

Figure Technology Solutions (\$44.62, FIGR)

- Figure has found a real-world use for blockchain, proving it can reduce cost and time in HELOC origination by 90% (current 3% market share).
- FIGR will expand into other illiquid markets, providing standardisation, transparency, 'truth', and enabling liquidity in what have historically been less liquid markets.
- We believe Figure is highly disruptive. If tokenisation of real-world assets is a theme for the next decade, FIGR could be at the centre of it.
- Figure is in the early stages, yet has ~30% Op margins and incremental margins of 80% plus.

October 16, 2025

Potential Upside: \$115 (+150%)
Sensible Downside: \$30 (-35%)

WHAT DOES FIGURE DO?

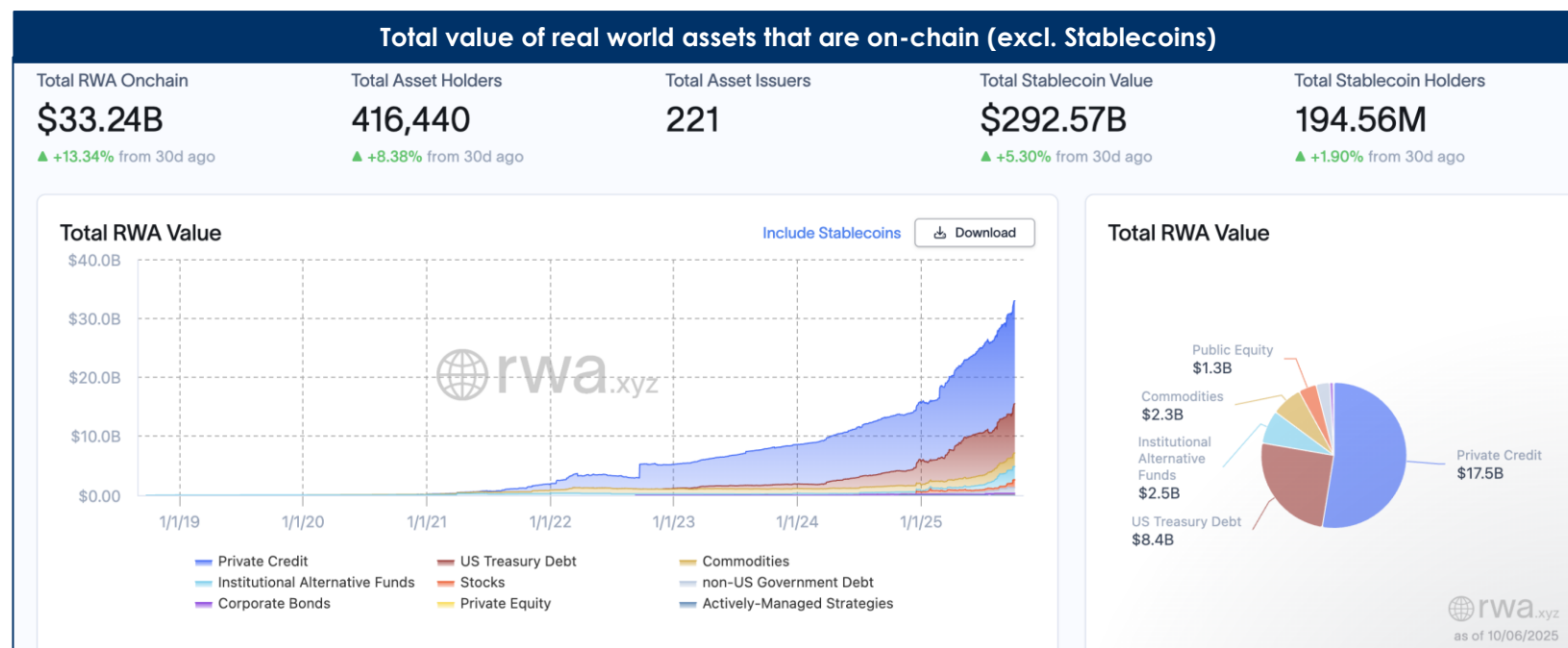


- Figure Technology Solutions is a fintech company founded in 2018. **The company specialises in blockchain-based solutions to modernise consumer lending and financial markets**, with a primary focus on HELOCs.
 - **FIGR is essentially a company trying to drag the financial world, specifically the parts that deal with lending money and trading assets, into the future using blockchain technology.**
 - Think of it this way: financial systems right now often rely on paperwork, manual steps, and many different companies needing to trust each other. Figure believes that blockchain's main "superpower" is replacing this complicated system of "trust" with verifiable "truth."
- **By leveraging its proprietary Provenance Blockchain, Figure streamlines loan origination, funding, servicing, and securitisation processes, reducing timelines from > 40 days to as little as 5 days, while enhancing transparency, security, and efficiency by minimizing intermediaries.**
- **Key offerings :**
 - **Consumer Lending Platform:** Blockchain-enabled HELOCs. Since inception, Figure has originated ~ \$17 billion in home equity loans.
 - **Marketplace Solutions:** Trading, and investing in financial assets, including tokenization of securities to promote liquidity.
 - **AI Integration:** Uses AI to evaluate loan applications more accurately and quickly.
 - Figure also owns a digital asset exchange for trading blockchain-native assets like cryptocurrencies, expanding into broader financial services.
- Figure's vision centres on applying blockchain to "real-world" financial problems, such as inefficient credit markets. **It positions itself as an asset-light, scalable platform serving the consumer finance sector.**
 - Figure is transitioning to a mostly fee based revenue model tied to its lending volume and blockchain infrastructure.
 - In the 6 months ending June 2025, Figure originated about \$3.5 billion in HELOCs.
 - In the first half of 2025, their revenue was \$201 million, and EBITDA was \$80m.

TOKENISATION: REAL WORLD ASSET MARKET



- **Many companies are going after real world assets (RWA) with blockchains**, traditional asset managers such as Blackrock, private equity, HOOD etc, the list is long as the potential prize is huge assuming traditional financial assets move to blockchains.
- **FIGR is currently the RWA leader: It has ~70% share of private credit market.**
 - So far the main RWA (excluding stablecoins) that has been tokenised is **debt**, which is **>75% of the RWA market**.
 - In the chart below, US treasury debt is from Blackrock, Franklin etc, offering tokenised funds that own US government debt.
 - **More interesting is the 53% of the market that is private credit** and growing rapidly. It is more interesting because tokenisation is taking a previously illiquid market and making it liquid.
 - NB: we have ignored stablecoins in RWA as they have different trends. (see [CRCL](#) report)

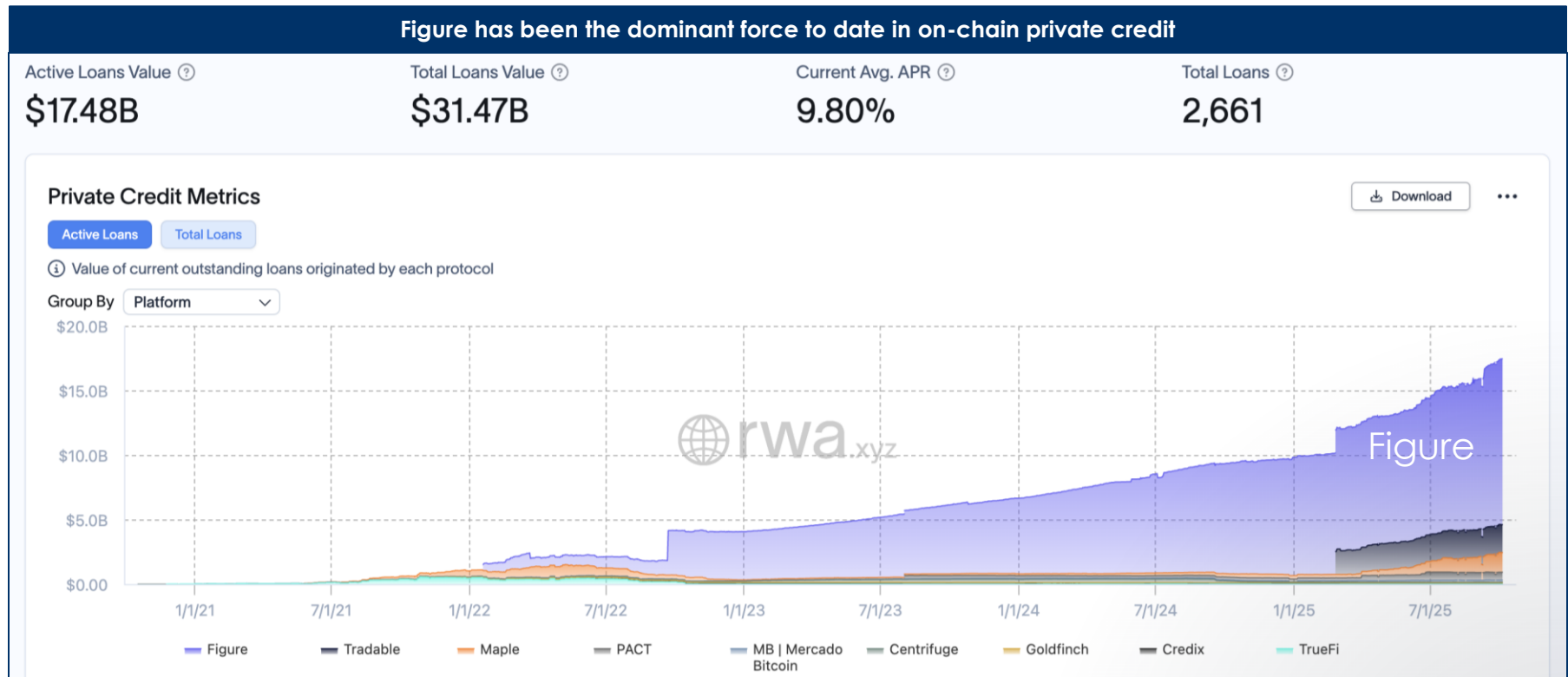


Source: <https://app.rwa.xyz/>

FIGURE SHARE OF PRIVATE CREDIT



- The below chart shows Figure as the dominant force in tokenised private credit.



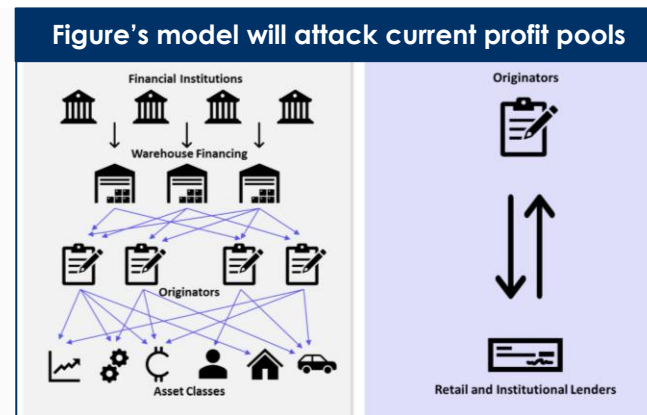
WHY FIGURE?



- **Figure (FIGR) is in the early stages of becoming a marketplace:** We believe Figure is highly disruptive and all financial institutions with significant profit pools should be aware of what it is doing.
 - We found this [interview with founder Mike Cagney](#) very helpful.
- **This is the crux:**
 - **FIGR's technology has an average production cost per HELOC loan of \$730**
 - **The mortgage industry's average loan production cost is \$11,000.**
 - How is this production cost difference possible? Massive automation, and a blockchain.
 - **The second part of the equation is FIGR provides a marketplace for selling pooled credit** in connection with this low cost, automated and blockchain-based origination engine.
 - Loan processes are standardised and tokenised, with a marketplace that provides a source of liquidity like FNM and FRE do to the conforming mortgage market.
- **I.e. The Figure platform has a production cost advantage for loan origination, and then gives its customers a venue to trade those assets (loans / pools of loans) originated on its platform and stored on the blockchain.**
 - How big will this become? No idea, it is too early to be sure, however the opportunity set is potentially enormous.
 - The trust element of the blockchain combined with the marketplace means that the **first mover advantage should be significant if the market can attract significant sellers and buyers.**
- **Tokenized real-world assets are "digital twins" of the real-world asset representations**, which are documented via traditional legal documents.
- The token itself has no additional rights or value other than those granted by the ownership of the real-world asset.
 - Transactions involving tokenized real-world assets are subject to the same law and the same dispute resolution mechanisms as the transactions involving traditionally represented real-world assets.
 - There is no situation in which a tokenized real-world asset holder and realworld asset holder would not receive the same rights and benefits.

WHAT IS FIGR AIMING FOR?

- **FIGR's vision is to create a one-stop, vertically integrated capital markets trading platform for consumer assets.**
- **First step:** transparent and homogeneous loan origination:
 - The Figure Loan Origination System (LOS) promotes standardised terms and documentation, replacing custom agreements that make private credit loans illiquid.
- **Step Two:** A marketplace, Figure Connect, to enable a growing pool of capital markets partners.



- Figure estimates its TAM at an **\$80 billion annual revenue opportunity!** Figure has based the \$80bn on:
 - Approximately **\$2 trillion of annual originations across consumer asset classes**, including HELOCs, mortgage refinance, personal, credit card, and auto,
 - According to the Federal Reserve, the United States currently has approximately \$35 trillion in outstanding home equity.
 - **An assumed take rate of approximately 4%** based on targeted pricing and historical take rate
- Revenue comprised of:
 - **Ecosystem and technology fees, origination fees**, gain on sale, and capitalized servicing rights on a per volume basis.
 - Obviously FIGR is not going to get the entire market, and that 4% take rate will likely not sustain, however there is no lack of ambition in which lending they are going after.

FIGURE WANTS TO BE THE FREDDIE/FANNIE FOR CREDIT

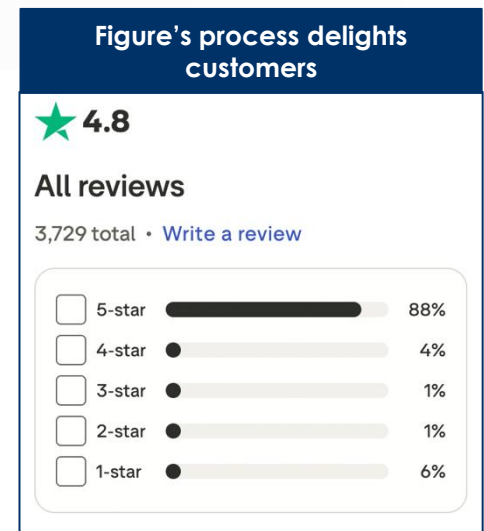


- While Figure is a private company and obviously not a GSE, its business model exhibits a strong structural parallel to the standardisation and liquidity functions traditionally performed by Fannie Mae and Freddie Mac.
- **Figure's goal is to bring the positives of the agency process (standardization and liquidity) into the non-agency world, providing originators access to this liquid marketplace where they can sell their loans directly to the capital markets.**
 - FNM and FRE are known for standardising the mortgage market, allowing loan originators to reliably sell forward their production.
 - Figure aims to offer its originators certainty and liquidity similar to what is offered in the GSE ecosystem.
- **Standardisation and Homogeneity**
 - **The liquidity provided by GSEs depends on the underlying assets being standardised and homogeneous.**
 - The conventional mortgage space is highly standardized, utilizing tools like Desktop Underwriter (DU) or Loan Prospector (LP), backed by a liquid, standardised capital market.
 - **Figure's technology ensures the assets originated by its partners are purely digital with no human subjectivity, leading to homogeneity across all these loans** (e.g., whether originated by Guaranteed Rate or Cross Country Mortgage).
 - By achieving this homogeneity, Figure is able to create the necessary conditions for a liquid market for private credit which previously traded in bespoke loan pools.
- **Figure has specifically created infrastructure to mimic the guarantor role of the GSEs:**
 - To further enhance market liquidity, Figure has partnered with Sixth Street Partners to form the **Guarantor Vehicle** (Fig SIX Mortgage LLC).
 - This guarantees the performance of the credit and supports a security marketplace for originators and security buyers.
 - This mechanism provides certainty to originators that they will have a buyer for their loans.

WINNING THE LOAN ORIGINATION GAME



- **To get more credit on-chain, which is key to having a thriving marketplace, Figure distributes its Loan Origination System (LOS) to partners who use it as the underlying tech for originating a HELOC.**
 - 80% of loans are originated via the Figure Loan Origination System (S-1)
 - **Why do partners want to use the FIGR LOS?**
 - FIGR's technology has an average production cost per HELOC loan of \$730, which makes it the best in the industry
 - **Customers are highly satisfied with the process.**
 - 168 active partners as of June 30, 2025
- **Partner-branded loans were 77% of total loan originations(1H 2025)**
 - FIGR is moving towards a capital light model, now it has seeded the market, hence FIGR HELOC loan origination volume is flat/declining.
 - Note: The Figure-branded channel will continue to be used to launch new asset classes via the LOS and prove demand etc.
- **The top 10 partners made up 57% and 52% of origination volume** for the six months ended June 30, 2025 and the year ended December 31, 2024, respectively.
 - Note: borrowers are required to draw at least \$15 thousand at origination in the Figure-branded channel and >\$25 thousand in the Partner-branded channel.
- **The LOS enables loan originators to onboard loans as digital assets, giving the originator access to selling a pool of those digital assets on the Figure Connect Marketplace.**



Source: Trustpilot

1. Loan Application:

- Borrowers submit loan applications through Figure's or Partner's digital platform (e.g., website / mobile app)
 - The LOS creates a digital loan packet containing borrower data and documents (e.g., title, credit reports, income verification).
 - The system records a representation of the loan packet on the Provenance Blockchain to ensure data integrity and immutability.
 - **The LOS uses blockchain modules to validate the completeness and accuracy of the digital loan packet.**
 - Documents are verified to meet predefined criteria for loan processing. (such as credit, income, and title data)
 - The system employs the Figure Loan Model to standardize loan data.
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- **Hashed representations of documents and transactions are recorded on the Provenance Blockchain, creating an auditable, tamper-proof record.**
 - A hash is the output of a one-way function that takes any input (like a PDF, Word file, or even a single sentence) and produces a fixed-length string of numbers/letters. **Crucially:**
 - **The same input = always the same hash.**
 - Even the tiniest change in the document = a completely different hash.
 - You can't reverse a hash to get back the original document.

2. Loan Funding:

- **Approved loans can be funded, with the LOS supporting stablecoin transactions for disbursement.**
 - Funding transactions are logged on the blockchain for transparency and auditability.
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- [Devloper source](#) docs

CAN WE BELIEVE THE \$730 LOAN PROCESSING COST?



- *FIGR's technology has an average production cost per HELOC loan of \$730*
- *The mortgage industry's average loan production cost is \$11,000.*
- **In short: Yes, we cannot find a reason to doubt it.**
- **The core reason Figure's origination is cheaper is due to the immutable nature of the blockchain ledger**, which enables transactional efficiency by replacing the need for trust with verifiable truth, cutting out intermediaries and manual audit processes.
 - The concept of "Bringing Trust" within the context of the provided sources is achieved by Figure's core mission to "displace trust with truth" using blockchain technology.
- **The crux of the LOS system is how automated it is vs highly manual traditional workflows.**
- **Digital process:**
 - The system functions with no underwriter or processor involved, i.e the process is entirely digital. The raw data is fed directly from the source into the blockchain.
 - **88% of the loans LOS facilitated were fully automated from the start of the application to the underwriting stage of the loan process. (1H 2025)**
 - Proof point: Figure is able to offer HELOC loan approval in as little as five minutes and funding in as few as five days (median of 10 days during the six months ended June 30, 2025).
 - Given how manual traditional loan processes are, this is a big deal.
- There are ~zero gas fees:
 - "We pay a minimal amount in the form of HASH for our use of the Provenance Blockchain. HASH is the utility token of the Provenance Blockchain and therefore gas fees (usage fees) are paid in HASH."
 - "A small amount of HASH is required to complete each transaction, and we pay these fees on behalf of all participants for any activity they complete with our assets. The average gas fee has been less than one HASH since 2018, which is equivalent to approximately \$0.026."

CAN WE BELIEVE THE \$730 CLAIM?

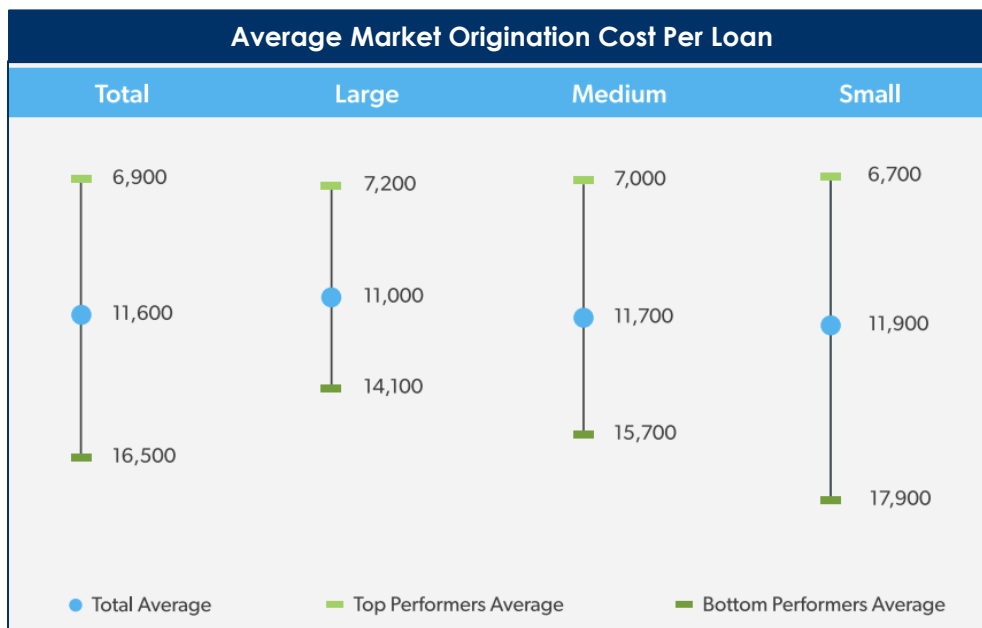


- Regarding 'massive cost savings' due to a fully digital process:
- **"FIGR third-party review expenses are also reduced by as much as 80% as compared to a sample of 2025 securitizations, which had 100% of their loan pool reviewed versus approximately 20% for Figure sponsored securitizations." S-1**
 - **Third-party reviews are conducted by independent companies after origination but before securitization.**
 - 3rd Parties evaluate loan and borrower information to confirm that the underwriting criteria from the group of loans meet what the issuer describes.
 - In most securitizations, all loans are reviewed prior to issuance:
 - Rating agencies typically require an audit of 100% of the underlying loans, costing \$500 per loan. For a typical \$250 million deal, this auditing alone costs about \$1.5 million.
- **Thus Figure has a structural advantage as the 'trust' portion of the process is immutable. (i.e. 100% trust)**
 - **Therefore a sample-based approach has been used in all FIGR sponsored securitizations in 2025**
 - Reviewing 20% of loans has a vastly different cost basis as it is a human doing the reviewing. Therefore we should assume an approx. **80% time saving and >80% cost saving.**
 - "This reduction lowers the typical expense from \$1.5 million down to approximately **\$90,000** for a securitisation deal." Michael Cagney comment
 - \$90k (if true) would be a 94% cost saving.
 - **"Rating agencies have accepted a sample-based review approach after performing due diligence on our operations and systems and seeing a track record of minimal findings from third-party review firms."**
- **Blockchain replaces several traditional intermediaries:**
 - Custody Bank/Payee Agent: Blockchain acts as the custodian. While a legal trustee is still required, the payee agent function can be eliminated. This specific disintermediation cuts costs by 25 to 50 basis points. (S-1)
 - "Warehouse providers have reduced their costs by roughly 70% because they gain faster turnaround, more efficient processing, and can take collateral immediately upon origination"

WHAT ABOUT THE \$11K FOR THE REST OF THE INDUSTRY?



- [Freddie Mac](#) (May 2024) seems to publish the best data on industry costs.
 - Industry volume has obviously been under serious pressure, and lenders have cut costs dramatically in the last 18months. (ref: RKT)
- According to Freddie Mac's calculations:
 - Average origination costs went up 35% (\$3000) over the three years to 2023.
 - **Personnel expenses are 66% of total production costs**, so wage inflation is a major driver.
 - The most cost-effective companies originate loans ~half the cost of the industry average
 - **Even at the efficient end of the scale \$7k per loan origination, is is ~10x the cost of Figure's LOS.**
 - **Note that the Figure LOS has virtually no personnel costs.**



Note:

- Large-size Lenders defined as lenders with total loan volume greater than \$500M quarterly
- Medium-size Lenders defined as lenders with total loan volume between \$150M to \$500M quarterly
- Small-size Lenders defined as lenders with total loan volume of less than \$150M quarterly.

Source: Freddie Mac (Q3 2023)

THE SECOND PART OF THE EQUATION IS FIGURE CONNECT



- **Figure Connect is a marketplace and to some extent a platform developed by Figure**
 - **The marketplace enables the selling of pooled loans and is paired with Figure's proprietary Loan Origination System (LOS).**
 - Connect is designed to bring trust, standardisation and liquidity to the private credit ecosystem.
 - It functions as a Web3 equivalent of the GSE ecosystem Freddie and Fannie.
 - **It evolved as Figure transitioned from a direct-to-consumer lender to a technology provider and marketplace operator for 3rd parties. These 3rd party originators needed a venue to provide liquidity.**
- **The Connect marketplace aims to solve the problems traditionally associated with private credit, where transactions were bespoke, high-friction, given that they often involved one-off loan pools.**
 - Connect enables all originators (who use Figure technology) to sell loans directly to a set of institutions (the buyers).
- **Figure's blockchain based system means that credit originations are:**
 - **Homogeneous:** because all originators use Figure's technology to originate them.
 - The platform uses a common loan purchase agreement and common documentation.
 - **Immutable:** immutability of blockchain, creates the certainty needed to run efficient markets.
 - All transactions executed are automatically recorded on Provenance Blockchain. The Provenance Blockchain is the sole system of record for all documents relating to each credit (excluding personally identifiable information of the borrower for the LOS).
- Other Connect features:
 - **Trading Mechanisms:** Figure Connect facilitates trading activities that were previously unavailable for private credit, such as running auctions like "bid wanted in competition" (BWIC) and "offer wanted in competition" (OWIC) marketplaces.
 - **Guarantor Functionality:** Figure recently announced the establishment of a guarantor for the Figure Connect ecosystem. This **guarantor operates similarly to a Fannie Mae or Freddie Mac, as it guarantees the performance of the credit.**
 - **Security Marketplace:** The guarantor also supports the security marketplace for both the loan originators and the security buyers.

CONNECT LIQUIDITY?



- Figure Connect is specifically designed to address the historic lack of liquidity in the private credit ecosystem by creating a standardized marketplace using blockchain technology.
 - **Liquidity in the context of Figure Connect refers to the ease, speed, and certainty with which an asset can be bought or sold without significantly affecting its price.**
- For an asset to be truly liquid it needs three critical components:
 1. **Homogeneity:** The assets must be uniform and standardized.
 2. **Ubiquity:** There must be a sufficient volume and widespread presence of the assets.
 3. **Certainty (Truth):** The ownership, composition, and history of the assets must be known for certain. This can be done on a blockchain, displacing the need for traditional trust mechanisms.
- The Provenance blockchain provides the certainty needed for efficient markets, which supports liquidity by giving buyers confidence in the assets they purchase.
 - **Immutable Records:** Because the loans are originated on chain, the data regarding their composition and history is stored in an **immutable ledger**. This means buyers know for certain that the loans are as represented and have not been modified.
 - **On Figure Connect, all remittance (principal and interest) payments are also on chain. This gives parties real-time visibility on collateral and loan performance.** Historically, secondary market liquidity suffered because traders had to wait up to 30 days for remittance reports.
 - This real-time data allows continuous analytics and bond pricing certainty, which in turn leads to improved secondary market liquidity.
- **Marketplace Mechanisms:**
 - Figure Connect enables the running of **auctions like "bid wanted in competition" (BWIC) and "offer wanted in competition" (OWIC)** marketplaces, which were not feasible for the previously high-friction, bespoke transactions in private credit.
 - **Look-Through Guarantee:** Figure recently announced the creation of a guarantor (similar to Fannie Mae or Freddie Mac) for Figure Connect, which guarantees the performance of the credit and supports a to-be-announced (TBA) security marketplace. This certainty provided by the guarantor makes the assets more attractive to buyers.

- **Provenance: “gives us a massive moat competing with anyone else in the ecosystem and that's why figure is the largest non-bank lender of HELOC”**
 - Provenance Blockchain is an independent Layer 1 blockchain
 - The Provenance Blockchain is run by FIGR's founder's wife - [June Ou](#) (Provenance Executive Director, Co-Founder)
 - FIGR also owns Provenance (HASH) tokens.
 - While created by Figure, Provenance has no owner. Governance of the administrator is in the form of one Hash, one vote.
 - [White Paper](#)
 - 100 billion Hash tokens, amount is fixed.
 - The administrator has roughly 24% of the Hash stock, stakeholders hold 5%, and **Figure holds the remaining 71% in consideration for the Provenance technology**
 - HASH is not characterized as a “security” for purposes of U.S. federal or state securities laws
- **Why can't those digital assets (Private credit originated on LOS) be traded on other exchanges?**
 - This was a question we had. Given that all other tokens are traded on many DEXes and other networks.
 - Theoretically RWAs could be traded on decentralized finance (DeFi) platforms like Uniswap or Aave, provided they meet the target chain's token standards (e.g., ERC-20).
 - How would this happen: by Bridging.
 - Bridging involves locking assets on one chain and minting equivalent tokens on another chain.
 - Provenance's smart contracts allow custom logic, **so Figure could theoretically enable P2P trading or integrate with DeFi, but this would require specific permissions or token configurations.**
 - Figure designs the smart contracts governing its RWAs.
 - **These contracts can include rules that restrict transfers to only occur within Figure's platforms** (e.g., Figure Connect, Figure Markets) to ensure compliance with regulations (e.g., KYC/AML) and maintain control over liquidity.

TAKING SHARE OF THE HELOC MARKET



- **Figure seeded / entered the market via a Figure branded strategy, once the market was proven they shifted to a capital light strategy.**
 - They continue to originate loans directly to borrowers, however the Partner-branded strategy is now much more important.
 - This is the distribution of LOS to mortgage originators, servicers, banks, wholesale brokers, and credit unions that then use Figure's technology to originate and distribute their own loans.
- According to Home Equity Lending News, **Figure had #1 market share in the non-bank HELOC lending market in 2024. Note that this is ~3% of the market**, which is dominated by the big financial institutions.
 - Banks and credit unions were responsible for 80% of all home-equity originations during 2024.
- **Throughout 2024, approximately 1.1 million HELOCs, worth \$204 billion, were originated.**
 - Typical end customers for HELOCs are homeowners with an average FICO score of 755 (prime+) and average income of approximately \$186,000. (Data for originations during the six months ended June 30, 2025)
- Cyclically HELOC demand is in an upswing, however continued share gains is what will matter for FIGR.
- **Trailing 12 months ended June 30, 2025, FIGR facilitated ~\$6 billion in HELOCs, +29% YoY.**
- **In our 'success scenario, we estimate that FIGR needs to originate about \$40bn in new loans in 2029.**
 - Given the LOS cost benefit, continued high demand for HELOCs, and expansion into other areas of lending we think that \$40bn does not sound outrageous.
 - Execution with key partners will be key as it is them who are spending the marketing dollars.
 - We think success in Connect will also have an impact. If banks that use wholesale funding see that FIGR is a cheaper / better option, then more loans should shift to the FIGR LOS to access the liquidity. I.e. The market place wins.

VOLUME GROWTH



- **Figure has proven its business proposition via volume growth. This is a big deal.** We have been very sceptical of blockchain applications to date. So far blockchain has overpromised and underdelivered.
- **The Figure ecosystem originated \$3.5bn in loans (mostly HELOC) in 1H 2025.**
 - Partner volume increased 50% 1H'25 over 1H 2024.

\$m	For the Six Months Ended June 30		Annual	
	2024	2025	2023	2024
Ecosystem Volume	2,507	3,502	3,369	5,879
Consumer Loan Marketplace Volume(2)	2,506	3,203	3,369	5,128
<i>Partner Branded Volume</i>	1,645	2,453	1,683	3,447
<i>Figure Branded Volume</i>	861	750	1,686	1,681
Digital Asset Marketplace Volume(3)	0.7	299	0	751
Figure Connect Volume (1)	0	1,245	0	8

(1): Figure Connect Volume is the total U.S. **dollar equivalent value of Consumer Loan Marketplace Volume originated by third-party sellers through the Figure Connect marketplace.**

(2): Total U.S. dollar equivalent value of originations on Figure LOS (HELOCs, DSCR, and personal loans.)

- NB: Partner Branded Volume is inclusive of Figure Connect Volume.

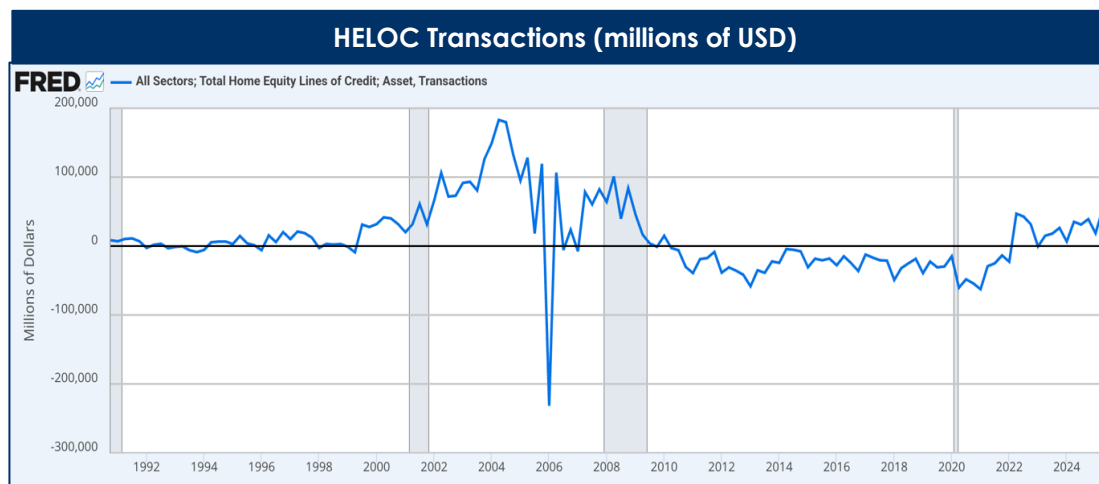
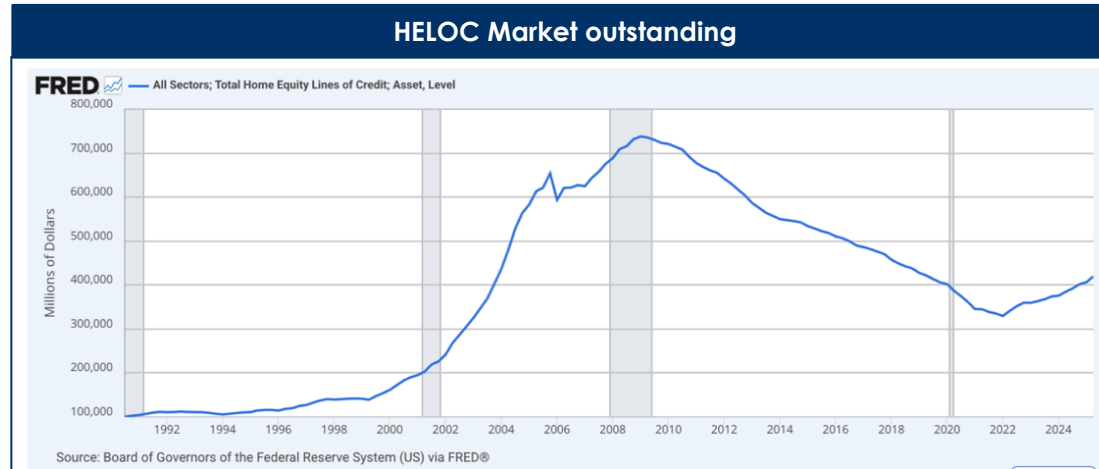
(3): Digital Asset Marketplace Volume (not important as of now, but includes Democratized Prime is Figure's DeFi lending protocol and marketplace, which might be important in the future)

- (3) is the total U.S. dollar equivalent value of matched trades between a buyer and seller through Figure's Exchange.

HELOC MARKET IS IN AN UPSWING



- After approx. thirteen years of decline, balances on HELOCs have begun to rebound after bottoming out at the end of 2021.
 - **HELOCs are typically originated to homeowners with significant home equity. In the current environment HELOC is a better option to access capital than a refi.**

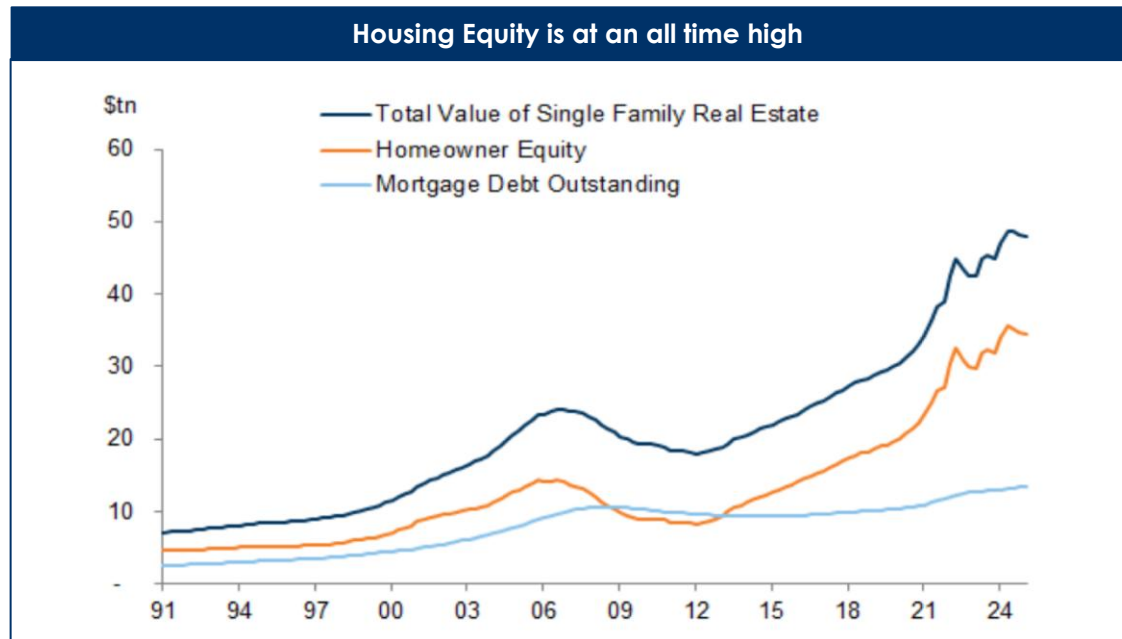


Source: [Fred](#)

HOME EQUITY IS AT AN ALL TIME HIGH



- [FRED HELOC data](#):
 - HELOC credit limits are generally a function of a home's value, such that the combined total of the first mortgage and HELOC limit are capped at a certain percentage of the home value, typically 80%
 - 57% of HELOCs are to borrowers aged 50 and older
 - 24 % to borrowers in their 40s
 - 19% to younger borrowers.
- **The value of Americans' ownership stake in their homes has increased along with property values.**
 - **Mortgage-holding homeowners have, on average, >\$300,000 in equity.**
 - However, homeowners aren't tapping as much into home equity loans, lines of credit, or closed-end second mortgages when compared to the pre-Global Financial Crisis era. Instead, they're paying down their mortgages.
 - In 2023, 40% of homeowners fully owned their homes, an increase from 2010, when only 33% of homeowners fully owned their homes.



\$35tn in Home Equity (Est)

| Financials

FROM THE S-1



- The FIGR S-1 is an excellent document, very detailed on the business, however **there is a lack of historical financials on the business**. The next few quarters will likely give much more understanding on the financial progress of the business.

	Six Months Ended June 30		Six Months Ended June 30	
	2024	2025	2024	2025
Ecosystem Volume(1)	2,507	3,502		
Consumer Loan Marketplace Volume(2)	2,506	3,203		
Partner Branded Volume(3)	1,645	2,453		
Figure Branded Volume(4)	861	750		
Digital Asset Marketplace Volume(5)	0.7	299		
Figure Connect Volume(6)	0	1,245		
Adjusted Net Revenue	153	201		
Adjusted EBITDA	37	83		

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2025	2024	2025
Net Revenue (\$m)				
Ecosystem and technology fees \$	6.5	28.1	12.5	43.8
Technology offering fees	5.0	10.9	10.2	18.8
Ecosystem fees	0.0	14.9	0.0	20.2
Program fees	1.4	2.3	2.4	4.9
Servicing fees	6.2	7.5	11.9	14.7
Interest income	10.1	16.0	19.7	32.6
Origination fees	16.5	16.3	32.3	28.7
Gain on sale of loans, net	34.2	36.3	58.6	68.3
Gain on servicing asset, net	7.1	1.8	20.6	2.2
Other revenue	0.2	0.03	0.3	0.3
Total net revenue	80.8	106.1	156.0	190.6
Interest expense	12.5	12.4	27.2	23.3
Operations and processing	11.1	14.4	21.9	27.1
General and administrative	17.8	16.4	62.5	35.2
Technology and product development	15.3	16.0	30.3	33.4
Sales and marketing	13.6	17.0	25.9	31.9
Other expense	2.8	2.1	4.2	3.7
Operating income (loss)	7.7	27.7	-16.1	35.8
Incremental Op margins		91.8%		154.0%
Other income (expense), net	7.9	5.6	3.2	-1.8
Total other income (expense), net	7.9	5.6	3.2	-1.8
Income (loss) before income taxes	15.6	33.4	-12.9	34.0
Income tax provision (benefit)	0.6	3.4	0.5	4.6
Net income (loss)	15.1	30.0	-13.4	29.4
Net income attributable to noncontrolling interests	0.7	0.1	2.2	0.3
Net income (loss) attributable to Figure Technology Group	14.3	29.9	-15.6	29.1

- Data given on volume growth
- Partner volume increasing while Figure HELOC volume becomes less important
- Connect volume just started ramping**

- This is where the real change is being seen:
 - Fees relating to 3rd party business

- Fixed costs are mostly FIXED, at least so far**

- Income statement reflects 'less capital light' model transitioning to capital light.

- Note the 90%+ incremental operating margins.**

BEST GUESS ON WHAT THE MODEL LOOKS LIKE



1. Either Figure's marketplace will be successful, or not. We highly doubt that it will be half way.

- **Either the massive reduction in costs gets Figure's LOS widely distributed, resulting in increasing market share, or there is a blocking factor that we have not understood.**
- **Meaning Connect marketplace success is also likely a binary outcome.**
 - It is a question of how much share can the Figure 'system' take of the HELOC market, and indeed the total loan market eventually.

2. How long does it take?

- No idea!
- Figure has to take share in HELOCs, then expand beyond them into other areas of consumer loans, while providing lower costs and at least inline credit outcomes.
 - Currently FIGR is not taking much risk on the type of customers it is willing to lend to. (average FICO: 740-750)
 - **Figure currently has ~3-4% share of the HELOC market, so there is room to gain share.**
- **The model should become capital light and much simpler over the coming 12 months.**
 - **Figure earns volume-based 'technology and ecosystem' fees, based on the principal balance of each loan originated on LOS and the principal balance of loans transacted on Figure Connect.**
 - We have consolidated this in our estimates for the future
 - Figure own brand loans have revenue streams such as:
 - Gain on sale of loans, Interest expense, Interest income etc – Just like a business such as **RKT**. (which we [wrote up in June '24](#))

BEST GUESS ON WHAT THE MODEL LOOKS LIKE



- **This is how we decided to model the company:**
 - NB: S1 data is the basis for our assumptions, even though Connect is a very recent product.
 - Assumes 3rd party origination growth that does not trade on Connect, which may or may not be a good assumption.
- **Connect revenue growth is a best guess: We need more data.**
- **Non Connect revenue:** We assumed that 3rd Party origination continues to ramp up, while Figure branded volume loses share.
 - Given that Partner originations grew ~50% in the last 6 months, 15% seems very conservative, however we are unclear of the exact negative impact of Connect on this revenue line.
- The below model is what we would call a 'success scenario'.

\$m	2025 E	2026 E	2027 E	2028 E	2029 E
Figure Connect revenues	127.5	204.0	306.0	459.0	642.6
YoY		60%	50%	50%	40%
Non-Connect revenue	313.6	360.7	414.8	477.0	548.5
YoY		15%	15%	15%	15%
Total revenue	441.1	564.7	720.7	936.0	1,191.1
Revenue growth	30%	28%	28%	30%	27%
General and administrative	70.5				
Technology and product	66.8				
Operations and processing	54.2				
Sales and marketing	64.0				
Interest expense	46.6				
Other expenses	7.4				
Total expense	309.5				
Operating income (GAAP)	131.7	230.5	324.1	453.3	606.3
Op Margin	30%	41%	45%	48%	51%
Incremental Op margin	91%	80%	60%	60%	60%
Other Income	(1.9)	-	-	-	-
Total Pre-tax	129.8	230.5	324.1	453.3	606.3
Tax	13.0	46.1	64.8	90.7	121.3
Effective tax rate	10%	20%	20%	20%	20%
Net Income	116.8	184.4	259.3	362.6	485.1
Loan Originations (assuming a 3% take rate)	14,704	18,822	24,025	31,198	39,703

As long as 3rd party HELOC is the main product, these should remain mostly fixed.
Hence:

Incremental margins are currently 90%, we think they should remain very high. However, **when new products are launched, we assume investment is necessary.**

NB: MKTX and TD have 60-70% incremental margins when not in investment mode.

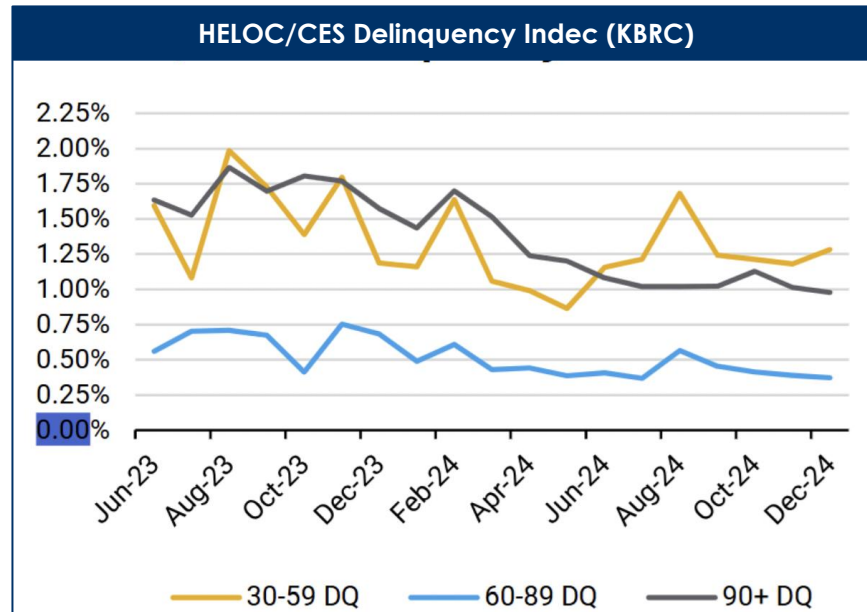
Sanity check: Rough estimation for the volume (\$m) of Loans needed to be originated on the LOS system.
We assumed a 3% take rate, today it is ~4%, however we would assume compression over time if FIGR is successful

- **Worst case downside: Almost zero**
 - The Connect Marketplace may not be widely adopted.
 - Value = how much they can sell the LOS software to a big bank for. Not much.
 - Value mostly accrues to the big bank.
- **Sensible Downside: \$30 (-35%)**
 - 2026 Net income of \$150m
 - Driven by slower growth
 - Trades at 40x P/E, given high incrementals and ~20% growth.
 - Note that TW, MKTX and other growthy marketplace businesses have historically traded at >2x PEG. (MKTX is currently 23x, TW 30x fwd 12m EPS)
- **Upside: \$115 (+150%)**
 - 2029 Net income of \$485m.
 - Growing at ~30%.
 - High incremental operating margins.
 - 50x P/E

| Appendix

- As of June 30, 2025, Democratized Prime had not generated revenue.
- **Democratized Prime is Figure's DeFi lending protocol and marketplace:**
 - launched in early 2025, it's designed as a decentralized borrow/lend system that bridges traditional finance and crypto by allowing users to lend cash or crypto against tokenized real-world collateral,
 - The key is that it **enables peer-to-peer transactions** with institutional-grade security and transparency.
 - Is this important? It is "a crypto DeFi dream," **but do customers really care? Not yet would be our response**, only a small fraction of consumers are sophisticated enough to want to try.
 - **There have been other attempts at this in the past such as Lending Club, which then had to shut down its peer to peer lending.**
 - The site functions by offering hourly Dutch auctions to match lenders and borrowers.
 - Lenders set target yields (e.g., ~9% APY as of mid-2025), and rates adjust dynamically based on supply/demand.
- Link to video on [DePrime](#) (the interviewer is quite average..)

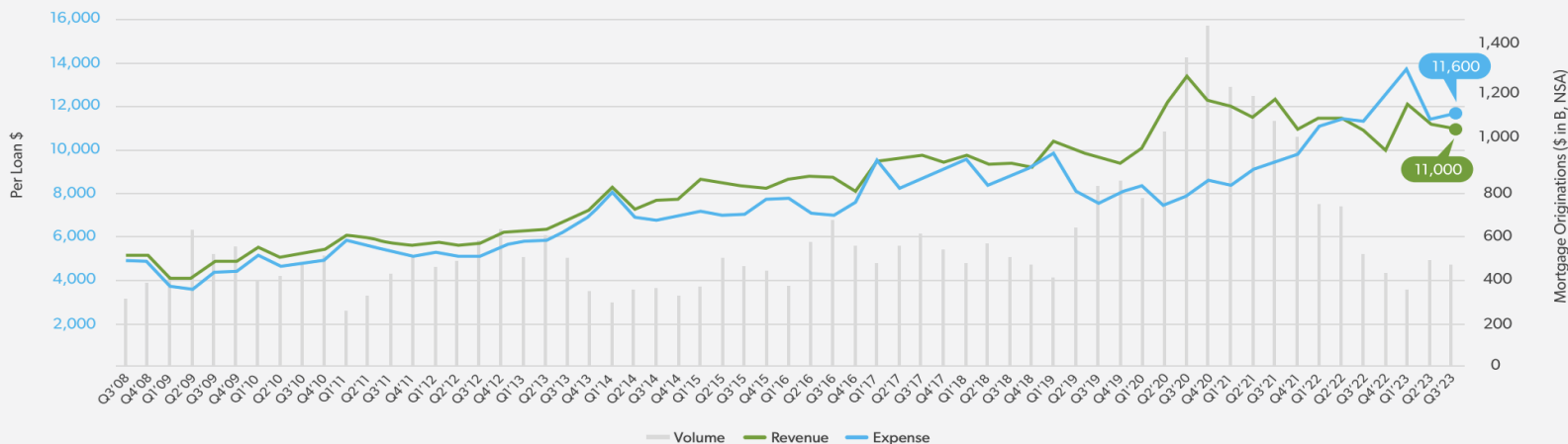
(\$ in thousands)	For the Six Months Ended June 30,		For the Years Ended December 31,	
	2025	2024	2024	2023
HELOC Loans⁽¹⁾				
<u>Partner-branded</u>				
Loan Term (in months)	309	329	325	318
Customer Interest Rate	9.6 %	11.2 %	10.8 %	11.4 %
Customer FICO Score	756	753	753	753
Loan Balance	\$ 91	\$ 93	\$ 92	\$ 89
<u>Figure-branded</u>				
Loan Term (in months)	295	288	290	280
Customer Interest Rate	9.5 %	10.8 %	10.5 %	10.7 %
Customer FICO Score	749	737	740	738
Loan Balance	\$ 87	\$ 68	\$ 71	\$ 71



As of June 30, 2025, Figure's originated loans had loss rates of less than 1% of volume. Not that different from the industry!

(\$ in thousands)	For the Six Months Ended June 30,		For the Years Ended December 31,	
	2025	2024	2024	2023
HELOC Loans⁽¹⁾				
<u>Partner-branded</u>				
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Loan Balance	\$ 87	\$ 68	\$ 71	\$ 71

EXHIBIT 1: AVERAGE LOAN PRODUCTION REVENUE, EXPENSE (\$ PER LOAN) & LOAN VOLUME



Note: Cost and revenue production results include retail/consumer direct only lender data.

Source: Freddie Mac, Moody's, MBA's Quarterly Mortgage Bankers Performance Report; www.mba.org/performance-report

- **FIGR LOS also used to originate DSCR loans:**
- **DSCR loans (Debt Service Coverage Ratio loans)** are a type of non-qualified mortgage primarily used by real estate investors to finance investment properties, such as rental properties.
 - Unlike traditional mortgages that focus on the borrower's personal income and credit, DSCR loans evaluate the property's ability to generate income to cover the loan payments.
 - They are designed for borrowers who may not qualify for conventional loans due to factors like high debt-to-income ratios or non-traditional income sources.
 - LOS has been adapted to originate DSCR loans to provide greater flexibility for borrowers seeking to finance rental properties. This caters to the growing demand for rental properties and the increased popularity of DSCR loans.
- **Paying any type of yield could cause a stablecoin to be subject to securities laws**, including being required to be registered as a security.
 - Figure created YLDS a stablecoin that is registered as a security with the SEC and offers a yield to token holders.

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This research was produced by Vipin Ahuja, Partner and Robert Graham-Brown, Partner.