



# Affirm CFO Fireside Chat

September 23, 2025

## Presentation Participants

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### **Affirm**

Rob O'Hare, Chief Financial Officer

### **Stephens**

Kyle Joseph, Equity Research Analyst

## Presentation

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### **Kyle Joseph**

All right. Yes. So good morning. And for those on the East Coast, good afternoon. My name is Kyle Joseph, and I'm the specialty finance and fintech analyst for Stephens, covering Affirm. With me today, pleased to have the company's CFO, Rob O'Hare. I'll be hosting the fireside chat. I'll be asking a mix of questions that I put together as well as select questions asked and voted upon by retail shareholders.

So, with that, Rob, let's jump right in and kind of start on the company's outlook for growth. You guys recently put out your 2026 guidance with your fourth quarter report. So, if you could just, from a high level, discuss the outlook for Q1 and the rest of 2026 and give us some of the puts and takes that you're thinking about that may impact guidance.

### **Rob O'Hare**

Great. Of course. And thanks for hosting, Kyle. In terms of the guidance that we set, I think it's a pretty robust guide across the board. In Q1, the high end of our guide calls for 37% growth in GMV. Revenue less transaction costs, which is our gross profit metric, our transaction profit, calls for 43% growth in the quarter at the high end of the guide.

Moving down to adjusted operating income, we're looking for 23% to 25% margins at that metric. And then in terms of GAAP operating income margin, we're calling for 1% to 3% margins in the quarter.

For the full year, we're using – we're establishing a floor for GMV. That's a similar approach that we've taken in the last couple of years now. The floor is \$46 billion for the year and that implies about 25.5% year-on-year growth for the full year. And then, we've called for basically stable RLTC take rate. So, that's RLTC as a percentage of GMV at about 4% in the year.

And then, looking at the margins for the full year, we're setting, again, sort of a floor where we want to drive about 2 points of operating leverage. So, that would get us to about just over 26% adjusted operating margins. And then we're calling for a 6% GAAP operating income margin for the year.

So, yeah, we're – that's our initial guide and we take the guidance really seriously at Affirm.

### **Kyle Joseph**

Great, yeah. And a question from retail. So, Alaina L. wants to know, well, you talked about how you see the business growing in the near future, but how are you thinking about growth, particularly breaking down kind of the DTC channels and how these can enhance the traditional POS side of the business?

### **Rob O'Hare**

Yeah, great question. And that's definitely what we're seeing in the business. If you look at our Q4 results, we grew GMV at 43% in the fourth quarter. And our biggest D2C product, Affirm Card, grew north of 130% on a GMV basis. So, it definitely is the case that our direct-to-consumer business is accretive to growth and helping to drive overall platform growth higher. That said, I think we've got a really strong merchant base and we're seeing really nice growth on the point-of-sale side as well.

So, that's really the algorithm that we would expect to continue from a growth perspective this fiscal year where we continue to have very strong point-of-sale growth. And then as we're acquiring new users at

these point-of-sale endpoints, we would see attach rate into our direct-to-consumer businesses, namely Affirm Card. And so, that's been working for us. We've seen that dynamic play out over the last several quarters and we would expect that to continue into FY 2026.

### **Kyle Joseph**

That's great. And then last one, in terms of growth. Highlight what you talked about in terms of a product mix specifically for 2026 between the interest-bearing 0% and the Pay in X.

### **Rob O'Hare**

Yeah. We haven't given specific guidance for each of those products for the fiscal year, but I would expect that the trends that we saw in our fiscal fourth quarter, the last reported quarter, I would expect those to continue, namely the growth of our monthly 0% loans. We grew that product line north of 90% in the fourth quarter. And so, we would expect that that continues to be our highest-growing or our fastest-growing loan product in FY 2026 as well. But we haven't – we've sort of stopped short of giving exact mix for the year or anything close to that.

I think there's a lot to like about our monthly 0% loans. They've really helped accelerate new user acquisition. I think they round out the portfolio nicely. They're a nice complement to our interest-bearing loans. They tend to resonate a bit more with consumers on the higher end of the credit spectrum. So, it's a nice complement to interest-bearing, which I think is more generally applicable across the credit spectrum.

So, yeah, and it's also really good for our merchants, right? It helps drive higher conversion, a bit more traffic for our merchants. And so, that helps us deepen the relationship with the merchant as well.

### **Kyle Joseph**

Got it. That's great. And then with everything that's going on, I've been getting a lot of questions, transition to the competitive environment, obviously, on the heels of Klarna's IPO, but just highlight kind of how the competitive environment for BNPL has evolved in recent years.

### **Rob O'Hare**

Yeah, I mean, I think we're fortunate that BNPL is just a very growthful category in the US. We continue to grow nicely as an industry. I think Affirm is helping to lead that growth from an industry perspective. But more than anything, this is a category that consumers want, and I think that's showing up in all of the data. I think the category itself is growing roughly 25% a year in the US and we continue to deepen our penetration as an industry. US e-commerce sales, I think we're north of 8% penetrated in term – if you look at it in terms of US e-commerce penetration.

And when we look at other markets internationally, we see countries where the penetration of e-commerce can be as high as 15% or 20% in some cases. So, we still think it's a really, really large category and it's still pretty early in terms of the overall opportunity. E-commerce continues to grow at a nice rate as well. So, it's not like ecommerce is static.

So – and I think in terms of competition, competition, there's always been competition in our space. I think what differentiates Affirm from some of the other buy now, pay later providers is that we just do a broader spectrum of loans. We do anything from a six-week or even a 30-day loan. At the low end, we can go as low as \$35, and then we can go all the way out on the average order value spectrum to, in some cases, \$35,000. And there, we're probably doing a longer-term loan, maybe as long as 48 or in some cases 60 months.

So, that broad aperture, I think is pretty unique in the industry. Most of our competition is focused within Pay in 4 loans, which are typically a six-week loan. And there's no consumer interest charged. Some of our competition does charge late fees. That's something that Affirm has never done. And so, we think that's another point of differentiation is that we're trying to put fair and honest financial products in the hands of our consumers.

And so, I think just the ability to have a broad aperture, both from a term length perspective, from an average order value perspective, and then frankly, that allows us to sort of create a financing program for merchants that sort of meets the objectives that they're looking for. Because we have multiple products, we can craft something that works for Affirm to be profitable in these programs, but also works for the merchant and gets them to a conversion rate or a cost of acceptance that they're looking for. And I think the combination of those two also results in a good mix of products for the consumer when they're checking out at those merchants.

### **Kyle Joseph**

Got it. And I'm a consumer finance analyst, so I get this question. And given the industry is relatively new for – at least in the US, how do you see the industry and/or the competitive environment really evolving if/when we go through a true economic cycle?

### **Rob O'Hare**

I think one of the advantages that we believe that we have at Affirm is that we're underwriting every transaction, and in turn, every consumer, every single time they're looking to finance a purchase. And so, I think that allows us to stay current in our credit decisioning in ways that credit card providers just, they just don't have that agility that's afforded to us because we're underwriting every transaction. So, we think that we can be really nimble if we start to see signs of stress with the consumer.

And the other part of it is that we're also creating very short-dated loans. Our average term length in the loan book is probably about 12 months, and then the weighted average life of the loan book is about half of that. So, it's actually closer to five months. So, we can really course-correct quite quickly, and I think that, more than anything, should help us if we do start to see degrading macro signals or stress within the consumer base.

### **Kyle Joseph**

Okay. And then which verticals or channels do you see as the greatest opportunities for kind of incremental growth – incremental GMV growth, I should say, as well as RLTC kind of sustainability or expansion?

### **Rob O'Hare**

Yeah. I mean, it's really important to us that given the size of some of the platforms and merchants that we work with, like we need those programs to be profitable. Otherwise, they – if they're really large, they just – they can't be unprofitable. So, I think we do a good job of, like I said, sort of using all the levers at our disposal to formulate a financing program that works for the merchants and works for Affirm, too.

In terms of category expansion, I would say services is probably one that's top of mind and we're seeing some good momentum in that category. ServiceTitan is a partnership that we recently announced. It's a software platform used for in-home services. We think that that partnership in particular has a lot of potential, and I think there's just a lot to like about you think about some of the services you contract for in your home, whether it's a home improvement project or getting your carpets cleaned or whatever it is, I mean, those can be large-ticket items that I think they're also pretty considered purchases and something that we can help with in terms of driving affordability and smoothing the cost of those services over the

course of several months for the consumer. So, yeah, I think that's an area that we're seeing nice traction and we're pretty bullish on today.

And again, I think with Affirm Card, because we ride the credit card rails for Affirm Card, we're able to access merchants whether they're integrated with Affirm or not. And so, that also, in some ways, lessens the dependency on continuing to have deep integrations in all of these verticals. I think we can sort of let consumers tell us where they want to transact and we can use that data to formulate what the next set of categories should be for Affirm.

### **Kyle Joseph**

Yeah, no, that makes a lot of sense, particularly on the service side with some of those HVAC bills can be a little eye-popping. Kind of two more from retail. Lukas B. asks, what do you see as the biggest competitive advantage for Affirm versus traditional providers of credit? And then Michael S. asks, how are you guys experiencing such low delinquency rates compared to kind of more traditional credit products?

### **Rob O'Hare**

Yeah. I mean, as I mentioned, I think versus a credit card, I think our biggest competitive advantage is the transaction-level underwriting. That's really where the business started and it's been a huge part of how we've built the company over the last decade plus.

So, again, I think that just gives us a structural advantage where we're not underwriting a consumer once and then giving them an open to buy on their credit card. We're re-underwriting the consumer every single time they go to check out with Affirm. And increasingly, I think in the fourth quarter, roughly 95% of our transactions came from repeat borrowers, so borrowers that we had already worked with at least once.

And that what we see in the data empirically is that the risk in your second, your third, your fourth transaction continues to step down. It never goes to zero. And obviously, life can happen and things can change with our borrowers, but there is just sort of inherently less risk when working with consumers that we've already underwritten once.

So, again, it feels like we're – we've got a bit of an advantage there working with a very highly engaged and large consumer base and one that's transacting pretty frequently now on our platform.

And then, again, I guess going back to the BNPL question, I would say just the breadth of product offerings that we have I think differentiates us and really allows us to be as flexible as possible when we're engaging with merchants and with consumers to make sure that we put the right offer in front of the consumer and that we craft the right financing program that works in the context of the goods that the merchant is selling, and also the margin structure of the merchant.

Yeah. And then maybe moving to the delinquency question. Again, I think it just comes back to the flexibility and the agility that transaction-level underwriting drives. I think that's why we've been able to drive better delinquencies than credit cards. We do take risk in our business. We're a lender. And so, the risk is never going to go to zero. But we've got a really unique data set just of Affirm transactions that, increasingly, as consumers drive more and more transactions on Affirm, really it's the repayment history of that consumer becomes a big part of the signal that we're looking at when we're making an underwriting decision.

So, again, I think we've started to build and have built over the last decade-plus a pretty unique data asset, and that's another advantage where we're increasingly utilizing our own data in our credit decisions, and that obviously is a bit of a proprietary edge that we would have versus a credit card.

## **Kyle Joseph**

That's great. Yeah, that all makes a lot of sense. Pivot, another direction, kind of go back to growth. One thing you've been highlighting recently is kind of international expansion. I think, correct me if I'm wrong, but launched last November in the UK. Let's talk about the UK, how additive could it be to the overall growth rate? What's the adoption rate of BNPL in that market? Just give us a sense for some of the trends and competitive dynamics you're seeing over there.

## **Rob O'Hare**

Yeah. I mean, I think if you look at the e-commerce market, which is probably the first and most applicable market for buy now, pay later, I think the UK is roughly a third of the US market. So, just to put the opportunity in context, it's not as large as the US, but I think it's still a very, very large market in and of itself. And I think when we look at the buy now, pay later penetration rate within the UK, again, I think it's roughly in line with what we see in North America in that sort of 8-ish percent zone.

But I think what's unique about the UK opportunity for us, there's a couple of things, but first and foremost, what we've heard from merchants and from platform partners as we've done our due diligence before deciding to launch there, really was that there was an opportunity in the market for longer-term monthly installment and primarily interest-bearing lending that that product just sort of doesn't exist at scale today in the UK. And I think that's really, if you look at our US business, monthly installment, interest-bearing loans is about 70% of our total volume. So, it's far and away our biggest loan product and also our most profitable.

So, we're excited to bring that market – or sorry, to bring that loan product into the market. And we think that will be a bit differentiated versus some of the other competing offerings that are in market today. So, I think that's a big part of it.

And then secondly, and maybe even more important, we fully expect to launch with Shopify. We're in beta mode with Shopify in the UK right now and also in Canada. And so, being able to go to market with a platform as large as Shopify and a partner that we know really, really well, having co-developed Shop Pay Installments with Shopify in the US. We're excited to partner with them and I think that'll help in terms of driving the success of the launch in the UK.

## **Kyle Joseph**

Got it. Helpful. And then a retail question here, we got Emmanuel O. asks, what does the global expansion timeframe look like for Affirm and which geographies are you looking at, I guess, beyond the UK?

## **Rob O'Hare**

Yeah. So, today, Affirm is in the US, we're in Canada, we're looking to grow Canada with Shopify as well. And then as I mentioned, we're in sort of the early phases of testing the product with Shopify. So, I think the UK expansion, I mean that's a big market. We're going to learn a lot being in country and as we start to scale. So, that's really where we're focused for this fiscal year. And then beyond that, we would look to expand into Continental Europe. I think there's some large markets in Continental Europe that make sense as a next wave. But right now, we're really focused on executing as well as we can in the UK with that scaling with Shopify.

## **Kyle Joseph**

So, I guess moving back to the kind of the POS side of the business, I guess, in terms of – I've gotten this question recently, in terms of retail partners, any – talk about kind of concentration risk and how you think about addressing that and how the growth of the DTC channel kind of mitigates that.

### **Rob O'Hare**

Yeah. I mean, I think we definitely do have some large merchant partners and large platforms that we work with and they're pretty meaningful parts of our business at large. I think when we look at how big those partners and platforms are in the context of US e-commerce, I think it makes sense for them to be big parts of our business. And so, we're really focused on maximizing the opportunity with all of our merchant partners, frankly.

When we look at – we use a metric internally called share of cart. So, sort of what percentage or what proportion of the transactions on the merchant is Affirm powering. And when we look at the "share of cart" for some of our largest programs, we still feel like we're underpenetrated relative to that 8% penetration that BNPL is seeing for US e-commerce. So, that gives us confidence that there's still plenty of headroom and there's a really high ceiling for these large programs.

So, we're definitely leaning in. We're not proactively looking to diversify, other than we're always out talking to new merchant partners and looking to expand our coverage as much as we can.

And then to your point, I think we view either the wallets and/or Affirm Card, both of which we sort of encapsulate under the direct-to-consumer umbrella, we view those as additive. And I think in the case of Affirm Card in particular, it gives consumers a pretty frictionless way to get all of the utility that Affirm brings with our financing programs and to get that via an in-store experience and not just utilizing e-commerce.

So, what we see in the data with Affirm Card is that, in-store, it's about an order of magnitude more in terms of mix with Affirm Card than it is in our business at large. So, that tells us that Affirm Card has the potential to be really expansionary, particularly given how large the offline commerce market is. It's multiples of what ecommerce is in the US. So, I think that'll continue to be, I would expect, a high-growth area within Affirm. And again, it does have the added benefit of sort of lessening the concentration with some of our large programs.

### **Kyle Joseph**

Got it. And I think that's a good timing in a sense, anything you could talk about in terms of your recent integration with Apple Pay? I know you're limited as to what you can say, but talking about additional partners or channels.

### **Rob O'Hare**

Yeah. I mean, so the biggest new announcement with Apple Pay Later is that Apple is bringing the pay-later experience to offline checkout. So, you can use your iPhone, when you go to pay with Apple Pay, Apple Pay Later will be available in-store as well. And so, as I just said, I mean, the offline opportunity is multiples of what the ecommerce opportunity is. And so, we're really excited about that. Apple's been a great partner. We were a launch partner with Apple Pay Later about a year ago when they brought Apple Pay Later and opened it up to third-party providers on the e-commerce experience and in-app experience. So, we're excited to take this next step with them.

And we haven't given any sort of specific guidance about what this might mean for us in FY 2026, but I think if we take a longer view of the opportunity, I mean, it's a surface that we're really excited to be a part of, and undeniably, a huge opportunity for sure.

**Kyle Joseph**

That's great. And then one last one there, retail investor, Ron L. asks, and you do – we talked about this a little bit earlier, but is Affirm looking to expand more into industries such as designer fashion or home services? We covered home services a little bit, but kind of any other industry opportunities out there?

**Rob O'Hare**

Yeah. I mean, I think on the high-end fashion side, I mean, we work with Net-a-Porter. We work with Gucci. I mean, Affirm really wants to be as ubiquitous as possible. We want to have coverage across retailers and ecommerce providers of all shapes and sizes and industries. So, yeah, I mean, I think, again, I think it comes back to with the product breadth that we have, we can support transactions as low as \$35 or \$50. And we can also support higher-ticket items, more considered purchases, and do that in a way where we're expanding the timeline of the loan and giving the consumer real sort of smoothing in terms of being able to afford some of these higher ticket items over a longer time horizon.

So, yeah, I mean, I think we like all these categories and I think we've got a really great sort of set of merchants and representative merchants in all of the important verticals.

**Kyle Joseph**

Okay, great. And then we'll transition to kind of the topic du jour, what would a webinar be in 2025 if we didn't hit on AI? But so, Lukas B. asks, what is the long-term impact of AI on Affirm's underwriting models and how they balance rapid innovation with responsible lending practices?

**Rob O'Hare**

Yeah. I mean, so think it's important to level-set that we don't actually use AI to create our underwriting models. It's really important to us that we maintain explainability of underwriting decisions, and so that, first and foremost, I think that's the first answer.

That said, Affirm has been a technology and engineering-driven company from day one. I think we've been at the forefront of using machine-learning models to quickly and scalably make real-time underwriting decisions at the point of sale, but these systems are all designed by a small but mighty machine-learning team. And again, I think it's something that we continue to lean into. We have a new credit model that gets released about once a year, and that new credit model has to outperform on conversion rates, on repayment outcomes. So, it's a high bar to replace the existing one, just given, I think, how core underwriting is to Affirm's product.

Where we're using AI, I mean, we've definitely seen some improvements in code development. We're using AI to help with engineer productivity. There's some AI tools that we can use when we're looking to onboard merchants and to do that scalably. And then increasingly, we're starting to use chatbots and we're doing a voice-based customer support pilot with an AI tool as well.

So, I think those are some of the obvious areas. And then on the surfaces that face the consumer, while it's not – AI's not necessarily part of the underwriting decision, we can use AI to help optimize the offer that we put in front of a consumer. And typically, we serve the consumer with three options, three different types of loans. It might be a Pay in 4 loan, and two interest-bearing loans of different term lengths. So, there's a lot that we can do to make sure that we put the offer in front of the consumer that the consumer is going to opt into. And again, there's a really big dataset that we can utilize to optimize those decisions, and that's another area where AI has proven to be additive and helped us scale sort of a project that started out as being really manual. So, we're excited about the potential there.

## **Kyle Joseph**

Got it, very helpful. And then, so with the Fed last week, I think this is another popular topic, but moving to the funding side of the business. So, Emmanuel O. asks, how can we expect an interest rate shift to affect Affirm?

## **Rob O'Hare**

Yeah. So, we put out a framework a couple of years ago now where we said a 100-basis-point movement in underlying rates should result in about a 40-basis-point change in revenue less transaction costs for us. So, that relationship of 40 to 100 really is informed by the weighted average life of our loans. They're about five months in term length and five months is about 40% of a year. So, that's what drives the math there.

I think it's – like there's a couple things to keep in mind, though, with that statement. One, it's really only about 15% of our funding today is floating rate. So, if and when there is a change in rates, you'll see the floating rate debt reprice immediately, obviously. But for some of our fixed rate funding or semi-fixed rate funding, it may take a year or two years for us to fully benefit from a decline in rates. So, the 40 basis points is sort of a long-term view, but it may take a year or two or in some cases even longer for us to get the full benefit of that change in rates across all of the funding channels.

And then the other piece is just when we think about a declining rate environment, sometimes that may mean that the consumer health is concerning. And so, we want to make sure that we're thoughtful about making sure that we put loan offers and that our approval rates reflect the health of the consumer. And so, it could be the case that if the consumer health is worsening, we may see headwinds or challenges from an underwriting perspective as well.

## **Kyle Joseph**

Great. Very helpful. And then, we've seen a lot of capital flow into not just the BNPL space, but call it the fintech space more broadly. Just discuss how this impacts the BNPL industry and other operators.

## **Rob O'Hare**

Yeah. I mean, I think for us, like we've seen really good receptivity for things like our most recent asset-backed securities offerings. We've got a really broad and diversified loan sale program. We call that forward flow. So, yes, I mean, I think we're benefiting, I think, one, from the strong underwriting and the strong credit outcomes that we've been able to drive within our loan book. But then also, I think there is capital that is coming into the category. And I think the category or the capital realizes that there are returns to be had here. And I think, ultimately, that's the most important thing when you're talking about those relationships.

So, driving strong and predictable returns for funding providers, that's a really important part of what we do that helps ensure that the capital and the funding capacity is always going to be there for Affirm. And so, we don't take that responsibility lightly in any way.

I can't really speak to how an influx of capital might impact a competitor. I know in our business, the most important thing and the way we're sort of structured as a company is that we put loans in the hands of consumers that the consumer wants and that the consumer can afford and can afford to pay us back. We don't have any late fees in our business. We don't profit when the consumer stumbles or can't make a payment. So, it's really important to us that – and frankly, it's the most profitable thing that can happen is the consumer pays us back and pays us back on time.

And so, I think that puts underwriting at the forefront, and I think that's one of the reasons why our credit performance outperforms some of our brethren. And I think, again, I think that's helped us attract a pretty blue-chip group of funding providers and a group that we're really proud to partner with.

### **Kyle Joseph**

Got it. And then, I get this question a lot and no doubt you've thought about it, but how do you think about the positives and negatives of bank funding, and is that something that you would ever or eventually consider?

### **Rob O'Hare**

I mean, I think at some scale point, it probably makes sense for us to consider it. I would say, given, frankly, the strength that we're seeing within our capital program at large, it's certainly not something that we need today. And if we were to envision a future where Affirm had a bank charter, I mean, I think it would become a fourth funding channel for us. So, it would offer diversification, but we wouldn't expect it to become the majority of how we fund the business.

So, I think the puts and takes are when you look at the cost that you need to – the APY that you need to provide to a consumer to attract deposits, that's probably a lower rate than where we would borrow today. However, there's a lot of administrative overhead that goes into having a bank charter and being compliant as a bank. And so, there's some costs there outside of just the APY.

And then just similarly, I mean, again, I think with our scale point and our growth, we would – if and when we did become a bank, we would look to scale deposits in a pretty measured way. And so, again, just another reason why I don't ever see deposits being like the entirety of how we fund the business.

### **Kyle Joseph**

Okay, that – very fair. And one more here from retail, Jamisha G. asks, how is Affirm balancing growth versus profitability over the next 12 to 24 months?

### **Rob O'Hare**

Yeah. I mean, so it's important to us that we drive operating leverage, right? And so, that was a pretty important north star for us internally as we were setting this year's budget. We've reflected that in the FY 2026 guide. Driving 2 points of adjusted operating margin expansion, I mean, that – I think that's a great outcome for the company and for shareholders if we achieve it.

So, I think that's a really foundational part of our planning. And then from there, I mean, we want to be as ubiquitous as we can be. And so, that means deepening relationships with existing merchants and partners, and going out and winning new ones, too. And when we look at FY 2026, we're also signing up to launch and hopefully scale in some new markets as well.

So, I think growth is always at the forefront of everything we do at Affirm. And we exited FY 2025 with accelerating growth in the last two quarters versus where we grew in the first half of the year. So, I think we're coming into the year on a really nice growth trajectory, but we're also signing up for, I think, pretty important margin expansion as well. So, it's really – both are important. It's – we don't view them as a trade-off. In a lot of ways, if we're able to grow the business and grow it profitably, then the margin expansion at the bottom line should in some ways take care of itself.

### **Kyle Joseph**

Got it. Very helpful. And then yeah, I was going to transition to kind of operating leverage or the expense outlook from here. But I mean, I guess just high level, talk about kind of what you're seeing in terms of customer acquisition costs and then kind of two follow-up questions from retail. One, Guillermo A. asks, are you planning to do more advertisements on TV and/or social media? And then Lionel J. asks, are you considering a loyalty program to encourage repeat customers and to further differentiate yourself?

### **Rob O'Hare**

I'll take them in order. If you look at our customer acquisition costs, I mean, I would argue actually that they're negative. We don't have a very large budget at all, really, to go out and acquire new consumers for Affirm. Most of our consumers come to us through our merchant programs. And so, that's a really profitable and we think a really scalable and sustainable way for us to grow the consumer side of the network.

And for what it's worth, the consumer side of the network is growing really nicely. We're at just above 23 million active consumers in the last year. That's up about 24% from where it was a year ago. And we're seeing deepening engagement with our users as well. Transactions per active consumer were just below six as of the June quarter and that's up about 19% year-on-year as well. So, I think the strategy that we've been employing is one that's working, and it's driving not only nice user growth but also, I think, really healthy engagement and retention, too.

Yeah. And again, advertising, similarly, because we acquire most of our consumers from the point of sale, we really don't run large advertising budgets and we've never been a scaled publisher for television advertising or even social media. So that's not part of this year's plan. We may decide that that's something that makes sense for us down the road. But right now, that's not something that we're envisioning in FY 2026, in a significant way, at least.

And then, with loyalty, I think, again, like we want to – I think there's a lot of surfaces. And when you think about the fact that we re-underwrite consumers every single time, we can use surfaces like the interest rate that's put in front of the consumer. I mean, that can become in some ways a surface for rewards or a surface through which we drive surprise and delight to the consumer.

And so, we're focused on things like that where maybe we can introduce a slightly higher mix of 0% loans to some of our most active and loyal consumers. But really, we use – we think about that APR as a slider and that can be a surface for rewards. We really haven't attracted or retained consumers during our history by using points or rewards. Again, I think passing savings directly on to a consumer, we think that's the most efficient way to drive continued engagement and to drive affinity and loyalty within our base.

### **Kyle Joseph**

That's great. Yeah. No, that makes a lot of sense. And then, as we're wrapping up here, I'd be remiss if I didn't, being a consumer finance analyst, ask you and try and get your take on kind of the health of the underlying consumer, given your broad set of customers, all of the data you have, both on from a demand perspective but also on the credit side of the business as well, just to get kind of the pulse of the consumer?

### **Rob O'Hare**

Yeah. I mean, what we're seeing is that repayment rates are right in line with our predictions. And if we were to see drift, frankly, in either direction, if we were to see stronger-than-expected repayment rates or worse than expected repayment rates, that's what would cause us to sort of change our posture and start to look for ways to sort of get the results to be back in line with our prediction models.

So, right now, again, I think we benefit from underwriting every transaction every time and also increasingly working with borrowers that we've already partnered with previously. And so, I think those two things serve us really well and are helping to drive a lot of predictability in our business. I mean, we read all the headlines that everyone else reads and are aware of all the other macro signals. But because our loans are so short-dated and, frankly, the loan amounts are so small at less than \$300 per average loan, we really do let the data tell us when we don't have the right underwriting posture. And right now, the models and the outcomes are telling us that we're set up in the right spot and we're sort of – we have the right aperture from an underwriting perspective.

### **Kyle Joseph**

Well, that's great. Rob, first and foremost, thank you very much for your time and perspective. To everyone that logged into the webinar, I appreciate it. Anyone have any follow-ups, obviously, get in touch with Zane, Maggie or myself. But yes, I say one more thanks to Rob and everyone else that logged in, but thank you.

### **Rob O'Hare**

Thanks, everyone.