income Statement (\$mm)	2024A	2025E	2026E	2027E	2028E	CAGR%
Revenue	2,675	3,200	3,788	4,417	5,077	23.8%
EBITDA	428	800	966	1,176	1,409	48.8%
EBIT	234	600	701	834	977	61.1%
NOPAT	(433)	(451)	(298)	(54)	(31)	-58.3%
Margin & Growth Data	2024A	2025E	2026E	2027E	2028E	AVG%
EBITDA Margin	16.0%	25.0%	25.5%	26.6%	27.8%	24.2%
EBIT Margin	8.7%	18.8%	18.5%	18.9%	19.3%	16.8%
Revenue Growth	26.0%	19.6%	18.4%	16.6%	14.9%	19.1%
EBIT Growth	-534.9%	156.5%	16.8%	19.0%	17.2%	-65.1%
Valuation Metrics	2024A	2025E	2026E	2027E	2028E	AVG%
P/FCF	14.3x	24.1x	20.4x	18.1x	16.3x	18.6x
EV/Sales	9.1x	7.6x	6.4x	5.5x	4.8x	6.7x
EV/EBITDA	56.6x	30.3x	25.1x	20.6x	17.2x	30.0x
FCF Yield	7.0%	4.2%	4.9%	5.5%	6.1%	5.5%

About \$SOFI

SoFi, founded in 2011, operates as a personal finance company that provides a suite of financial products and services. SoFi's key segments are lending, financial services, and technology. SoFi is unique due to its integrated ecosystem of products, which creates SoFi's key productivity loop. SoFi's main mission is to assist members in achieving financial independence and realizing personal objectives.

Disclosures & Ratings

Consortium Equity Research does not hold any professional relationships with any reported equities.

Overweight means the analyst team believes the stock price will outperform the coverage industry benchmark (TMT, Healthcare, Industrial, Consumer, FIG, Energy & Sustainability) in the next 6-12 months. **Equal Weight** means the team expects performance in line with the industry benchmark. **Underweight** means the team expects underperformance relative to the industry benchmark.

Appendix

DCF Analysis (\$mm)											
	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
	12/31/20	12/31/21	12/31/22	12/31/23	12/31/24	12/31/25	12/31/26	12/31/27	12/30/28	12/30/29	12/31/30
Stub						0.52	1.52	2.52	3.52	4.52	5.52
Discount Period						0.24	0.98	1.98	2.98	3.98	4.98
Revenue	566	985	1,574	2,123	2,675	3,200	3,788	4,417	5,077	5,756	6,444
Revenue Growth	0%	74%	60%	35%	26%	20%	18%	17%	15%	13%	12%
Net Interest Income	178	252	584	1,262	1,716	2,000	2,300	2,588	2,846	3,060	3,213
Loan Servicing Revenue	371	483	565	372	256	300	345	392	441	491	540
Other Revenue	16	250	424	489	703	900	1,143	1,437	1,789	2,206	2,691
EBIT	(329)	(454)	(299)	(54)	234	600	701	834	977	1,130	1,289
EBIT Margin	-58%	-46%	-19%	-3%	9%	19%	19%	19%	19%	20%	20%
Tax Expense	105	(3)	(2)	0	265	170	175	208	244	282	322
Effective Tax Rate	-32%	1%	1%	-1%	113%	28%	25%	25%	25%	25%	25%
NOPAT	(433.00)	(451.04)	(297.71)	(54.20)	(31.34)	430.00	525.59	625.32	733.02	847.27	966.56
D&A	70	102	151	201	194	200	265	342	432	532	644
Capex	25	52	93	111	154	170	227	298	381	475	580
Changes in NWC	(397)	(1,345)	(7,496)	(7,633)	(1,613)	(500)	(568)	(607)	(635)	(648)	(644)
UFCF	10	944	7,256	7,669	1,621	960	1,132	1,277	1,418	1,552	1,675
PV of FCF						939	1,033	1,061	1,074	1,070	1,052

Weighted Average Cost of Capital (\$mm)	
Market Risk Premium	4.33%
Beta	1.92
Risk Free Rate	4.39%
Cost of Equity	8.59%
Weighted Average Cost of Debt	5.00%
Tax Rate	25.00%
Cost of Debt	1.21%
Total Equity	\$22,350
Total Debt	\$1,103
Equity/Total Capitalization	67.68%
Debt/Total Capitalization	32.32%
WACC	9.80%

Terminal Value	
Perpetuity Growth Method	
2034 FCF	\$1,675
Growth	3.00%
Terminal Value	\$24,602
PV of Terminal Value	\$15,442
PV of Projection Period	\$6,228
PV of Terminal Value	\$15,442
Implied TEV	\$21,670
(-) Debt	\$3,189
(+) Cash	\$2,086
Implied Equity Value	\$20,567
Basic Shares Outstanding	1105
Implied Share Price	\$18.61
Upside/Downside	-11.04%

Implied Exit BF EV/EBIT	16.8x
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Terminal Value	
Exit Multiple Method	
2034 EBIT	\$1,289
EV/EBIT Exit Multiple	66.6x
Terminal Value	\$85,830
PV of Terminal Value	\$53,874
PV of Projection Period	\$6,228
PV of Terminal Value	\$53,874
Implied TEV	\$60,102
(-) Debt	\$3,189
(+) Cash	\$2,086
Implied Equity Value	\$58,999
Diluted Shares Outstanding	1,105
Implied Share Price	\$53.37
Upside/Downside	155.2%

Implied PGR	6.5%
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Blended Share Price	
Perpetuity Growth Method	100%
Exit Multiple Method	0%
Blended Share Price	\$18.61
Upside/Downside	0.54%