A message from founder and CEO, Max Levchin

February 8, 2023

I shared an update with our employees today that I want to also share publicly. Additional details are included in our Shareholder Letter and Form 8-K relating to Affirm's second fiscal quarter earnings announcement.

Affirmers,

This is the hardest email I have had to write to our company since founding it almost 11 years ago. We are reducing the size of our team by 19% and will be parting ways with many talented colleagues and friends. To the entire company, but especially the folks leaving us today: I am deeply sorry to be taking this step; the responsibility for it and for the decisions leading up to it is entirely mine.

In the next few minutes, every Affirmer will be invited to join a meeting. For those impacted, you will join a meeting hosted by your function's XLT member, which will be followed by a 1:1 conversation with an Affirm leader or someone from the People team. For those not impacted, you will receive an invite to meet with your department leader.

We will do our best to support the folks we are saying goodbye to in several ways detailed below, but I also want to provide everyone with more context behind this decision.

Growing rapidly over the last few years, and especially through the pandemic, we consciously hired ahead of the revenue required to support the size of the team. This was a deliberate decision: the product opportunities in front of Affirm were too compelling to ignore, and the revenue growth we posted gave us confidence in this strategy.

Everything changed in mid-2022. Over the last three quarters, the Fed increased its benchmark rate at an unprecedented pace. This has already dampened consumer spending and increased Affirm's cost of borrowing dramatically. The root cause of where we are today is that I acted too slowly as these macroeconomic changes unfolded.

Practically, this means that we have built a much larger team than we can reasonably expect to support. Therefore, we have to act to reduce our operating expenses by resetting the size of our teams to where they were between 6 and 12 months ago. It really hurts, but it is the right thing to do for Affirm and all of our stakeholders.

Affirm provides access to purchasing power for millions of people, in a uniquely moral and financially responsible way, and the vast majority of our growth opportunities remain completely untapped: we are a mere 0.25% of the giant US retail sales market.

Our goals remain very ambitious: remain firmly in control of risk, grow both volume and revenue, and engage our consumers to continue increasing repeat usage, both online and offline.

We will adapt to the new environment we find ourselves in: we will pace our headcount growth behind that of our revenue, as we drive towards our profitability goal this fiscal year. In this period of economic turbulence, Affirm will stay focused on our core business and delay projects with less certain timelines.

For those that are leaving, we want to do all that we can to support you. We have put together a transition package that includes the following:

- **Severance:** In the US, we will provide a minimum of 15 weeks of base pay, plus one additional week per year of tenure with no cap. Outside the US, Affirmers will receive severance in line with local practices.
- **Healthcare:** In the US, we will provide a health stipend of $5,000 USD, which covers six months of employee healthcare, regardless of enrollment status. If additional coverage is selected to include dependents, we will cover the difference. Outside the US, Affirmers will receive benefits in line with local practices.

In addition to the above, we will provide the following to all Affirmers impacted globally:

- **Immigration:** Affirmers with an employer-sponsored visa will remain employed with Affirm through April 30, or will be paid out through that date if alternative employment is secured. We will also offer one-on-one support with an Affirm immigration attorney.
- **LOA:** Affirmers on a paid leave of absence, with an upcoming leave, or with weeks remaining from an intermittent leave will have their leave paid out.
- **Career services**: 3 months of career advising will be available through Slate Advisers.
- **Alumni directory**: An alumni directory will be developed to help connect exiting Affirmers to new opportunities.
- **Devices**: To ensure all Affirmers beginning their job search have the tools they need to find a role as quickly as possible, those impacted will keep their Affirm-issued equipment including laptops.

To Affirmers who are moving on today, I want to express our deep appreciation for your many contributions. Your hard work and dedication are forever imprinted in our successes, past and future. Please know we are truly grateful for all that you've done for Affirm. While this is hardly what any of us imagined when we welcomed you to Affirm, I hope you feel respected and cared for, even during this painful moment and will continue to consider yourself an Affirmer. I hope our professional paths cross again in the future.

To Affirmers who are not directly impacted by today's reductions, there will certainly be short-term disruption as we settle into a new operating rhythm. Right now though, let's focus on supporting our departing colleagues over the next few days and try to take a moment over the weekend to restore ourselves a little.

While the road ahead will have both challenges and opportunities, our mission must remain our guiding light. We are improving lives through honest financial products every day, and we must continue to do so – for millions of people who depend on Affirm.

Onward,

–Max