UNC Mergers & Acquisitions Group

Sale of OppFi, Inc.

February 9th, 2025

Our Team

Presidents

David Bass
Founder & President

Aryan Shelke
Founder & President

Sector Head

Arav Menon
FIG Sector Head

Sector Team

Shannu Keesari
Analyst

Satvik Vadlamudi
Analyst

Executive Summary

OppFi

Terms		Description
Sale Target		OppFi, Inc.
Offer Price		$19.46 per share of common stock, implying an enterprise value and equity value of $1.9B and $1.7B, respectively
Potential Buyers	Strategic	Goldman Sachs, Capital One, SoFi, Wells Fargo, PNC
	Financial	Bain Capital, EQT, Francisco Partners, Thoma Bravo
Select Buyers		Goldman Sachs, Francisco Partners

OppFi, Inc. Overview

$ in millions, except per share figures

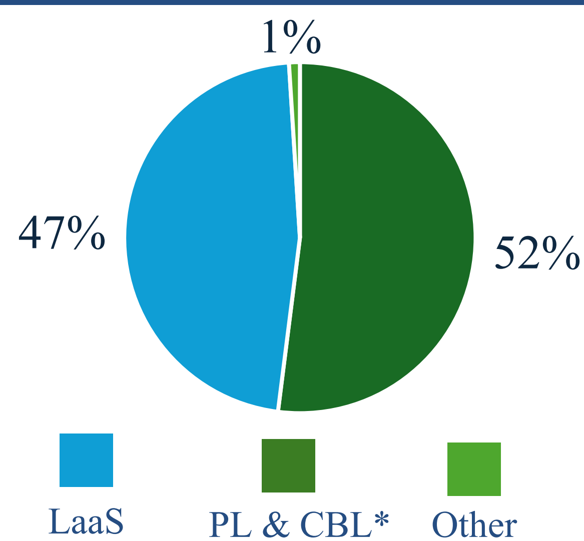
Summary

Description:	>	Financial technology platform that provides credit solutions and broadens credit access to underbanked consumers and small businesses, generally focusing on the subprime market.
Business:	>	Technology-driven consumer lending
Headquarters:	>	Chicago, IL
Key Verticals:	>	Consumer lending, Credit building solutions, Digital financial services, LaaS
Customers:	>	~ 1.5 M Total (300K active borrowers)
Geographies:	>	USA (100%)
Main Products:	>	**Personal Loan (PL):** Small dollar, unsecured loans from subprime borrowers
	>	**Credit Building Loan (CBL):** Loans that help customers improve credit scores by reporting payment to credit bureaus
	>	**Lending-as-a-service (LaaS):** Enables banks to offer digital loans using OppFi's underwriting services

Market Capitalization

	2/7/2025	Offer Price
Stock Price	**$16.94**	**$19.46**
% of 52-week high	*95.5%*	*109.8%*
% o 52-week low	*720.9%*	*828.1%*
Total Shares Outstanding	86.3	86.3
Equity Value	**$1,462**	**$1,679**
Plus: Debt	339	339
Less: Cash	(74)	(74)
Enterprise Value	**$1,727**	**$1,944**

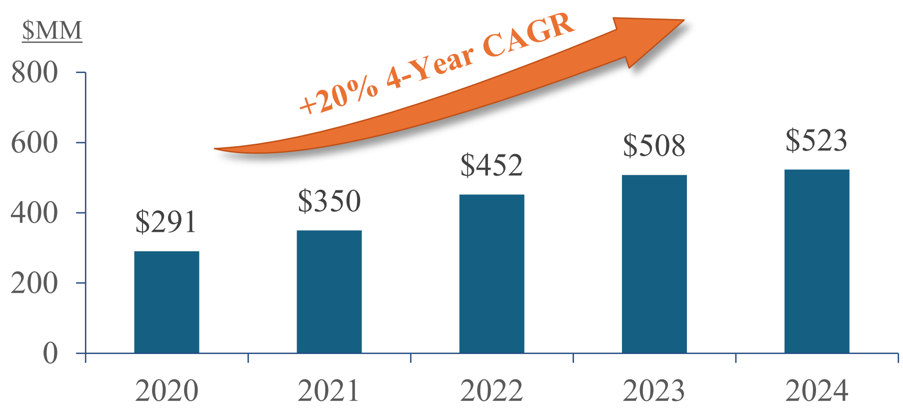
Product Mix



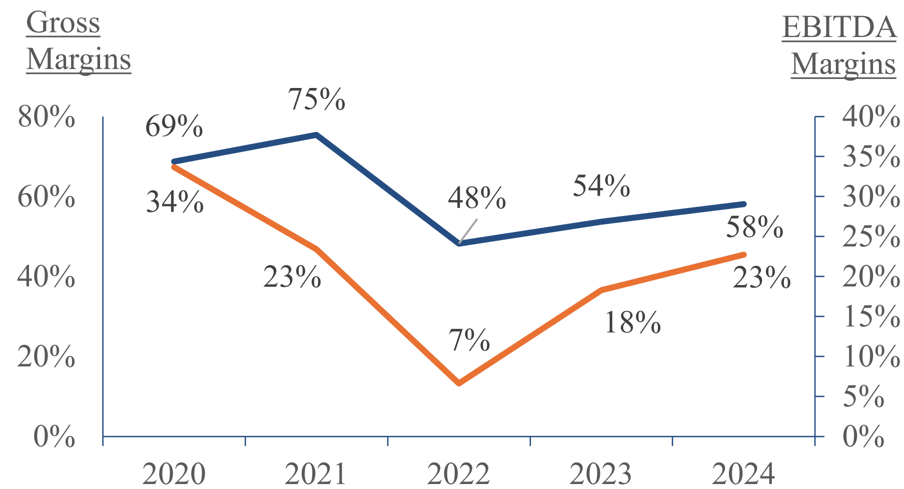
* OppFi does not differentiate PL & CBL revenue, and this chart is projected based of data from 2022

Historical Financials

Revenue



Margins



Stock Price and Volume

Industry Analysis

OppFi

>$28.0B*
Subprime lending TAM

27.4 %
Fintech Lending CAGR

~$438B
Global Fintech Lending Market

Bank's Subprime Lending Model	Fintech Subprime Lending Model
Limited market due to high credit score requirements	Utilizes alternative credit data to provide access to unrecognized consumers
High operational costs due to the physical branches necessary for lending	Online low-operational cost platforms that are highly accessible
Slow confirmation rate due to manual review steps, especially for risky loans	Fully automated approval process that uses AI-driven models

Key Players

SoFi
J.P.Morgan
Dave
Paysafe:

Direct Competitors

Upstart
sezzle
PRIORITY

* Conservative estimation that is subject to large growth

Potential Strategic Buyers

Company/Product	Market Cap	Description
Goldman Sachs	$203.2B	• Global financial leader in banking, asset management, and securities, which serves corporations, governments, and institutions
Capital One	$76B	• Global financial institution specializing in banking, credit and financial services, serving consumers, businesses, and institutions with expertise
PNC	$78.9B	• Leading financial institution offering banking, lending, and investment strategies
Wells Fargo	$261.9B	• Established financial leader providing banking, lending, and asset management, known for nationwide reach
SoFi	$16.2B	• Innovative financial platform specializing in banking, lending, and investing- known for tech driven approach

Rationale

1. **Enhance digital transaction processing, supply chain financing and embedded financial solution**
2. **Leverage banking and credit capital to expand into subprime market**
3. **Enhance digital banking, lending, and payment processing to strengthen fintech driven solutions**

Potential Financial Buyers

Sponsor	Precedent Investments	Recent Funds	Vintage	AUM
THOMABRAVO	• Tech-Based Financial Solutions • **Adenza**: Risk Management and Operational Help • **BlueMatrix**: Investment Research • **Bottomline:** Automate and Streamline Financial Processes for Institutions	Fund XV	2022	$24.3B
		Discover Fund IV	2022	$6.2B
FP FRANCISCO PARTNERS	• Credit and Financial Management based Platforms • **Betterment**: Cloud-based Wealth Management Platform • **NextCapital:** Digital Financial Advice and Wealth Planning • **Prosper**: Online Peer-to-Peer lending Marketplace	Fund VII	2024	$13.5B
		Agility III	2020	$3B
EQT	• Consumer-Based Financial Platforms • **Cleo:** AI-Powered Financial Assistant for the Next Generation • **Mollie:** Helps with payments between businesses and consumers	Private Equity Fund VIII	2022	$11.2B
		Mid-Market Growth Fund	2024	$1.6B
BainCapital	• Consumer-Based Financial Platforms • **360 ONE:** Integrated Asset and Wealth Management Platform	Bain Capital Fund XV	2024	$24B
		Bain Capital Fund XVI	2024	$15B

Select Buyers

Goldman Sachs | FRANCISCO PARTNERS

Rationale

Revenue Synergies

Consumer Base Expansion	Target largely untapped subprime lending consumer market and cross-sell additional products
Integrated Financial Platforms	Utilize OppFi's AI underwriting technology to speed up current consumer lending

Fund Compatibility

Sector Expertise	Ample precedent investments in fintech, specifically ownership of Paysafe
Fund Scope and Size	**Fund VII and Agility III** have $13.5B and $3B to invest in finance and fintech companies

Cost Synergies

Shared Cloud and Security Infrastructure	Reduce IT overhead and eliminate redundant infrastructure costs
Reduced Customer Acquisition Costs	Scale back customer acquisition spending for prime consumer lending

Value Creation Opportunities

Add-Ons	Integrate OppFi's consumer installment loans with Paysafe's payment solutions
Sales Acceleration	Expands customer access into merchants and consumers while reducing operational costs

Financing

- **68% stock, 32% cash, 0% debt**

Goldman is currently trading at higher multiples than its peers

Interest rates remain elevated, especially considering future inflation

- **4.5x Debt-to-EBITDA**

OppFi has slightly volatile yet quickly growing cash flows

Due to OppFi's interest rate sensitivity higher leverage is not preferred

Sale of Securitization & Capital Markets Monetization

Goldman Sachs

OppFi

Proposal	Rationale
1. Purchase/take* OppFi's loans and give them to Goldman's SPG* for restructuring	1. OppFi's fund acquisition is expensive and raising additional capital could be cheaper
2. Goldman Sachs will structure these pools of loans as tradable securities (ABS)	2. Charge fees for structuring, bringing in revenue to Goldman's SPG and capital markets division
3. Goldman Sachs will market and sell these pooled loan securities to investment firms (etc.)	3. Cash raised from selling these securities can be used to originate and fund OppFi's loans

Key Considerations

- Dodd-Frank Act and Volcker Rule
- Once cash flows into retained earnings it will allow lower fund acquisition costs due to higher reserves
- It is necessary to create a Special Purpose Vehicle to hold purchased loans before structuring them

*
1. Depends on credit facilitator contracts
2. Securitized Products Group

Public Market Comparables

Company	Market Cap.	TEV	EV / Revenues NTM	EV / Revenues LTM	EV / EBITDA NTM	EV / EBITDA LTM	EV / EBIT NTM	EV / EBIT LTM
Blue Group Holdings AG (NYSE:GB)	$ 1,290	$ 1,830	3.3x	3.9x	7.8x	9.3x	10.3x	12.4x
Dave, Inc. (NASDAQ:DAVE)	1,310	1,310	3.2x	4.1x	17.2x	22.2x	19.6x	25.2x
Priority Technology Holdings, Inc. (NASDAQ:PRTH)	865	1,730	1.8x	2.0x	9.2x	10.1x	14.0x	15.3x
Paysafe, Ltd. (NYSE:PSFE)	1,410	3,640	2.1x	2.1x	8.4x	8.7x	24.4x	25.1x
Average			**2.6x**	**3.1x**	**10.6x**	**12.6x**	**17.1x**	**19.5x**
Median			**2.6x**	**3.0x**	**8.8x**	**9.7x**	**16.8x**	**20.2x**

Discounted Cash Flow Analysis

	Fiscal Year Ending Deceber 31					Terminal
	Q4 2024E	2025E	2026E	2027E	2028E	Year
Revenue	$ 21	$ 631	$ 763	$ 920	$ 1,104	$ 1,319
EBITDA	**$ 3**	**$ 101**	**$ 145**	**$ 178**	**$ 219**	**$ 269**
% Margin	*15.9%*	*16.0%*	*19.0%*	*19.3%*	*19.9%*	*20.4%*
EBIT	$ 3	$ 91	$ 133	$ 163	$ 201	$ 248
Less: Tax	(1)	(19)	(28)	(34)	(42)	(52)
Plus: D&A	0	10	12	15	18	21
Less: Capex	(1)	(16)	(19)	(23)	(28)	(33)
Less: Increase in WC	(3)	(7)	(8)	(10)	(12)	(15)
Unlevered FCF	**$ (1)**	**$ 59**	**$ 90**	**$ 110**	**$ 137**	**$ 170**
Terminal Value						**2,457**
Discount Factor	1.00	0.91	0.82	0.75	0.68	0.62
PV of UFCF	**$ (1)**	**$ 54**	**$ 74**	**$ 83**	**$ 93**	
PV of TV						**$ 1,518**

Exit Multiple Method	
WACC	10.11%
Terminal EBITDA	$ 269
Terminal Multiple	10.6x
Terminal Value	**$ 2,852**
Implied perpetuity growth rate	*3.93%*
PV of UFCF	$ 302
PV of TV	1,762
Implied Enterprise Value	**$ 2,065**

Perpetual Growth Rate Method	
Terminal Value	**$ 2,457**
PV of UFCF	302
PV of TV	1,518
Implied Enterprise Value	**$ 1,820**

Implied Price Per Share

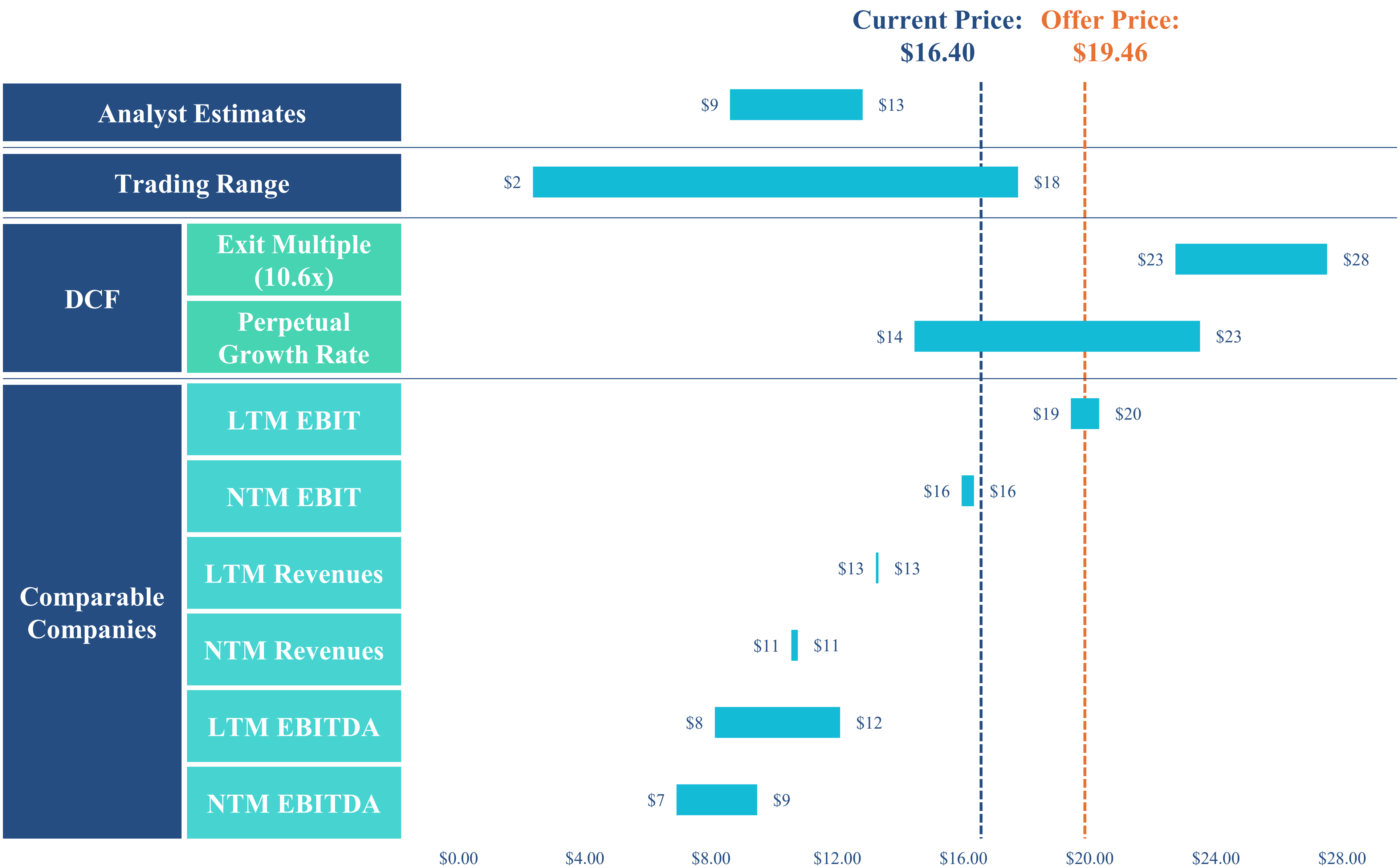
	Perpetual Growth Rate				
WACC	2.0%	2.5%	3.0%	3.5%	4.0%
9.6%	$ 17.12	$ 18.37	$ 19.82	$ 21.51	$ 23.49
10.1%	$ 15.70	$ 16.78	**$ 18.01**	$ 19.44	$ 21.09
10.6%	$ 14.44	$ 15.38	$ 16.45	$ 17.66	$ 19.06

Implied Price Per Share

	Terminal EBITDA Multiple				
WACC	6.6x	8.6x	10.6x	12.6x	14.6x
9.6%	$ 19.63	$ 23.57	$ 27.51	$ 31.45	$ 35.39
10.1%	$ 19.29	$ 23.14	**$ 26.99**	$ 30.85	$ 34.70
10.6%	$ 18.96	$ 22.73	$ 26.49	$ 30.26	$ 34.03

*Excluded interest income/costs are discretionary

Valuation Summary



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