



AFRM BULLISH ALERT

April 30, 2021



Bullish Opportunity Alert: **AFRM**

Actionable Trade Idea

Buy Affirm Holdings, Inc. (NASDAQ:AFRM) stock up to \$80/share**

Alternative approaches would include selling OTM put options with a strike price 5% below the current price of the stock each month to generate income until a position is established.

We believe this stock could gain by as much as 100% within the next 2 years.

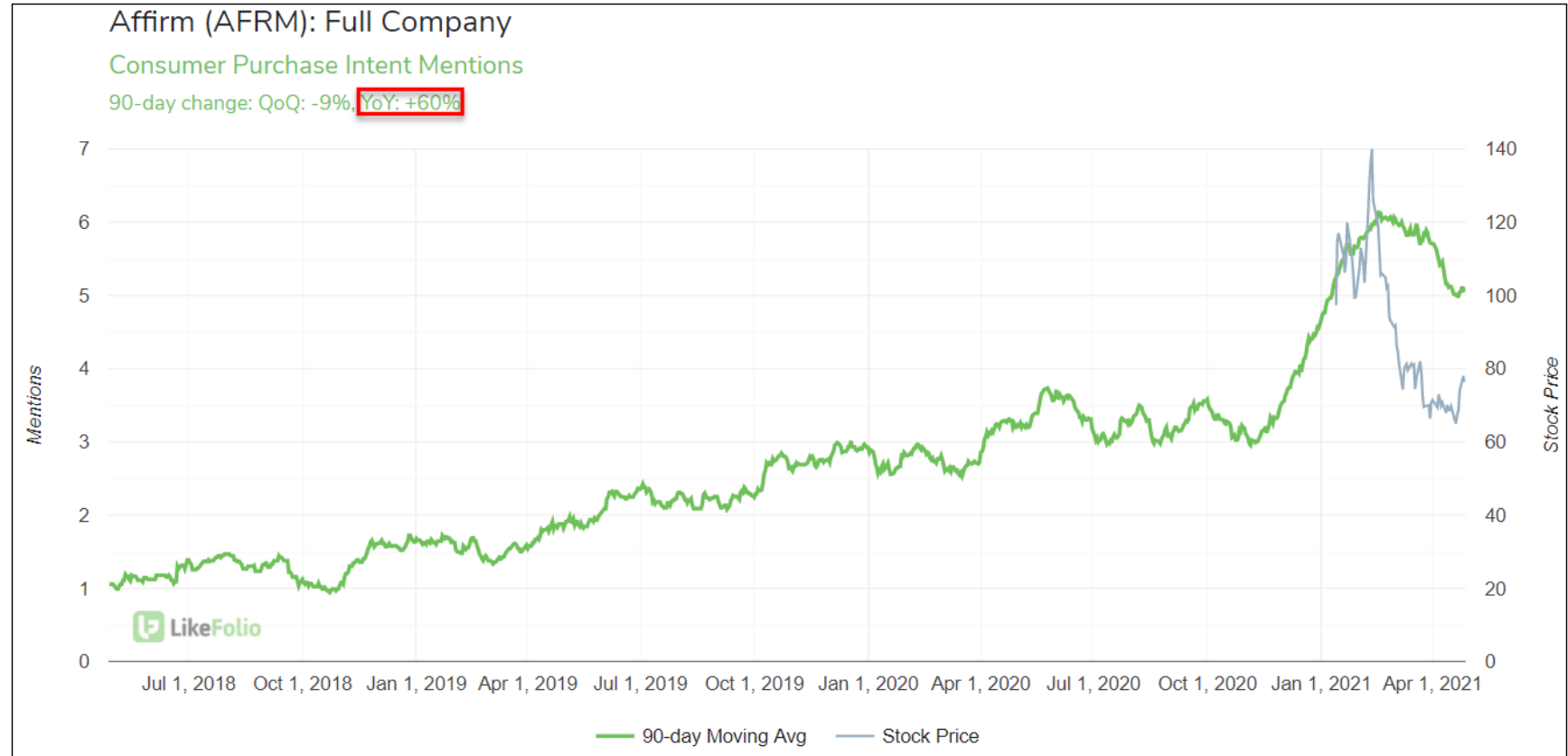
**ON ALL TRADES, it is important to use proper risk management to correctly allocate and protect your capital. One popular exit strategy for bullish trades is a 25% trailing stop.

Affirm offers point-of-sale (PoS) loans for consumers completing a purchase digitally. Affirm integrates directly into merchant point of sale to allow consumers to buy-now, pay-later at no interest. Major merchants include Walmart, Peloton and VRBO.

Consumer Demand:

- Consumer Mentions of using AFRM's point-of-sale loans to finance a purchase are rocketing in 2021: **+60% YoY**
- PI Mentions have improved YoY in **26 consecutive quarters** and are on pace to continue the trend in 21Q4 (ending 6/30/21)

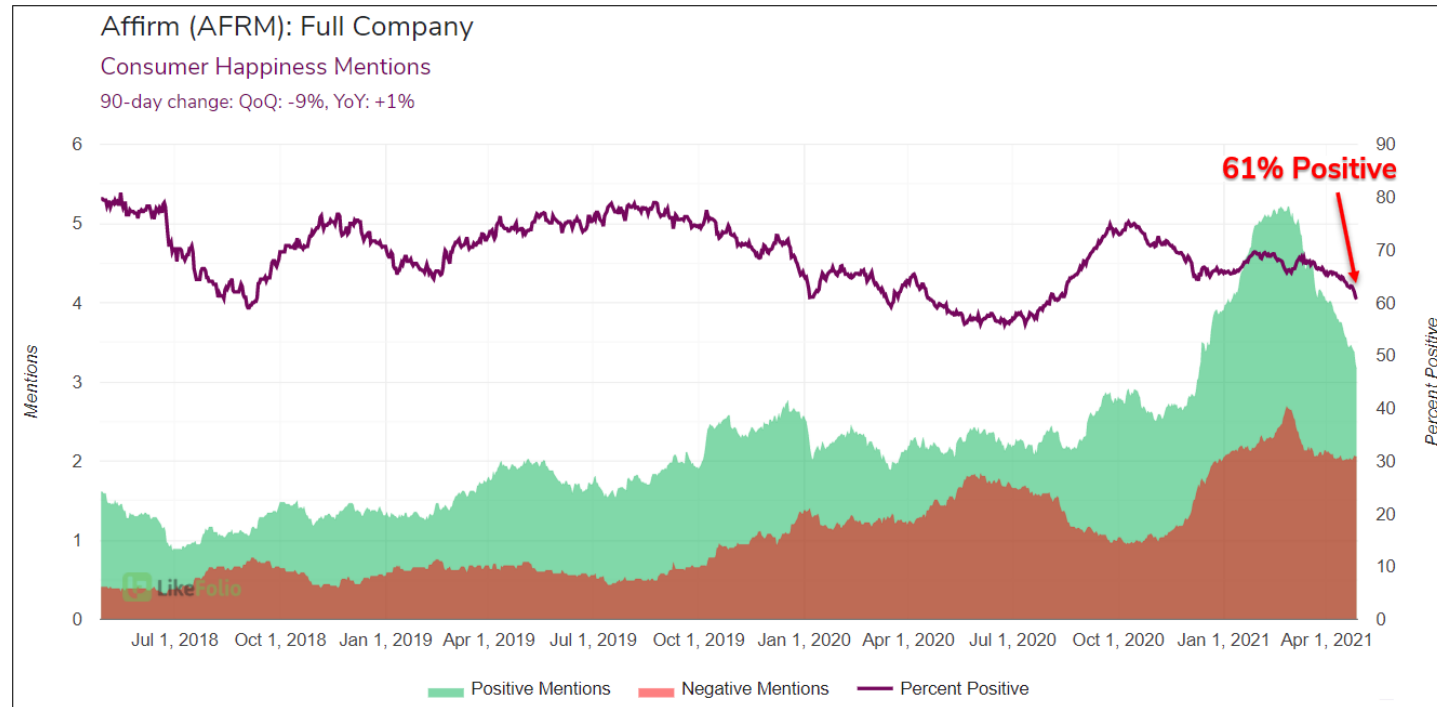
AFRM: Robust Year-over-Year Growth



Consumer Happiness:

- In the past quarter, Sentiment mentions improved +1% from the prior year, to an overall score 61% positive
- Consumers praise Affirm for helping them purchase items that they consider necessary but are unable to afford entirely out-of-pocket as well as its on-time payment incentives:

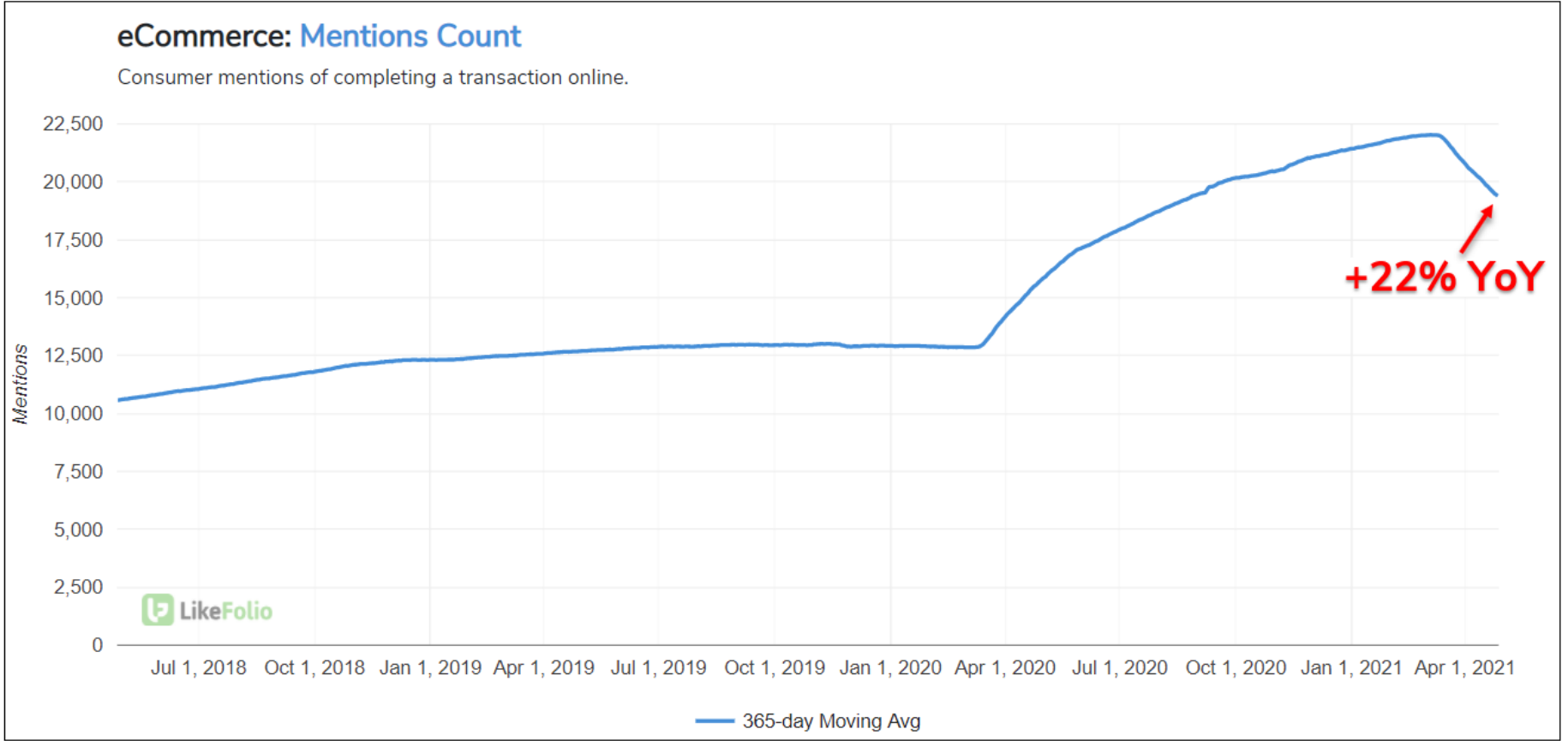
AFRM: Positive Sentiment is Rising



Macro Tailwind:

- Consumer Mentions of completing purchases online surged in 2020 and remain elevated, suggesting a lasting consumer behavior shift: **+22% YoY**
- Affirm partners with merchants (and soon consumers directly) to finance a growing number of these purchases and serves as an ideal alternative for many consumers vs a traditional credit card

AFRM: eCommerce is Driving PoS Loans



AFRM: The Bottom Line

- Affirm is positioned to get a large boost from one of its [largest merchant partners](#) on its next report: Peloton (PTON) -- **In December, Peloton began delaying the capture of transactions based on shipment date.** This [change in Peloton payment processing](#) shifted key PTON purchases into the quarter that is about to be reported, a potential windfall for AFRM. Peloton demand rocketed in December 2020.
- In 2020, overall [credit card debt](#) fell for the first time in 7 years. Congruently, services that allow consumers to 'Buy Now, Pay Later' (BNPL) with individual loans provided at the **point-of-sale have become increasingly popular for online transactions.**
- Although the industry point-of-sale loan industry is becoming increasingly crowded, Affirm's robust network of partnered merchants provides it with an undeniable edge. Of key importance, AFRM [recently integrated with Shopify](#) (SHOP) to offer 'pay installments' for Shop Pay checkout.
- [21Q2 earnings results](#) corroborate the underlying demand growth seen in the past year. In addition to surpassing Wall St. expectations for EPS and Revenue, AFRM reported: 4.5 million active users, up **+52% YoY**, 7,890 partnered merchants, up **+90% YoY**, and 2.2 transactions per customer, up **+7% YoY**.
- **Caveat:** Affirm held its initial public offering in January 2021 and has only reported one quarter of earnings results thus far. Although we're confident in the company's ability to continue delivering results, we're expecting to see significant price volatility in the near-term.

Our data shows that demand for AFRM is surging, propelled by underlying consumer spending habits, namely the shift toward eCommerce. Additionally, its partnered merchant network is still expanding alongside its userbase. Affirm is well-positioned within a growing industry (BNPL); we're expecting to see this market newcomer to leverage its high-profile partnerships to outpace the competition. Barring a major decline in the underlying mention volume, we're bullish on AFRM going forward.

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