

SIKULI CAPITAL

Conviction through contrarian research

Affirm Holdings (AFRM)

Valuation Snapshot — Fair Value Range

As of May 20, 2026 | Buy-now-pay-later lender + payments platform

CURRENT PRICE	PROBABILITY-WEIGHTED FAIR VALUE	FAIR VALUE RANGE
~\$70	~\$72	\$45 - \$100
May 2026	Bull 25% / Base 50% / Bear 25%	Near consensus PT \$79

Verdict: AFRM crossed into GAAP operating profitability in Q3 FY26 with operating income of \$88.4M on revenue of \$1.04B^[1] — a milestone validating the BNPL business model. GMV grew 30%+ with 26.8M active consumers. Wall Street has marked PT to ~\$79 as the profitability transition takes hold. The bull case (\$100) hinges on Apple Pay integration and Affirm Card adoption; bear case (\$45) reflects a consumer credit cycle.^[2]

CURRENT SNAPSHOT

Metric	Value	Notes / Source
Stock price	~\$70	Recent range \$65-\$80 ^[3]
Market cap	\$21.75B	^[3]
Q3 FY26 revenue	\$1.04B	8.5% op margin ^[1]
Q3 FY26 GMV	\$11.6B	^[1]
Q3 FY26 op income	\$88.4M	GAAP profitability inflection ^[1]
Active consumers	26.8M	515K active merchants ^[1]
FY26 revenue guide	\$4.18B - \$4.21B	8.9-9.4% op margin ^[1]
FY26 GMV guide	\$49.3B - \$49.6B	^[1]
Consensus PT	~\$79	Recent target reductions ^[3]

BULL / BASE / BEAR SCENARIOS

Scenario (weight)	Assumptions	Fair Value
Bull (25%)	Affirm Card scales, Apple Pay integration drives volume, consumer credit benign, multiple expands	\$100
Base (50%)	Hit guide, BNPL share gains continue, consumer credit	\$72

Scenario (weight)	Assumptions	Fair Value
	losses normalize	
Bear (25%)	Consumer credit cycle, BNPL regulatory tightening, GMV growth slows to <20%	\$45
Probability-weighted	<i>Profitability inflection real; credit cycle is the dominant residual risk.</i>	~\$72

Key Risks

- **Consumer credit cycle:** Subprime exposure; loss rates rise in downturns. Higher rates elevate funding costs.
- **Regulation:** CFPB BNPL credit-card classification rules; state-level lending laws.
- **Apple Pay competition:** Apple Pay Later wound down; rebooting could change dynamics.
- **Funding capacity:** Warehouse/securitization markets must absorb growing originations.

What Would Change Our View

- **Upside:** Affirm Card volume disclosure, op margin to 12%+, large merchant wins.
- **Downside:** Credit losses spike, BNPL regulation tightens, funding cost increases.

Sources

[1] <https://www.sec.gov/Archives/edgar/data/0001820953/000162828026032105/affirmfq326shareholderle.htm>

[2] <https://simplywall.st/stocks/us/diversified-financials/nasdaq-afirm/affirm-holdings/news/affirm-holdings-afirm-profitability-milestone-tests-bullish-n>

[3] <https://finance.yahoo.com/quote/AFRM/>

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