

Affirm Holdings, Inc. (NASDAQ: AFRM)

Equity research report · 15 October 2026 · Price \$70.51, close of 14 October 2026

Verdict	Price	Fair value (base)	Watch price	Investment Score
Watchlist (unchanged)	\$70.51	\$75.28 (+6.8%)	\$63	63.8 / 100 (was 65.4)

Verdict: Watchlist, from fundamentals. Technical read (chart only): Neutral. The 14 October drop put the price back under the 20, 50 and 100-day averages while it still holds above the 200-day near \$66.81; watch whether that average and the \$66.62 20-session low hold. The tag reflects the price chart only and does not change the verdict.

Summary

Affirm fell 12.6% in three sessions, from \$80.70 on 9 October to \$70.51 on 14 October, and most of it came in one day. A September consumer price report with core inflation at 0.3% against 0.2% expected kept a second Federal Reserve rate increase on the table for 27 and 28 October, and the stock lost 9.5% on volume of about 8.0 million shares, close to twice its 20-day average. Nothing in the company's own news explains the move. The price has now reached the \$71 level the last report named as the point where the Buy would return.

It does not return. Rebuilt from today's inputs, the base case is worth \$75.28, which is 6.8% above the price. That is too little for a business whose earnings depend on what it pays to fund loans while the central bank is still raising rates and consumer confidence sits at its lowest since 2014. The fair value is lower than before because the multiple a buyer should pay has fallen with the rate outlook, not because the business has weakened. Fiscal 2027 guidance for more than \$64bn of volume is intact, and TD Cowen, Goldman Sachs and Wells Fargo have all cut their targets in the past ten days while keeping Buy ratings. The name becomes interesting near \$63, where the base case would pay about 20%, or after a 5 November report that shows margins holding under the new funding costs.

No company development since 9 October changes the case. The partnership with Ant International's Antom, announced on 6 October, widens merchant reach but carries no disclosed volumes.

1. What has changed since the last report

Item	9 October 2026	15 October 2026	Comment
Price	\$80.70	\$70.51	-12.6%; 9.5% of it on 14 October
Base-case fair value	\$86 (82-90 range)	\$75.28	Lower multiple on a higher-rate outlook; volume and margin inputs from the same guide
Upside to base case	6.6%	6.8%	Price and fair value fell by similar amounts
Watch price	\$71	\$63	Reset to restore a 20% gap to the new base case
Investment Score	65.4	63.8	Financial Strength 7 to 6
Fed path	Hike odds fell after weak payrolls	Core CPI 0.3%; hike in play for 27-28 Oct	Funding costs reprice with the front end

Prior figures from the report of 11 October 2026 (data to 9 October). Fair values are this report's estimates.

The previous report set its \$71 level to restore a 21% gap to an \$86 fair value. That fair value was built when the market had pulled back from a second rate increase after a weak September jobs report. The inflation data has since pushed the other way. The level was a price, not a condition on the rate outlook, and the rate outlook is what has changed. Measured on today's inputs, \$71 leaves the base case only about 6% away, so this report resets the level rather than acting on it.

2. How this business makes money and what drives the shares

Affirm lends to consumers at the point of sale, online, in stores and through its own card, and earns from three sources: fees from merchants who pay to offer the loans, interest from consumers on interest-bearing plans, and gains when it sells loans to outside investors. Most loans are funded off its own balance sheet through securitisations, warehouse lines and forward-flow sales. The figure that matters most is revenue less transaction costs (RLTC), which strips out funding costs,

credit losses and processing. It was 4.2% of volume in fiscal 2026.

Five variables decide returns over the next two years: volume growth (guided to more than \$64bn in fiscal 2027, up from \$50.2bn); RLTC as a share of volume, which funding costs and credit losses can squeeze; access to and pricing of the securitisation market; consumer credit quality; and adoption of the Affirm Card, which moves the mix toward interest-bearing loans. The first is a growth question. The other four are one question about the cost and quality of credit, and that is where this report concentrates.

3. Financial position

Metric	Q4 FY26	FY26	FY27 guide (management)
GMV	\$14.1bn (+36%)	\$50.2bn	More than \$64.0bn
Revenue	\$1,166m (+33%)	\$4,261m (8.5% of GMV)	Similar % of GMV (about 8.49%)
RLTC	\$589m (4.19% of GMV)	\$2,085m (4.2% of GMV)	Similar % of GMV (about 4.16%)
GAAP operating income	\$147m (12.6%)	\$417m (9.8%)	Margin above 14.5%
Adjusted operating income	\$353m (30.3%)	\$1,235m (29.0%)	Margin above 30.5%
Diluted EPS (GAAP)	\$4.62	\$5.53	Not guided
Diluted shares	349.7m	348.8m	356m weighted average

Company shareholder letter for the fourth fiscal quarter of 2026 (27 August 2026). Adjusted operating income is a company non-GAAP measure. GAAP EPS in Q4 and FY26 includes a deferred tax benefit of about \$1.46bn from releasing most of the US valuation allowance.

Reported earnings per share this year are not a guide to earning power. The fourth-quarter \$4.62 is almost entirely a one-off tax credit worth about \$1.46bn. On a clean basis, the fiscal 2027 guide implies GAAP operating income of roughly \$788m and, at a 24% tax rate, GAAP EPS near \$1.68; on the adjusted margin, EPS near \$3.54 (our calculation: \$64.0bn GMV x 8.49% revenue take x margin, 356m diluted shares). Consensus sits at \$1.62 GAAP and \$3.85 adjusted, so the street is slightly ahead of the guide on the adjusted line, which is normal for a company that has beaten its own volume guidance.

The funding position at 30 June was sound. Funding capacity stood at \$30.0bn against a \$20.2bn platform portfolio, liquidity at about \$2.6bn in cash and securities, and the equity capital required to support the book at \$896m, or 4.4% of the portfolio, within the target of 5% or less. The average cost of funds fell to 5.8%, about 103 basis points lower than a year earlier, and it was the largest single tailwind to RLTC in fiscal 2026. Thirty-day-plus delinquency was 2.5%.

4. Competitors

Competitor	Model	Funding sensitivity	Read for Affirm
Klarna	Short pay-in-4 heavy, bank licence in Europe, US growth push	Partly deposit-funded	Fell about 3% on 14 October against Affirm's 9.5%; competes on price for merchants
PayPal Pay Later	BNPL inside a large wallet; loans sold to outside investors	Low on its own funding	Largest distribution rival; moved only slightly on 14 October
Afterpay (Block)	Pay-in-4, merchant-fee led	Short-duration book	Less exposed to long-dated interest-bearing loans
Card issuers	Revolving credit with deposit funding	Low	The incumbent product Affirm Card targets

Price moves from market data for 14 October 2026. Descriptions of models are this report's summary.

The 14 October moves sorted the sector by funding model. Affirm, which pays market rates for most of its funding and holds longer-dated interest-bearing loans, fell three times as far as Klarna and far more than PayPal. That is a fair reflection of the exposure, though the scale of the move looks larger than the direct earnings effect, as section 9 shows.

5. Management

The fourth quarter beat consensus revenue of about \$1.11bn by roughly 5%, and the first-quarter revenue guide of \$1.19-1.22bn sat above the roughly \$1.16bn the street expected. The fiscal 2027 outlook assumes that short-term

benchmark rates rise over the year in line with the forward curve at the time, so some tightening is already inside the guide. The question is whether the path turns steeper than that curve. Chief Financial Officer Robert O'Hare exercised options and sold 65,591 shares on 9 October at an average \$80.02 under a trading plan adopted on 21 May 2026. Pre-planned sales of this kind carry little signal.

6. Company developments

Development	Status and date	What is known	What is forecast (and by whom)	Impact
Antom partnership for US merchants	Announced 6 Oct 2026; live in the US from October	Ant International's merchant payments platform offers Affirm pay-over-time to its US merchants; UK expected later this year. Purchases of \$35 to \$30,000 over 30 days to 36 months. No volumes or terms disclosed.	No company figure; no sizing available	Medium
First-quarter fiscal 2027 results	Scheduled 5 Nov 2026	Date set by the company on 5 October. Q1 guide: GMV \$13.7-14.0bn, revenue \$1.19-1.22bn, RLTC \$575-590m.	Management guide; consensus revenue about \$1.16bn at the time of the guide	Medium
Amazon UK instalments	Announced 23 Sep 2026; rolling out	0% Pay-in-3 and plans up to 48 months for eligible Amazon.co.uk customers. No volumes disclosed.	None disclosed	Medium
Crate & Barrel Holdings	Announced 29 Sep 2026; live	Pay-over-time across the group's brands. No terms disclosed.	None	Low
CFO share sale	9 Oct 2026 (filed 14 Oct)	65,591 shares sold at an average \$80.02 after option exercise, under a plan adopted 21 May 2026.	Not applicable	Low

Company news releases of 23 September, 29 September, 5 October and 6 October 2026; SEC Form 4 filed 14 October 2026.

Nothing in the period touches the core economics. The Antom deal adds a route to merchants who use a large global payments platform, and the Amazon UK plans are still rolling out without disclosed volumes. Neither changes the volume guide, and neither moved a score. The verdict and levels would be the same without them.

7. Growth drivers

Driver	Status	Fact vs forecast	Likelihood	Impact
Affirm Card adoption	Shipped; 5.2m active cardholders, card GMV \$2.8bn in Q4 FY26	Fact (company); growth path is forecast	High	High
Merchant and platform distribution (Amazon UK, Antom, Shopify)	Announced and rolling out	Fact that deals exist; volumes not disclosed	High	Medium
Interest-bearing mix shift	In progress	Management says direct-to-consumer is over 80% interest-bearing	Medium	Medium
Funding cost relief	Reversing	Cost of funds 5.8% in Q4 FY26 (fact); rate path is forecast	Low	High
Affirm Edge and AI underwriting	Pilots; broader rollout expected to matter in FY28 (management)	Forecast (management)	Medium	Low

Company shareholder letter and call, 27 August 2026; company releases to 6 October 2026.

8. Risks

Risk	Probability	Severity	Comment
Funding cost and rate path	High	High	Core CPI at 0.3% keeps a hike in play for 27-28 October; new deals price at higher spreads and benchmarks
Consumer credit deterioration	Medium	High	Confidence at 81.9, payrolls up only 29,000 in September, gasoline up 9.1% in a month
Securitisation market disruption	Low	High	The loan book is funded through capital markets, not deposits
Take-rate guidance not yet proven	Medium	Medium	The 4.16% RLTC guide is first tested on 5 November
Competition on merchant pricing	Medium	Medium	Klarna and PayPal pursue the same merchants and wallets
Regulation of BNPL lending	Low	Medium	State rules vary and could tighten

Probability and severity are this report's judgements over the next 12 to 24 months.

9. Valuation

At \$70.51 the market value is about \$24.2bn (our calculation on 343m basic shares). The shares trade at 18.3x consensus fiscal 2027 adjusted EPS of \$3.85, 19.9x the \$3.54 the guide implies, and 15.9x this report's base-case fiscal 2028 figure of \$4.43. On GAAP earnings the multiple is about 44x fiscal 2027 consensus, because stock-based pay and amortisation are large. The adjusted figure is used for the scenarios because the gap to GAAP is narrowing (19 points of operating margin in fiscal 2026, about 16 points in the fiscal 2027 guide), but a buyer should know the GAAP multiple is high.

The base case applies 17x to fiscal 2028 adjusted EPS of \$4.43 (our calculation: GMV \$78bn, up 22% on the fiscal 2027 guide; revenue at 8.49% of GMV; adjusted operating margin 31.5%; 24% tax; 358m diluted shares). At the 9 October close the shares traded at about 23x the fiscal 2027 adjusted EPS the guide implies. Seventeen times reflects a 10-year Treasury yield above 5.1% and a central bank still raising rates. The result is \$75.28. The probability-weighted value across the three cases is \$73.25.

Macro drivers. Two variables move this business. The first is short-term funding costs. The Fed raised its range to 3.75-4.00% on 16 September, and September core inflation at 0.3% against 0.2% expected keeps another increase on the table for 27 and 28 October; the two-year yield rose about three basis points on the report while the 10-year slipped to 5.19%. Affirm's warehouse lines float with short-term rates and new securitisations price off them, so this channel matters more than the long bond. As a sense of scale, a further 25 basis points on the \$8.7bn of securitisation notes and funding debt on the balance sheet at 30 June would cost about \$22m a year before tax, roughly 1.3% of the adjusted operating income the guide implies (our calculation; it overstates the near-term effect because fixed-rate notes reprice only as they roll). The second is discretionary spending and consumer credit. Conference Board confidence fell to 81.9 in September, the lowest since 2014, and payrolls grew by only 29,000, yet August retail sales rose 1.2%. Households are still spending, but they are worried, and gasoline rose 9.1% in September alone. The 14 October fall of about \$2.5bn in market value is far larger than the direct funding effect, so the market is pricing the multiple and the credit risk, not the interest bill.

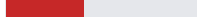
10. Sentiment

Firm	Date	Action	Target
Wells Fargo	14 Oct 2026	Buy maintained, target cut	\$96
Goldman Sachs	13 Oct 2026	Buy maintained, target cut from \$115	\$103
Susquehanna	8 Oct 2026	Buy maintained	\$110
TD Cowen	6 Oct 2026	Buy maintained, target cut from \$124	\$110
Citi	6 Oct 2026	Buy maintained	\$115
Freedom Capital Markets	1 Oct 2026	Buy maintained	\$105

Broker actions as reported, 1 to 14 October 2026. Consensus: average target about \$96 to \$99 across 34 to 48 analysts depending on the panel; Buy-leaning.

The tone among brokers is still positive, but the direction of targets is down. TD Cowen and Goldman Sachs cut by \$14 and \$12, and Wells Fargo cut to \$96, all without changing a rating, which reads as lower multiples rather than lower estimates, and it matches this report's own change. The consensus target near \$97 sits well above the base case here. Insider activity is routine and pre-planned. The overall sentiment read is neutral: supportive ratings, falling targets and a sharp price reaction to macro data with no company news.

11. Investment Score

Criterion	Score	Weight	Basis
Business Quality	 7/10	16%	A two-sided network of 27.8m active consumers; still a lender at heart. (unchanged)
Financial Strength	 6/10	16%	Funding capacity and capital are unchanged, but a hike now looks more likely and new funding costs more. (-1 vs last report)
Competitive Advantage	 7/10	16%	Antom and Amazon UK widen distribution without changing the moat. (unchanged)
Management	 7/10	10%	Q4 beat consensus revenue; CFO sale was under a pre-set plan. (unchanged)
Growth Potential	 8/10	16%	Volume guide of more than \$64bn intact; card growth continuing. (unchanged)
Valuation	 5/10	16%	Price and fair value fell together; 6.8% to the base case. (unchanged)
Risk (10 = lowest risk)	 4/10	10%	Market-rate funding, consumer credit and a tightening Fed. (unchanged)
Investment Score	63.8 / 100	100%	Previous report 65.4

Scored 1-10, where 10 is always best, including Risk. Composite is the weighted sum of the seven factors, computed in code. Default weights.

Risk at 4 means a higher-risk business, and the risks section describes one: capital-markets funding, consumer credit exposure and a central bank still tightening. The two agree. Financial Strength is the only score that moved. The balance sheet at 30 June is the same, but the funding it rests on now looks more expensive than it did a week ago.

12. Recommendation

Watchlist, unchanged. The rating is the same as on 11 October, but the reason has shifted. Then the shares had run too far ahead of an unchanged fair value. Now the price has fallen back, but the value has fallen with it, because the rate outlook that supports the multiple has worsened. The verdict does not depend on any company development.

Price at which the name becomes interesting: about \$63. At that level the base case of \$75.28 pays about 20%, and the shares would trade near 14.2x base-case fiscal 2028 adjusted EPS. The level sits below the 200-day average (\$66.81) and the 60-session closing low (\$67.21), so reaching it would mean the October rally has fully reversed. The other route back to Buy is the 5 November report: RLTC inside or above the \$575-590m guide with delinquency steady near 2.5%, which would show the take-rate guide survives the new funding costs and support a higher multiple.

What would change the view	Direction
Shares fall to about \$63 with the fiscal 2027 guide intact	Up
First-quarter fiscal 2027 results (5 November) show RLTC within or above \$575-590m and delinquency steady	Up
The Fed holds on 27-28 October and short-end yields ease	Up
The Fed raises again and signals a path steeper than the forward curve the guide assumed	Down
RLTC falls back toward the old 3-4% of GMV band	Down
Delinquencies rise while growth is maintained	Down
A securitisation market disruption or materially wider new-deal spreads	Down

What would change the view	Direction
Consumer weakness spreads from sentiment into retail sales and hiring	Down

13. Technical read

Chart as of 14 October 2026 close

Verdict: Watchlist, from fundamentals. **Technical read (chart only): Neutral.** Watch whether the 200-day average near \$66.81 and the \$66.62 20-session low hold; a reclaim of the 50-day at \$73.81 would put the October uptrend back in play, while a close below the 200-day would point toward the watch price.

The chart state is mixed. Price sits below the 20, 50 and 100-day averages but 5.5% above the 200-day, the 50-day is not rising, and there is no new 60-session closing low. The 14 October bar erased most of the rally that began on 5 October on heavy volume. The Technical read looks only at the price chart. It does not change the verdict or the Investment Score and only guides timing.

Measure	Value	Reading
Trend	Mixed	Below short and medium averages, above the 200-day
20-day SMA / EMA	\$72.61 / \$73.85	Price -2.9% / -4.5%
50-day SMA / EMA	\$73.81 / \$73.45	Price -4.5%; 50-day not rising
100-day SMA / EMA	\$74.13 / \$72.26	Price -4.9%
200-day SMA / EMA	\$66.81 / \$71.67	Price +5.5% / -1.6%
RSI (14)	44.3	Neutral
MACD (12,26,9)	0.93 vs signal 0.46	Still above signal; lags the 14 October drop
ATR (14)	\$3.64	5.2% of price
Volume	14 Oct 8.0m; 20-day 4.1m; 50-day 4.5m	Heavy selling volume on the drop
Support / resistance	\$66.62, \$66.81 / \$73.81, \$81.47	20-session low and 200-day below; 50-day and 20-session high above

Computed in code from a 300-session daily series, 6 August 2025 to 14 October 2026, all averages from one series, not dividend-adjusted; distances against the price of record. Chart state classified by fixed rules.

14. Scenario analysis

Case	Prob.	Fiscal 2028 outlook	Adj. EPS	Multiple	Fair value	vs \$70.51
Bull	25%	GMV about \$83bn as card and new partners compound; revenue take 8.55%; adjusted margin 33% as funding costs settle	\$4.97	21x	\$104.40	+48.1%
Base	50%	GMV about \$78bn, up 22% on the guide; revenue take 8.49%; adjusted margin 31.5% with rates higher but stable	\$4.43	17x	\$75.28	+6.8%
Bear	25%	GMV about \$70bn as the consumer slows; revenue take 8.2% and adjusted margin 26% as funding reprices and losses rise	\$3.17	12x	\$38.02	-46.1%
Weighted	100%	Probability-weighted			\$73.25	+3.9%

Our calculations: revenue = GMV x take; adjusted EPS = revenue x adjusted operating margin x (1 - 24% tax) / 358m diluted shares; fair value = EPS x multiple. Weighted value computed in code. Not company measures.

The bear case carries a quarter of the weight. A tightening Fed and a worried consumer are the conditions under which the bear case happens, and they are present now rather than hypothetical. The bull case needs funding costs to settle, which the inflation data has made less likely in the near term.

15. Final verdict

Would an investor put money into Affirm at \$70.51? Not yet. The business is growing at close to 30% with improving profitability and a strong funding position, and nothing the company has done since August has weakened it. But the shares fell on the one variable that most decides its margins, and that variable is still moving the wrong way. With only 6.8% to the base case and the bear case 46% below the price, the reward does not yet pay for the risk. The single biggest concern is the cost of funding in a market where the central bank may raise rates again in two weeks. A price near \$63, or a 5 November report that shows RLTC holding under the new funding costs, would change the answer.

Sources

- Company: Affirm shareholder letter, fourth fiscal quarter 2026 (investors.affirm.com, 27 August 2026); news releases of 23 September, 29 September, 5 October and 6 October 2026 (investors.affirm.com newsroom)
- Q4 fiscal 2026 earnings call summary (Quartr, 27 August 2026)
- SEC Form 4, Robert O'Hare, filed 14 October 2026; Form 144, 9 October 2026
- Broker actions: moomoo news and research channels and TipRanks, 1 to 14 October 2026; consensus: StockAnalysis and Tickflow, October 2026
- Market reaction: 24/7 Wall St., 14 October 2026; MarketBeat, 14 October 2026
- Price of record: Alpha Vantage global quote, 14 October 2026 close. Technicals: Twelve Data daily series of 300 completed sessions to 14 October 2026, computed in code
- Macro: Beating The Bull economic data posts of 16 and 29 September, 30 September, 2, 8, 9, 13 and 14 October 2026

This report is informational only and is not financial advice, nor a recommendation to buy or sell any security. It reflects the author's assessment as at 15 October 2026 and may change without notice. Scenario values and fair values are this report's calculations and are not company measures. The Q4 fiscal 2026 earnings call was reviewed in summary.