

SIKULI CAPITAL

Conviction through contrarian research

Upstart Holdings (UPST)

Valuation Snapshot — Fair Value Range

As of May 20, 2026 | AI-powered consumer lending platform

CURRENT PRICE	PROBABILITY-WEIGHTED FAIR VALUE	FAIR VALUE RANGE
~\$48	~\$45	\$25 - \$75
May 2026	Bull 25% / Base 50% / Bear 25%	Approximately fair; PT \$45

Verdict: UPST delivered Q1 2026 revenue of \$308M (+44% YoY) and originations of \$3.4B (+61%)^[1], though net loss widened to \$6.6M. Contribution margin compressed to 50% from 55%. Management maintained FY26 outlook of \$1.4B revenue with \$294M Adj EBITDA (21% margin)^[2]. The thesis hinges on (1) rate-cycle improvement enabling more lending and (2) AI model differentiation versus traditional FICO underwriting. Consensus PT is \$45, roughly matching current price.

CURRENT SNAPSHOT

Metric	Value	Notes / Source
Stock price	~\$48	^[3]
Q1 2026 revenue	\$308M (+44%)	Originations +61% ^[1]
Q1 2026 net loss	(\$6.6M)	Wider than Q1 2025 ^[1]
Q1 2026 contribution mgn	50%	Down from 55% ^[1]
FY26 revenue outlook	~\$1.4B	^[1]
FY26 Adj EBITDA outlook	\$294M (21% mgn)	^[1]
Forward P/E	10.6x	Trailing 65x ^[4]
Consensus PT	\$45	22 analysts; range \$20-\$80 ^[4]

BULL / BASE / BEAR SCENARIOS

Scenario (weight)	Assumptions	Fair Value
Bull (25%)	Rate cuts drive origination growth +80%+, contribution margin recovers to 55%, multiple expands	\$75
Base (50%)	Hit FY26 outlook, originations +50%, contribution margin steady 50%, 17x forward P/E	\$45

Scenario (weight)	Assumptions	Fair Value
Bear (25%)	Credit losses spike, originations grow only 30%, contribution margin <45%	\$25
Probability-weighted	<i>Rate-sensitive AI lender; binary outcomes depending on credit cycle and Fed path.</i>	~\$45

Key Risks

- **Credit risk:** AI model performance has been mixed; loss rates above traditional models in stress periods.
- **Funding capacity:** Reliance on institutional buyers for loans; capacity constraints during volatility.
- **Bank charter:** National bank charter pending; approval and integration are 2027 events.
- **Rate sensitivity:** Higher rates compress both demand and unit economics simultaneously.

What Would Change Our View

- **Upside:** Bank charter approval, Fed rate cuts of 75bp+, contribution margin recovery to 55%.
- **Downside:** Q2 originations miss, credit losses spike, funding capacity tightens, regulatory action.

Sources

- [1] <https://www.stocktitan.net/news/UPST/upstart-announces-first-quarter-2026-tt6aqny7vecq.html>
- [2] <https://www.sec.gov/Archives/edgar/data/0001647639/000164763926000045/upst991prq12026.htm>
- [3] <https://finance.yahoo.com/quote/UPST/>
- [4] <https://stockanalysis.com/stocks/upst/statistics/>

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