

## Chime (CHYM) - BUY [11/25/2025]

**Current Price:** ~\$19.64 | **Target Price:** \$34 (3-year IRR: 21%) | **Market Cap:** ~\$7.36B

**Sector:** Financial Technology | Banking

**Description:** Chime is one of the largest U.S. neobanks, providing fee-free mobile banking services to ~9M Americans.

### Executive Summary

Chime completed its IPO in June 2025 at \$27/share and now trades at \$19.64. At a current market cap of ~\$7B, the company is valued well below previous private market valuations (peaked at \$25B valuation in August 2021). The stock has dramatically underperformed fintech peers (SoFi +84%, Affirm +10%) since the IPO as the market prices in competitive pressures, concerns about slowing payments monetization, and questions the sustainability of high sales and marketing spending to win customers.

I believe this view is wrong and the stock offers 75%+ upside (and ~21% 3-year IRRs) as three dynamics become clear over the next 2-3 years:

1. **The neobank competitive landscape has consolidated** with Chime emerging as one of only ~3 viable leaders
2. **Chime is successfully diversifying monetization** beyond interchange into lending products, driving substantial incremental revenue potential
3. **Unit economics remain robust** with sticky primary banking relationships driving 2.6:1 LTV:CAC despite substantial total S&M spending, and before lending monetization takes hold

**At 4.2x transaction profit (comparable to gross profit of other fintechs) vs. 10.5x for comparable high-growth fintechs (DAVE, SOFI, AFRM)**, Chime is being priced as slow-growth and competitively challenged (akin to PYPL or XYZ). In reality, it's a market leader with strong double-digit member growth, revenue growth, and a clear path to 30%+ operating margins.

### Business Model:

Chime operates as a neobank serving ~9 million Americans. Chime members generally earn <\$65,000 annually, may live paycheck-to-paycheck, and are consistently penalized by traditional banks through overdraft fees, minimum balance requirements, and account maintenance charges. The company's value proposition is simple: fee-free mobile banking with checking/savings accounts, debit cards, a secured credit card (Credit Builder), earned wage access (MyPay), overdraft protection (SpotMe), amongst other products.

Chime doesn't hold a bank charter but partners with The Bancorp and Stride Bank to offer banking services to its members, retaining ~80% of interchange fees while the partners keep low-cost deposits. This banking-as-a-service (“BaaS”) model is built off of regulatory arbitrage: because Chime's partner banks hold <\$10 billion in assets, they're exempt from Durbin Amendment interchange caps that limit large banks to ~21 cents per debit transaction.

In contrast, Chime earns **~95 basis points on debit transactions - about 4x what JPMorgan or Bank of America can capture** - making it economically viable to serve customers with low account balances that would be money-losers for traditional banks. To illustrate the negative economics for a standard traditional bank: A customer with \$500 in average balance generates ~\$20 in annual revenue at a ~4% net interest margin but costs \$200-300 to service. Traditional banking models cannot make this work, but Chime's payments driven digital model can (at scale).

### **Revenue Model**

- **Payments Revenue (67%):** Interchange fees from the payments Chime customers do on Chime branded debit (95 bps) and credit (175 bps) cards.
- **Platform Revenue (33%):** Lending products (MyPay, SpotMe, instant loans), ATM fees, and partnerships that Chime customers use in addition to everyday spending.

### **The Direct Deposit Strategy**

Chime's strategy centers on establishing itself as customers' primary banking relationship by requiring direct deposit to unlock premium features. While this drives higher customer acquisition costs (CAC = ~\$400) than competitors who use niche wedges to acquire customers, it also delivers:

- Higher Average Revenue Per Active Member (“ARPAM”): \$230 (vs. \$50-100 for secondary relationship competitors)
- Longer retention: 10-20 year industry average banking relationship lengths.
- Superior Lifetime Value (“LTV”): \$1,000+ with 104% transaction profit retention

### **Competitive Landscape: Market Consolidation is Underway**

The bear case assumes Chime is fighting to survive against a crowded field: Varo, Dave, Current, SoFi, Cash App, OnePay, legacy banks, and countless other fintech startups. This was true in 2018 and even into COVID, but it's not true today.

### **Scale Requirements**

To generate meaningful returns serving customers with low account balances through an interchange-driven model, you need millions of active users. The threshold of profitability for Chime seems to be around **10 million banking customers**. Chime operates a very modern, low-cost infrastructure, and yet they will only reach GAAP profitability in 2026-27. It's unlikely that other players can operate at costs much lower than Chime (Chime has built its own infrastructure, ChimeCore), therefore they will also need substantial scale to survive long term. Currently, few other players have that scale, or a clear path to achieve that scale over time.

Scale is also beneficial because it will allow Chime to reinvest larger amounts into branding and product innovation. This is a self-reinforcing flywheel which will allow scaled players to increase their lead over sub-scale competitors over time, which has been the case since 2022.

### **Players Who Can't Compete in Chime's Core TAM**

*Legacy Banks:* It is structurally unprofitable for legacy banks to serve low-balance customers. They don't want or pursue this business.

*SoFi:* Has reached massive scale (\$45B+ in assets) but Durbin interchange caps force them to target high-income earners as a debit card, payments-driven model would not be profitable. They've built their product suite around longer-term loans for high-FICO customers, and the platform is not purpose-built to serve the singular needs of lower-income Americans.

### **Direct Competitors Who Failed to Scale**

*Varo:* Burned years pursuing a bank charter that has proved strategically less impactful than hoped. Deposits have shrunk from \$731M (Q3 2021) to \$275M (Q3 2025). It has struggled to raise additional capital, and recently replaced its CEO in 2025.

*Current:* Accumulated 6M+ users but has a lower proportion of primary banking relationships. Because of its lack of scale, lower ARPAMs (less primary banking customers), and lack of product differentiation, it will struggle to beat Chime over time as Chime reinvests to improve its product and branding.

*Dave:* Has 12M+ customers but functions as a secondary liquidity provider, not a primary bank. Customers view it as a payday lender. It charges \$5-15 fees for earned wage access vs. Chime's free-to-\$5. This pricing dynamic (Chime is much cheaper for the same product) could lead to customer churn, or at least stealing of wallet share by Chime.

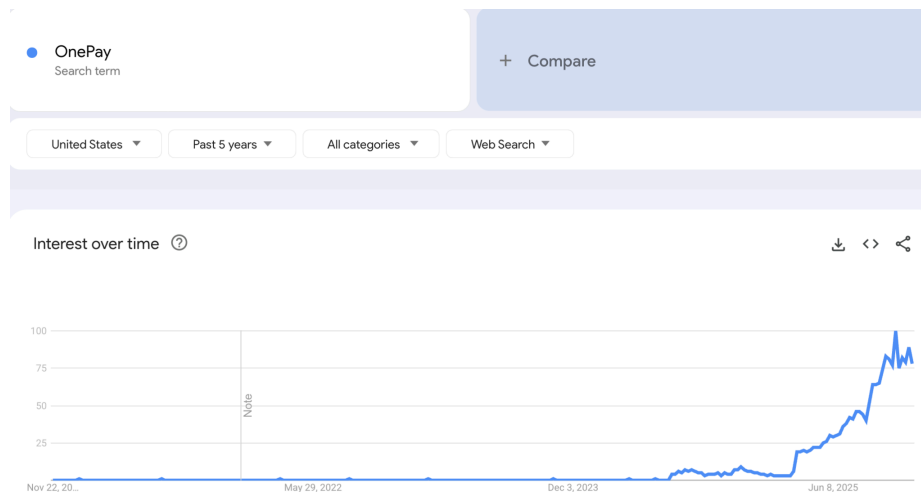
### **Strong competitors**

*Cash App (Block):* 55M monthly active users, and dominance in P2P payments. However, it only had **2.5M direct-deposit customers** as of year-end 2024, only a slight increase from the 2M in 2021, compared to Chime's **5.4M**. Block's recent investor day displayed their lack of commitment to the banking product: there were 7 slides on buy-now-pay-later integration and just 2 slides on primary banking.

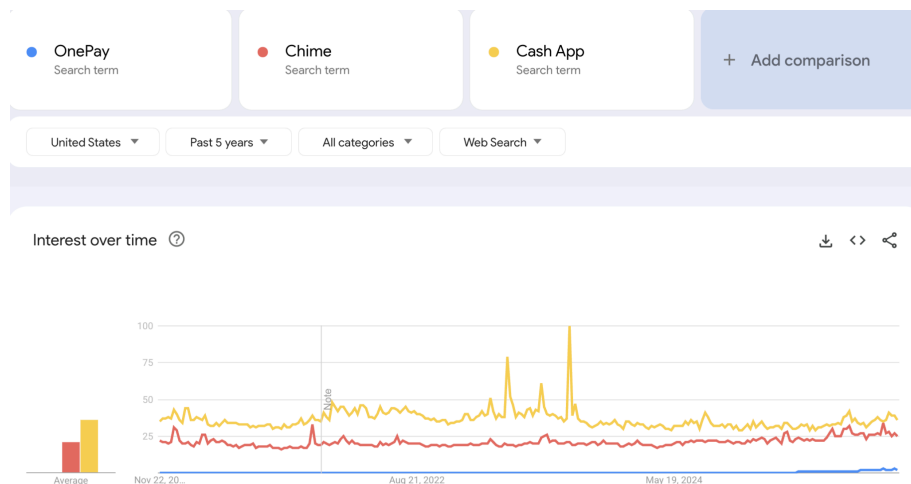
Cash App views banking as a secondary utility within its broader ecosystem of crypto, shopping, and P2P. On the contrary, Chime competes with singular focus on winning primary account status. This focus is Chime's advantage over Cash App.

**OnePay (Walmart):** The most credible emerging threat. With 270M weekly global Walmart customers and the ability to integrate the app into the Walmart shopping journey, OnePay has unmatched distribution. Google Trends shows rapid scaling in 2025 and it is now the #2 finance app. That said, OnePay's rise hasn't shown up in Chime's financials yet, and the addressable market (140M+ adults) is large enough to support three scaled players at 20-30M+ banking customers each.

**Assessment:** The neobank market has consolidated significantly since 2015-2022. Capital dried up, profitability became paramount, and most subscale players either shut down or continue operating with limited prospects. Only Chime, Cash App, and OnePay have realistic paths to sustained scale. Chime is already there, and continues to improve its product offering steadily.



***OnePay is rapidly scaling...***



***But still has overall interest levels far below both Chime and Cash App***

## **Platform Revenue Growth: The Underappreciated Monetization Shift**

The bear case views Chime as overly dependent on interchange fees from a customer base with limited spending capacity. This misses the significant shifts currently underway in the business model.

### **Two Simultaneous Shifts Driving ARPAM Expansion**

#### **Shift #1: Debit → Credit Mix**

Chime is successfully migrating customers to its Credit Builder card, a secured credit card that behaves like debit from the user's perspective, but earns credit interchange rates for Chime (~80 incremental bps). Credit currently makes up ~16% of payments volumes and will scale to ~22% by 2030.

#### **Shift #2: Growth in Platform Revenue**

MyPay launched mid-2024 and has seen strong adoption. **Q3 2025 Platform Revenue grew 65% YoY**, far outpacing payments revenue. Dave, which operates a largely pure-play EWA business, generated **\$217 in annualized revenue per active member** in its most recent quarter. Chime's MyPay pricing is considerably cheaper than Dave's (in a like-for-like loan comparison), so it should be expected that Chime could capture a significant amount of wallet share from Chime customers that currently rely on Dave for EWA

lending, but Chime for primary banking (management has alluded significant customer base overlap). By even capturing just half of Dave's monetization rate on these customers, it would drive most of the ARPAM expansion needed to reach \$300+ by 2030.

- Note: These short-term liquidity products: earned wage access (EWA), overdraft protection, and instant loans, have **very low loss rates** because Chime controls the direct deposit relationship and can underwrite risk using real-time cash flow data rather than outdated methods such as FICO scores. For context, Chime expects long-term loss rates on MyPay of ~1% vs. ~4% loss rates on traditional credit cards because it has priority on repayment via direct deposit control and can adjust underwriting rapidly given short loan duration. These expected MyPay loss rates are aligned with loss rates throughout the industry on short term loans backed by high-cash-flow-visibility.

In addition to the shifts above, there is further evidence of Chime's ability to drive greater ARPAMs over time as cohorts mature. Chime's most tenured members are already at **\$350 ARPAM** and members using 6+ products have **\$466 ARPAM**. As newer cohorts mature and users adopt existing products, ARPAM should naturally scale. I model Platform Revenue growing from 31% of total revenue today to 45% by 2035. This will cause \$396 ARPAM in 2035 (I believe there's substantial upside to this number), a shift the market is underpricing.

## Unit Economics

Bears point to Chime's \$400+ customer acquisition cost, arguing it's unsustainable relative to current ARPAM of \$230. This concern overlooks three important factors:

### 1. LTV:CAC is still a strong 2.6:1 even at elevated S&M spend levels

The company is spending aggressively because scale is the biggest determinant of sustained profitability when serving lower-income banking customers. Chime spent ~\$520M on sales and marketing in 2024, comparable to a \$500B legacy bank, but it's adding these customers at far superior lifetime values relative to cost.

### 2. Primary banking relationships are exceptionally sticky

The average banking relationship lasts 10-20 years. Chime's **transaction profit retention is 104%**, meaning cohorts aren't just staying but actually expanding usage over time. The combination of a robust product suite, high NPS scores (60+), and continued innovation keeps members engaged, driving increased LTVs over time.

### 3. ARPAM growth trajectory

The current \$230 ARPAM is artificially depressed because many customers haven't yet adopted MyPay and other newer products. As product attach rates increase and mix shifts take place, ARPAM expansion will dramatically improve LTV and LTV:CAC calculations even if CAC rises over time.

### **Additional Upside: Upmarket Traction**

Chime's fastest-growing customer segment last quarter was members earning >\$75K annually. ARPAM increased 6% YoY to \$245. While I don't model upmarket expansion in my base case, the brand is clearly resonating beyond its core paycheck to paycheck demographic, which could drive additional growth in payments volumes per active member.

### **Modeling**

**Revenue build:** The main drivers of revenue are (1) the number of active members, and (2) the ARPAM of each active member. Base case assumes ***revenue grows by 17.5% p.a. through 2030 and 15.5% p.a. through 2035.***

- **Total net members (11.3% p.a. through 2030 and 9.3% p.a. through 2035):** ~1.3M-1.4M new active members yearly through 2035. In 2030 I model Chime at ~16M active members and at ~23M active members in 2035 (~**16% TAM penetration**).
  - **TAM:** A conservative estimate of Chime's TAM is **~140M members**, taking an average of adults <55 years old (1) earning <\$100k / yr, (2) earning <\$65k / yr, (3) living paycheck to paycheck.
  - **Bank Switching Rates:** 10% of Chime's TAM assumed to switch banks each year, in part driven by the mismatch in service provided by legacy banks for lower-income Americans
  - **Chime Win Rate:** I assume Chime "wins" just 10% of these customer switches each year, which is lower (and conservative) than Chime's 13% reported win rate from a recent JD Power survey on bank switching.
  - **New Adult Win Rate:** I assume Chime wins new adults (~4M / yr) at a higher 15% rate, as Chime's brand and digital positioning resonate better with younger demographics
  - **Reactivation Rate:** 50% of Chime users churn within 1 year. Chime can reactivate these users who are familiar with the product as it adds compelling new features. I assume a 5% reactivation rate which decreases over time (only 2.5% in 2035).
  - **Churn:** Per Chime disclosures, I assume 50% churn across all new member wins in year 1.
- **ARMPAM:** I model ARPAM reaching \$313 in 2030 and \$396 in 2035.
  - **Debit vs. Credit:** Driven by Chime's Credit Builder card, I estimate Credit to become a larger portion of the payment volume pie over time (16% -> 27% through 2035).
  - **Platform Revenue Shift:** Chime's revenue model is shifting more towards its platform, driven by lending products such as MyPay. I assume platform revenue reaches 40% of total revenue in 2030 and 45% in 2035 (from ~31% today).

	Historical					Forecast									
Base	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
Actives	5,300	6,600	8,000	9,450	10,730	12,040	13,377	14,736	16,113	17,502	18,897	20,292	21,681	23,056	
Net Adds		1,300	1,400	1,450	1,280	1,310	1,337	1,359	1,377	1,389	1,395	1,395	1,388	1,375	
Y/Y		24.5%	21.2%	18.1%	13.5%	12.2%	11.1%	10.2%	9.3%	8.6%	8.0%	7.4%	6.8%	6.3%	
Actives - Retained	90.0%	90.0%	90.0%	90.5%	91.0%	91.5%	92.0%	92.5%	93.0%	93.5%	94.0%	94.5%	95.0%	95.5%	
Actives - Retained		5,940	7,200	8,552	9,764	11,016	12,306	13,631	14,985	16,364	17,763	19,176	20,597	22,018	
Total Churns			1,614	2,144	2,245	2,333	2,407	2,465	2,505	2,527	2,529	2,511	2,472	2,412	
Total Pool of churns			17,000	19,144	21,389	23,722	26,129	28,594	31,099	33,626	36,155	38,666	41,138	43,551	
U.S. Population	333,287,557	334,914,895	342,034,432	343,670,626	345,306,820	346,943,014	348,579,208	350,215,402	351,851,595	353,487,789	355,123,983	356,760,177	358,396,371	360,032,565	
U.S. Adult Population	260,614,133	263,537,816	266,978,268	269,138,704	270,420,056	271,701,408	272,982,760	274,264,113	275,545,465	276,826,817	278,108,169	279,389,521	280,670,874	281,952,226	
% Adult	78%	79%	78%	78%	78%	78%	78%	78%	78%	78%	78%	78%	78%	78%	
Unbanked Population	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000	
New adults (18+)	4,400,000	4,360,000	4,300,000	4,334,796	4,355,434	4,376,072	4,396,709	4,417,347	4,437,985	4,458,623	4,479,260	4,499,898	4,520,536	4,541,173	
Adult Population - (Unbanked) - (New Adults)	253,518,133	256,455,416	259,916,268	262,064,873	263,339,208	264,613,544	265,887,879	267,162,215	268,436,550	269,710,885	270,985,221	272,259,556	273,533,891	274,808,227	
Adults <\$100k income	207,884,869	210,293,441	213,131,340	214,893,196	215,938,151	216,983,106	218,028,061	219,073,016	220,117,971	221,162,926	222,207,881	223,252,836	224,297,791	225,342,746	
Earn <\$65K / Year	164,786,786	166,696,020	168,945,574	170,342,167	171,170,485	171,998,803	172,827,121	173,655,439	174,483,757	175,312,075	176,140,393	176,968,711	177,797,029	178,625,347	
Overdrafting	38,027,720	38,468,312	38,987,440	39,309,731	39,500,881	39,692,032	39,883,182	40,074,332	40,265,482	40,456,633	40,647,783	40,838,933	41,030,084	41,221,234	
Paycheck to paycheck	169,857,149	171,825,129	174,143,900	175,583,465	176,437,270	177,291,074	178,144,879	178,998,684	179,852,488	180,706,293	181,560,098	182,413,903	183,267,707	184,121,512	
Average TAM - under 55 years old	137,440,631	139,033,030	140,909,273	142,074,103	142,764,963	143,455,823	144,146,682	144,837,542	145,528,402	146,219,261	146,910,121	147,600,981	148,291,840	148,982,700	
% of population switching banks	10%	10%	10%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	
Chime win rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	
Chime new member wins - bank switchers	1,374,406	1,390,330	1,409,093	1,420,741	1,427,650	1,434,558	1,441,467	1,448,375	1,455,284	1,462,193	1,469,101	1,476,010	1,482,918	1,489,827	
New adults (18+) each year	4,400,000	4,360,000	4,300,000	4,334,796	4,355,434	4,376,072	4,396,709	4,417,347	4,437,985	4,458,623	4,479,260	4,499,898	4,520,536	4,541,173	
% <\$100k income	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
% of population with no legacy banking relationship	34%	34%	34%	34%	34%	34%	34%	34%	34%	34%	34%	34%	34%	34%	
Chime win rate	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	
Chime account wins - currently banked adults	224,400	222,360	219,300	221,075	222,127	223,180	224,232	225,285	226,337	227,390	228,442	229,495	230,547	231,600	
Reactivation win rate				5.0%	4.8%	4.5%	4.3%	4.0%	3.8%	3.5%	3.3%	3.0%	2.8%	2.5%	
Reactivations / Total				34%	36%	37%	38%	38%	39%	39%	39%	39%	38%	37%	
Total new adds				1,246	1,280	1,310	1,337	1,359	1,377	1,389	1,395	1,395	1,388	1,375	
% of TAM	3.9%	4.7%	5.7%	6.7%	7.5%	8.4%	9.3%	10.2%	11.1%	12.0%	12.9%	13.7%	14.6%	15.5%	



	Historical					Forecast									
Base	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
Purchase volume	\$71,508	\$92,396	\$115,152	\$137,630	\$162,342	\$186,839	\$212,731	\$240,005	\$268,634	\$298,574	\$329,770	\$362,151	\$395,630	\$430,110	
Y/Y		29%	25%	20%	18%	15%	14%	13%	12%	11%	10%	10%	9%	9%	
Average Active Members	5000	5,950	7,300	8,725	10,090	11,385	12,708	14,056	15,425	16,807	18,200	19,595	20,986	22,368	
Average Purchase Volume per Active Member	\$14,302	\$15,529	\$15,774	\$15,774	\$16,090	\$16,412	\$16,740	\$17,075	\$17,416	\$17,764	\$18,120	\$18,482	\$18,852	\$19,229	
Y/Y		8.6%	1.6%	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	
Purchase Volume - % Debit	86%	85%	84%	83.0%	82.0%	81.0%	80.0%	79.0%	78.0%	77.0%	76.0%	75.0%	74.0%	73.0%	
Purchase Volume - % Credit	14%	15%	16%	17.0%	18.0%	19.0%	20.0%	21.0%	22.0%	23.0%	24.0%	25.0%	26.0%	27.0%	
Purchase Volume - Debit	\$61,497	\$78,537	\$96,728	\$114,233	\$133,120	\$151,339	\$170,185	\$189,604	\$209,534	\$229,902	\$250,626	\$271,613	\$292,766	\$313,981	
Purchase Volume - Credit	\$10,011	\$13,859	\$18,424	\$23,397	\$29,222	\$35,499	\$42,546	\$50,401	\$59,099	\$68,672	\$79,145	\$90,538	\$102,864	\$116,130	
Total revenue	\$1,009	\$1,279	\$1,673												
Debit revenue - % of total	63%	61%	55%												
Credit revenue - % of total	17%	19%	21%												
Debit revenue	\$636	\$780	\$920	\$1,087	\$1,267	\$1,440	\$1,619	\$1,804	\$1,994	\$2,187	\$2,385	\$2,584	\$2,786	\$2,987	
Credit revenue	\$171	\$243	\$351	\$409	\$511	\$621	\$745	\$882	\$1,034	\$1,202	\$1,385	\$1,584	\$1,800	\$2,032	
Credit % of interchange revenue	21%	24%	28%	27%	29%	30%	31%	33%	34%	35%	37%	38%	39%	40%	
Debit - implied average interchange rate	1.03%	0.99%	0.95%	0.95%	0.95%	0.95%	0.95%	0.95%	0.95%	0.95%	0.95%	0.95%	0.95%	0.95%	
Credit - implied average interchange rate	1.71%	1.75%	1.91%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	
Interchange Revenue	\$807	\$1,023	\$1,272	\$1,496	\$1,778	\$2,061	\$2,364	\$2,686	\$3,028	\$3,389	\$3,770	\$4,169	\$4,586	\$5,020	
Y/Y		27%	24%	18%	19%	16%	15%	14%	13%	12%	11%	11%	10%	9%	
Platform Revenue - % of total (non-card)	20%	20%	24%	31%	33%	34%	35%	37%	38%	39%	41%	42%	44%	45%	
Y/Y ppts		0%	4%	8%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	
Interchange Revenue	\$807	\$1,023	\$1,272	\$1,496	\$1,778	\$2,061	\$2,364	\$2,686	\$3,028	\$3,389	\$3,770	\$4,169	\$4,586	\$5,020	
Platform Revenue	\$202	\$257	\$395	\$679	\$859	\$1,060	\$1,292	\$1,559	\$1,864	\$2,211	\$2,604	\$3,049	\$3,548	\$4,107	
Total Revenue	\$1,009	\$1,280	\$1,667	\$2,175	\$2,637	\$3,121	\$3,656	\$4,245	\$4,892	\$5,600	\$6,374	\$7,217	\$8,133	\$9,127	
Y/Y		26.9%	30.2%	30.5%	21.3%	18.4%	17.1%	16.1%	15.2%	14.5%	13.8%	13.2%	12.7%	12.2%	
ARPAM	\$190	\$194	\$208	\$230	\$246	\$259	\$273	\$288	\$304	\$320	\$337	\$356	\$375	\$396	
Y/Y		1.9%	7.4%	10.5%	6.8%	5.5%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.5%	5.5%	

**Margin build:** Operating Margins will reach 23% by 2030, and 38% by 2035, driven by continued operating leverage on the higher fixed cost infrastructure Chime has built (ChimeCore) and a long growth runway (large TAM).

- **Gross Margins:** I model gross margins scaling to 90% over time (from 88% today), driven by additional efficiencies from the migration to ChimeCore.
- **Transaction Margins:** Transaction margins will dip temporarily as Chime rolls out additional lending products. Once loss rates are stabilized on those products, transaction margin will return to 2024 levels (this assumes slightly higher losses as a % of payments volume than 2024 but is offset by the rise in gross margin to 90%).
- **Member Support and Operations:** Driven by the use of AI, member support and operations will decrease as a % of revenue from 15% to 8% in 2035.
- **Sales and Marketing:** Even assuming CAC per member increases 50% over time (as Chime's TAM is filled), S&M as a % of total revenues will dramatically decline from 30% to ~10% in 2035 as new customers become a smaller portion of total customers.
- **Technology and Development:** Technology and development spend as a % of revenue is expected to stay higher over time (2% ppts decrease over 10 years) as Chime continues to invest in developing its product suite and adding innovative features.

- **G&A:** G&A is expected to increase to 15% of revenues in 2025, driven by increased costs of being a public company, before declining to 12% of revenues by 2035 (still elevated over 2024 levels).
- **D&A:** Assumed to stay at 1% of revenues over time.

Base ▾	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Member support and operations % of sales	29.0%	21.3%	17.2%	15.0%	14.3%	13.6%	12.9%	12.2%	11.5%	10.8%	10.1%	9.4%	8.7%	8.0%
Sales and marketing % of sales	43.0%	34.7%	31.2%	30.0%	22.9%	20.8%	18.9%	17.3%	15.8%	14.5%	13.3%	12.2%	11.1%	10.2%
Technology and development % of sales	24.0%	20.2%	18.6%	17.5%	17.3%	17.0%	16.8%	16.5%	16.3%	16.0%	15.8%	15.5%	15.3%	15.0%
General and administrative % of sales	16.8%	12.1%	10.6%	15%	14.7%	14.4%	14.1%	13.8%	13.5%	13.2%	12.9%	12.6%	12.3%	12.0%
Depreciation and amortization % of sales	0.7%	0.9%	0.9%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1.0%

## Valuation:

I arrive at a fair value for Chime of \$34/sh, representing a ~21% IRR over 3 years as the market recognizes the strength of Chime's competitive positioning, its substantial monetization opportunities, and the inherent operating leverage in its model.

WACC = 12%				
Method	PT	Upside	Weight	Weighted Avg.
<b>DCF</b>				
Base	\$36	85%	30%	\$11
Bull	\$60	205%	10%	\$6
Bear	\$24	24%	10%	\$2
<b>Multiples</b>				
Base	\$35	78%	30%	\$10
Bull	\$28	41%	10%	\$3
Bear	\$19	-5%	10%	\$2
				<b>\$34</b>
Weighted Avg. Upside ->				<b>75%</b>
3-year IRR ->				<b>21%</b>

## Comparables:

- Chime currently trades at ~4.2x 2025e transaction profit, roughly in-line with both PayPal and Block, **two companies with weakening competitive positions and far lower growth prospects**
- Comparable fintechs with strong competitive positioning and growth prospects trade at ~10.5x GP
- If Chime were to trade at 10.5x it would represent **upside of ~152%, or a ~36% IRR over 3 years.**

Name	Ticker	EV	MkCap	% Below 52W High (%)	% Above 52W Low (%)	Sales	GM %	Net Margin %	FCF Margin %	2 yr fwd. sales CAGR exp.	EV/Sales	EV/Sales (+2 FY)	EV/EBITDA	EV/GP	P/E	P/FCF	Gross Profit	FCF
Chime Financial A	CHYM-US	\$6,542	\$7,561	-55%	26%	\$1,899	87%	-	-	17%	3.4	2.5						
Dave A	DAVE-US	\$3,163	\$3,180	-18%	436%	\$491	69%	30%	49%	13%	6.4	5.0	21.0	9.3	23.3	23.3	341	238
SoFi Technologies	SOFI-US	\$33,073	\$34,019	-13%	228%	\$4,442	60%	14%	35%	1%	7.4	7.3	41.8	12.3	51.2	51.2	2,680	1,538
Affirm Hldg A	AFFM-US	\$28,837	\$23,974	-26%	138%	\$3,459	86%	7%	22%	21%	8.3	5.7	27.6	9.7	109.1	109.1	2,963	769
Block A	XYZ-US	\$38,526	\$39,897	-34%	48%	\$23,974	40%	13%	8%	6%	1.6	1.4	13.4	4.0	13.2	13.2	9,663	1,832
Nu Holdings A	NU-US	\$98,283	\$76,472	-4%	76%	\$11,658	-	20%	55%	19%	8.4	5.9			33.2	33.2	-	6,418
Robinhood Markets A	HOOD-US	\$130,738	\$115,798	-15%	355%	\$4,226	90%	52%	-103%	15%	30.9	23.6	62.0	34.5	54.1	54.1	3,794	-4,355
Marqeta A	MQ-US	\$988	\$2,038	-34%	33%	\$589	7%	-7%	18%	12%	1.6	1.3		24.6			40	106
Upstart Holdings	UPST-US	\$4,870	\$3,755	-60%	23%	\$967	98%	3%	-38%	15%	5.0	3.8	115.0	5.2	169.4	169.5	944	-367
Wise A	WISE-GB	\$13,127	\$14,853	-28%	15%	\$2,451	72%	21%	32%	2%	5.3	5.1	19.0	7.5	24.3	24.3	1,752	781
Remitly Global	RELY-US	\$2,215	\$2,657	-53%	4%	\$1,545	58%	1%	13%	11%	1.4	1.2	35.2	2.5	135.6	135.7	895	194
Toast A	TOST-US	\$19,732	\$21,571	-25%	32%	\$5,858	26%	5%	10%	12%	3.3	2.7	63.0	13.2	84.9	84.9	1,500	564
Average of close comparables		\$21,691	\$20,391	-19%	267%	\$2,798	72%	17%	35%	12%	7.4	6.0	30.1	10.5	61.2			

**DCF:** All DCF models assume: (1) 12% WACC (2) 4% terminal growth rate (matches the 10 year UST yield) and (3) Annual dilution equal to 2% of revenue. Under a base, bear, and bull case, I estimate upside of 24% - 205% from Chime's current share price. Using a weighted average of the DCF cases (60%, 20%, 20%) yields ~100% upside.

- **Base case:**
  - Active members grow to ~16M by 2030 and ~23M by 2035
  - ARPAM scales to \$304 by 2030 and \$396 by 2035
  - Operating margins scale to 22% by 2030 and 38% by 2035.
- **Bear case:**
  - Active members grow to ~13.3M by 2030 and ~16.7M by 2035
  - ARPAM scales to \$290 by 2030 and \$359 by 2035
  - Operating margins scale to 22% by 2030 and 32% by 2035.
- **Bull case:**
  - Active members grow to ~19.5M by 2030 and ~31M by 2035
  - ARPAM scales to \$319 by 2030 and \$440 by 2035
  - Operating margins scale to 25% by 2030 and 46% by 2035.

**Conclusion:** The risk/reward is highly asymmetric at a current price of \$19.64. The market prices Chime as a low growth, degrading asset. In reality Chime's strategic position has never been better, and the business is posting strong double digit member growth, revenue growth, and substantial operating leverage (incremental adj. EBITDA is >40%). Chime's TAM is large, its runway is long, and it's got a clear path towards improved monetization through newer lending products which are already showing strong attach rates and profitability.

## Key Risks

1. **Durbin Amendment Reform:** If the small bank exemption is removed, Chime's unit economics will deteriorate. **Mitigant:** *Chime is rapidly diversifying into "Platform Revenue" (lending) which is immune to interchange regulation. Additionally, the most likely change in regulation is a **further reduction in interchange for banks >\$10B in assets**. While this does not directly impact Chime, it may pressure the "market rate" on debit (Chime's rate) as the spread between the market rate and the regulated rate widens. However, this specific change would be manageable.*
2. **Partner Bank Dependency:** Chime relies on The Bancorp and Stride Bank as partner banks. If these partners face regulatory orders or increase assets to >\$10B, it could hamper Chime's ability to grow. **Mitigant:** *Chime's banking partners are known to take regulatory issues seriously. If there is a misstep, there is room to pursue other banking partnerships, as there are many other high quality BaaS providers (Celtic, Coastal, Cross River, Lead, etc.)*
3. **Credit Quality:** Chime is lending to sub-prime consumers (credit scores <620). A severe recession could increase default rates on MyPay/SpotMe. **Mitigant:** *Chime has priority on repayment because they control the direct deposit stream, allowing them to deduct repayments before the user can spend the money. Further, given the short terms of these lending products (MyPay is 10-14 days outstanding), Chime will be able to adjust its underwriting quickly, a benefit of its model vs. loans with longer terms (credit cards). That said, if lending requirements tighten, this will negatively impact growth rates (inverse relationship).*

## Catalysts

- **Q4 2025 Earnings:** First full quarter of MyPay contribution; expectation of raising 2025 guidance.
- **GAAP Profitability (2026):** Turning GAAP profitable will help Chime screen better and may cause greater investor interest.
- **2026 net adds:** If Chime can continue adding ~1.3M+ members each year and scale ARPAM at the same time, the market will be forced to re-value the company at a higher multiple of transaction profits based on the TAM / growth runway ahead.
- **Regulatory clarity:** If final rulings on the Durbin Amendment come back positive, it will remove a clear overhang.

## Appendix

### ***Chime vs. Fintech Peers: Price Comparison Chart Since IPO***



**Model**

	Historical							Forecast						
Base	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Actives	5,300	6,600	8,000	9,450	10,730	12,040	13,377	14,736	16,113	17,502	18,897	20,292	21,681	23,056
Net Adds		1,300	1,400	1,450	1,280	1,310	1,337	1,359	1,377	1,389	1,395	1,395	1,388	1,375
Y/Y		24.5%	21.2%	18.1%	13.5%	12.2%	11.1%	10.2%	9.3%	8.6%	8.0%	7.4%	6.8%	6.3%
Actives - Retained	90.0%	90.0%	90.0%	90.5%	91.0%	91.5%	92.0%	92.5%	93.0%	93.5%	94.0%	94.5%	95.0%	95.5%
Actives - Retained		5,940	7,200	8,552	9,764	11,016	12,306	13,631	14,985	16,364	17,763	19,176	20,597	22,018
Total Churns			1,614	2,144	2,245	2,333	2,407	2,465	2,505	2,527	2,529	2,511	2,472	2,412
Total Pool of churns			17,000	19,144	21,389	23,722	26,129	28,594	31,099	33,626	36,155	38,666	41,138	43,551
U.S Population	333,287,557	334,914,895	342,034,432	343,670,626	345,306,820	346,943,014	348,579,208	350,215,402	351,851,595	353,487,789	355,123,983	356,760,177	358,396,371	360,032,565
U.S. Adult Population	260,614,133	263,537,816	266,978,268	269,138,704	270,420,056	271,701,408	272,982,760	274,264,113	275,545,465	276,826,817	278,108,169	279,389,521	280,670,874	281,952,226
% Adult	78%	79%	78%	78%	78%	78%	78%	78%	78%	78%	78%	78%	78%	78%
Unbanked Population	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000
New adults (18+)	4,400,000	4,360,000	4,300,000	4,334,796	4,355,434	4,376,072	4,396,709	4,417,347	4,437,985	4,458,623	4,479,260	4,499,898	4,520,536	4,541,173
Adult Population - (Unbanked) - (New Adults)	253,518,133	256,455,416	259,916,268	262,064,873	263,339,208	264,613,544	265,887,879	267,162,215	268,436,550	269,710,885	270,985,221	272,259,556	273,533,891	274,808,227
Adults <\$100k income	207,884,869	210,293,441	213,131,340	214,893,196	215,938,151	216,983,106	218,028,061	219,073,016	220,117,971	221,162,926	222,207,881	223,252,836	224,297,791	225,342,746
Earn <\$65K / Year	164,786,786	166,696,020	168,945,574	170,342,167	171,170,485	171,998,803	172,827,121	173,655,439	174,483,757	175,312,075	176,140,393	176,968,711	177,797,029	178,625,347
Overdrafting	38,027,720	38,468,312	38,987,440	39,309,731	39,500,881	39,692,032	39,883,182	40,074,332	40,265,482	40,456,633	40,647,783	40,838,933	41,030,084	41,221,234
Paycheck to paycheck	169,857,149	171,825,129	174,143,900	175,583,465	176,437,270	177,291,074	178,144,879	178,998,684	179,852,488	180,706,293	181,560,098	182,413,903	183,267,707	184,121,512
Average TAM - under 55 years old	137,440,631	139,033,030	140,909,273	142,074,103	142,764,963	143,455,823	144,146,682	144,837,542	145,528,402	146,219,261	146,910,121	147,600,981	148,291,840	148,982,700
% of population switching banks	10%	10%	10%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Chime win rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Chime new member wins - bank switchers	1,374,406	1,390,330	1,409,093	1,420,741	1,427,650	1,434,558	1,441,467	1,448,375	1,455,284	1,462,193	1,469,101	1,476,010	1,482,918	1,489,827
New adults (18+) each year	4,400,000	4,360,000	4,300,000	4,334,796	4,355,434	4,376,072	4,396,709	4,417,347	4,437,985	4,458,623	4,479,260	4,499,898	4,520,536	4,541,173
% <\$100k income	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
% of population with no legacy banking relationship	34%	34%	34%	34%	34%	34%	34%	34%	34%	34%	34%	34%	34%	34%
Chime win rate	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Chime account wins - currently banked adults	224,400	222,360	219,300	221,075	222,127	223,180	224,232	225,285	226,337	227,390	228,442	229,495	230,547	231,600
Reactivation win rate				5.0%	4.8%	4.5%	4.3%	4.0%	3.8%	3.5%	3.3%	3.0%	2.8%	2.5%
Reactivations / Total				34%	36%	37%	38%	38%	39%	39%	39%	39%	38%	37%
Total new adds				1,246	1,280	1,310	1,337	1,359	1,377	1,389	1,395	1,395	1,388	1,375
% of TAM	3.9%	4.7%	5.7%	6.7%	7.5%	8.4%	9.3%	10.2%	11.1%	12.0%	12.9%	13.7%	14.6%	15.5%

Base	Historical					Forecast									
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
Purchase volume	\$71,508	\$92,396	\$115,152	\$137,630	\$162,342	\$186,839	\$212,731	\$240,005	\$268,634	\$298,574	\$329,770	\$362,151	\$395,630	\$430,110	
Y/Y		29%	25%	20%	18%	15%	14%	13%	12%	11%	10%	10%	9%	9%	
Average Active Members	5000	5,950	7,300	8,725	10,090	11,385	12,708	14,056	15,425	16,807	18,200	19,595	20,986	22,368	
Average Purchase Volume per Active Member	\$14,302	\$15,529	\$15,774	\$15,774	\$16,090	\$16,412	\$16,740	\$17,075	\$17,416	\$17,764	\$18,120	\$18,482	\$18,852	\$19,229	
Y/Y		8.6%	1.6%	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	
Purchase Volume - % Debit	86%	85%	84%	83.0%	82.0%	81.0%	80.0%	79.0%	78.0%	77.0%	76.0%	75.0%	74.0%	73.0%	
Purchase Volume - % Credit	14%	15%	16%	17.0%	18.0%	19.0%	20.0%	21.0%	22.0%	23.0%	24.0%	25.0%	26.0%	27.0%	
Purchase Volume - Debit	\$61,497	\$78,537	\$96,728	\$114,233	\$133,120	\$151,339	\$170,185	\$189,604	\$209,534	\$229,902	\$250,626	\$271,613	\$292,766	\$313,981	
Purchase Volume - Credit	\$10,011	\$13,859	\$18,424	\$23,397	\$29,222	\$35,499	\$42,546	\$50,401	\$59,099	\$68,672	\$79,145	\$90,538	\$102,864	\$116,130	
Total revenue	\$1,009	\$1,279	\$1,673												
Debit revenue - % of total	63%	61%	55%												
Credit revenue - % of total	17%	19%	21%												
Debit revenue	\$636	\$780	\$920	\$1,087	\$1,267	\$1,440	\$1,619	\$1,804	\$1,994	\$2,187	\$2,385	\$2,584	\$2,786	\$2,987	
Credit revenue	\$171	\$243	\$351	\$409	\$511	\$621	\$745	\$882	\$1,034	\$1,202	\$1,385	\$1,584	\$1,800	\$2,032	
Credit % of interchange revenue	21%	24%	28%	27%	29%	30%	31%	33%	34%	35%	37%	38%	39%	40%	
Debit - implied average interchange rate	1.03%	0.99%	0.95%	0.95%	0.95%	0.95%	0.95%	0.95%	0.95%	0.95%	0.95%	0.95%	0.95%	0.95%	
Credit - implied average interchange rate	1.71%	1.75%	1.91%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	
Interchange Revenue	\$807	\$1,023	\$1,272	\$1,496	\$1,778	\$2,061	\$2,364	\$2,686	\$3,028	\$3,389	\$3,770	\$4,169	\$4,586	\$5,020	
Y/Y		27%	24%	18%	19%	16%	15%	14%	13%	12%	11%	11%	10%	9%	
Platform Revenue - % of total (non-card)	20%	20%	24%	31%	33%	34%	35%	37%	38%	39%	41%	42%	44%	45%	
Y/Y ppts		0%	4%	8%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	
Interchange Revenue	\$807	\$1,023	\$1,272	\$1,496	\$1,778	\$2,061	\$2,364	\$2,686	\$3,028	\$3,389	\$3,770	\$4,169	\$4,586	\$5,020	
Platform Revenue	\$202	\$257	\$395	\$679	\$859	\$1,060	\$1,292	\$1,559	\$1,864	\$2,211	\$2,604	\$3,049	\$3,548	\$4,107	
Total Revenue	\$1,009	\$1,280	\$1,667	\$2,175	\$2,637	\$3,121	\$3,656	\$4,245	\$4,892	\$5,600	\$6,374	\$7,217	\$8,133	\$9,127	
Y/Y		26.9%	30.2%	30.5%	21.3%	18.4%	17.1%	16.1%	15.2%	14.5%	13.8%	13.2%	12.7%	12.2%	
ARPAM	\$190	\$194	\$208	\$230	\$246	\$259	\$273	\$288	\$304	\$320	\$337	\$356	\$375	\$396	
Y/Y		1.9%	7.4%	10.5%	6.8%	5.5%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.5%	5.5%	
Revenue	\$1,009	\$1,280	\$1,667	\$2,175	\$2,637	\$3,121	\$3,656	\$4,245	\$4,892	\$5,600	\$6,374	\$7,217	\$8,133	\$9,127	
Cost of revenue	\$215	\$220	\$208	261	\$306	\$350	\$395	\$441	\$489	\$560	\$637	\$722	\$813	\$913	
Gross Profit	\$794	\$1,059	\$1,466	\$1,914	\$2,331	\$2,772	\$3,261	\$3,803	\$4,402	\$5,040	\$5,737	\$6,496	\$7,320	\$8,214	
Gross Margin %	78.7%	82.7%	88.0%	88.0%	88.4%	88.8%	89.2%	89.6%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	
Transaction and risk losses	\$127	\$152	\$220	\$417	\$506	\$584	\$668	\$755	\$848	\$944	\$1,045	\$1,150	\$1,258	\$1,369	
Losses as a % of Sales	12.6%	11.9%	13.2%	19.2%	19.2%	18.7%	18.3%	17.8%	17.3%	16.9%	16.4%	15.9%	15.5%	15.0%	
Losses as a % of Volume	0.18%	0.16%	0.19%	0.30%	0.31%	0.31%	0.31%	0.31%	0.32%	0.32%	0.32%	0.32%	0.32%	0.32%	
Transaction Profit	\$667	\$907	\$1,246	\$1,497	\$1,825	\$2,187	\$2,593	\$3,048	\$3,555	\$4,096	\$4,691	\$5,346	\$6,062	\$6,845	
Transaction Margin	66.2%	70.8%	74.8%	68.8%	69.2%	70.1%	70.9%	71.8%	72.7%	73.1%	73.6%	74.1%	74.5%	75.0%	
CAC				\$450	\$472	\$495	\$517	\$540	\$562	\$585	\$607	\$630	\$652	\$675	
Other OpEx															
Member support and operations	\$292	\$273	\$287	\$326	\$377	\$424	\$472	\$518	\$563	\$605	\$644	\$678	\$708	\$730	
Sales and marketing	\$434	\$444	\$520	\$652	\$605	\$648	\$692	\$734	\$775	\$813	\$848	\$879	\$906	\$928	
Technology and development	\$242	\$259	\$310	\$325	\$341	\$358	\$376	\$395	\$415	\$436	\$457	\$480	\$504	\$529	
General and administrative	\$170	\$155	\$177	\$326	\$388	\$449	\$515	\$586	\$660	\$739	\$822	\$909	\$1,000	\$1,095	
Depreciation and amortization	\$7	\$12	\$15	\$22	\$26	\$31	\$37	\$42	\$49	\$56	\$64	\$72	\$81	\$91	
Total OpEx ex-transaction profit	\$1,146	\$1,142	\$1,308	\$1,652	\$1,737	\$1,912	\$2,092	\$2,275	\$2,461	\$2,648	\$2,835	\$3,019	\$3,200	\$3,374	
Income (loss) from operations	-\$479	-\$236	-\$62	-\$155	\$88	\$275	\$502	\$773	\$1,094	\$1,448	\$1,857	\$2,327	\$2,863	\$3,471	
Operating Margin	-47%	-18%	-4%	-7%	3%	9%	14%	18%	22%	26%	29%	32%	35%	38%	



Other income, net	\$8	\$33	\$39	\$25	--	--	--	--	--	--	--	--	--	--
Income before income taxes	-\$471	-\$203	-\$22	-\$130	\$88	\$275	\$502	\$773	\$1,094	\$1,448	\$1,857	\$2,327	\$2,863	\$3,471
Provision (benefit) for income taxes	\$0	\$0	\$3	\$0	\$0	\$0	\$0	\$0	\$232	\$362	\$464	\$582	\$716	\$868
NOL Shield				-\$1,802	-\$1,714	-\$1,438	-\$937	-\$164	\$0	\$0	\$0	\$0	\$0	\$0
Effective Tax Rate						25%	25%	25%	25%	25%	25%	25%	25%	25%
Net Income	-\$470	-\$203	-\$25	-\$130	\$88	\$275	\$502	\$773	\$861	\$1,086	\$1,393	\$1,745	\$2,147	\$2,603
Net Income Margin	-47%	-16%	-2%	-6%	3%	9%	14%	18%	18%	19%	22%	24%	26%	29%
Adj. EBITDA	-\$463	-\$191	-\$8	-\$108	\$114	\$306	\$538	\$815	\$1,142	\$1,504	\$1,921	\$2,399	\$2,944	\$3,562
Adj. EBITDA Margin	-46%	-15%	0%	-5%	4%	10%	15%	19%	23%	27%	30%	33%	36%	39%
Incremental Adj. EBITDA Margin					53%	39%	42%	46%	50%	50%	53%	56%	59%	61%
Diluted shares outstanding			423.9	432.4	441.0	449.8	458.8	468.0	477.4	486.9	496.7	506.6	516.7	527.1
EPS				-\$0.30	\$0.20	\$0.61	\$1.09	\$1.65	\$1.80	\$2.23	\$2.80	\$3.44	\$4.15	\$4.94
EPS Multiple						32.1	18.0	11.9	10.9	8.8	7.0	5.7	4.7	4.0
Add D&A				\$22	\$26	\$31	\$37	\$42	\$49	\$56	\$64	\$72	\$81	\$91
Add SBC				\$167	\$170	\$173	\$177	\$180	\$184	\$188	\$191	\$195	\$199	\$203
Change in working capital				\$217	\$158	\$187	\$219	\$255	\$293	\$336	\$382	\$433	\$488	\$548
NWC as a % of rev				10%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
FCF				-\$159	\$126	\$292	\$496	\$741	\$800	\$993	\$1,265	\$1,579	\$1,939	\$2,350
FCF Margin				-7%	5%	9%	14%	17%	16%	18%	20%	22%	24%	26%
Discount Rate				12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%
Discount Factor				1.01	1.13	1.27	1.42	1.59	1.78	2.00	2.24	2.50	2.80	3.14
PV FCF				-\$158	\$111	\$230	\$349	\$465	\$449	\$498	\$566	\$631	\$692	\$748
FCF / Sh				-\$0.37	\$0.29	\$0.65	\$1.08	\$1.58	\$1.68	\$2.04	\$2.55	\$3.12	\$3.75	\$4.46
Multiple				20	20	20	20	20	20	20	20	20	20	20
Net Cash				\$1,050	\$1,176	\$1,468	\$1,964	\$2,705	\$3,505	\$4,498	\$5,763	\$7,343	\$9,282	\$11,632

Terminal  
\$30,547  
12%  
3.14  
\$9,726

EV	\$14,307
Net cash	\$1,100
Market Value	\$15,407
Shares outstanding	423,900,000
Price / fully diluted share	\$36.35
current price ->	\$19.64
Undervaluation ->	85%
3 year IRR	22.8%

**LTV:CAC Calculation (Assumes inputs = 2030 values and customer lifetime = 10 years, but effectively only 5 due to 50% member churn in year 1)**



	1	2	3	4	5
CAC	\$421				
ARPAM	\$304	\$304	\$304	\$304	\$304
Txn margin	72.7%	72.7%	72.7%	72.7%	72.7%
Cash Flow	\$221	\$221	\$221	\$221	\$221
PV CF	\$221	\$221	\$221	\$221	\$221
LTV	\$1,103				
LTV / CAC	2.62				