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Affirm Holdings, Inc. (AFRM)

Q3 2021 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good afternoon, ladies and gentlemen, thank you for standing by. Welcome to Affirm Holdings Fiscal Third Quarter 2021 Earnings Conference Call. At this time, all lines have been placed on mute to prevent any background noise. After the speakers' remarks, we will open the lines for your questions. As a reminder, this conference call is being recorded.

I'd now like to turn the call over to Mr. Ron Clark, Head of Investor Relations. Thank you. You may begin.

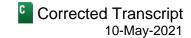
Ron R. Clark

Vice President-Investor Relations, Affirm Holdings, Inc.

Thanks, operator. Before we begin, I would like to remind everyone listening that today's call may contain forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including those set forth in our filings with the SEC, which are available on our Investor Relations website. Actual results may differ materially from any forward-looking statements we make today. These forward-looking statements speak only as of today and the company does not assume any obligation or intent to update them, except as required by law.

In addition, today's call may include non-GAAP financial measures. These measures should be considered as a supplement to and not as a substitute for GAAP financial measures. Reconciliations to the most directly comparable GAAP measures can be found in today's earnings press release, which is available on our Investor

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Relations website. Hosting today's call are Max Levchin, Affirm's Founder and Chief Executive Officer; and Michael Linford, Affirm's Chief Financial Officer.

And with that, I'd like to turn the call over to Max to begin.

Max R. Levchin

Founder, Chief Executive Officer & Chairman, Affirm Holdings, Inc.

Welcome everyone, and thanks for joining us on today's call. We were excited to update you on the performance of our business and the progress we achieved since our call in February. But before we go through the numbers, I would like to start by sharing a few stories from the past quarter to help demonstrate the power of Affirm.

As many of you know at Affirm, one of our core values is that people come first. That means time we constantly consider our impact on people's lives and we strive to put their interest before our own. That's why we never charge late or hidden fees. It's also why we're always looking at what consumers have to say about us and how we are helping them get the things they want and need.

In March, we celebrated Affirm's ninth birthday with a giveaway in Instagram. To participate, we asked consumers to share their favorite experience of purchase using Affirm. I was inspired by many of them more than 11,000 personal stories that were posted. One nurse thanked us for the affordable monthly payments that allowed her to buy a Theragun Prime massager, which helped soothe her aches and pains after 12-hour shift during the pandemic. A mother of two thanked us for helping her take her family to Disney World just before her new baby arrived. She appreciated that she could book a special vacation without breaking the bank.

I also frequently speak with merchants, understanding their needs and how we help them achieve their goals is critical to establishing long-term partnerships. Recently, I've been spending a lot of time with travel merchants, in particular, as they focus on meeting consumers' pent-up demand coming out of the pandemic.

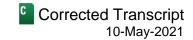
Thanks to Affirm, companies like Priceline, which we started partnering with in 2018, have added new customers. Priceline shared with us that their consumers are booking with greater confidence because of Affirm's flexible and gotcha-free payment solutions. They also shared that Affirm helps them expand their reach among millennial and Gen Z consumers.

At the heart of the value we deliver to consumers and merchants is Affirm's unrivaled technology. The speed and accuracy of our technology allows us to instantly elevate consumers' requests and provide them with tailored payment options within seconds, and the quality and scalability of our technology has led large-scale platforms like Shopify to choose us as a partner.

Today, we're excited to announce that more than 10,000 merchants have gone live with Shop Pay Installments in just April and early May, and we expect this number to grow significantly when we move to general availability for new and existing merchants which we expect to reach between now and the end of June.

I'll come back to the importance of our technology in a moment, but let me share an overview of our results for the third fiscal quarter. Affirm delivered another strong quarter that exceeded the financial outlook we provided in February. We more than doubled our active merchant counts year-over-year to nearly 12,000. We accelerated year-over-year GMV growth to 83% from 55% in the second quarter and excluding Peloton, our GMV grew 100%, up from 54% in the previous quarter. We also grew active consumers by 60% over the last 12 months.

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GMV growth was strong across all categories in the third quarter. This was driven primarily by consumer demand for Affirm's offerings as well as new and expanded relationships with merchants such as Ikon Pass, Neiman Marcus and Vrbo among others. Categories that have fared well throughout the pandemic such as sporting goods, furniture and homewares continue to perform.

Nearing the end of the quarter, we also began to see a sharp uptick in spending in categories that have been pressured by the pandemic, Travel and Ticketing was particularly strong. GMV for the category nearly tripled for the second quarter of fiscal 2021 and grew by more than 50% versus Q3 of last year, which was our pre-COVID quarterly high mark in travel.

We're encouraged by this momentum and believe that the strengthening economy will provide another tailwind for Affirm. Americans have significant spending power coming out of the pandemic after paying down a record \$83 billion in credit card debt, and amassing \$1.7 trillion in savings in 2020.

The pandemic has also trained more shoppers to buy online, growing the US e-commerce market to nearly \$800 billion. We expect this improved financial health, coupled with rising positive sentiment among consumers and the ongoing reopening, to support our continued growth. We look forward to being there for the consumers as they buy a new suit before returning to work, a wedding dress for the reception they put off or an airline ticket to see their missed loved ones.

Our team also made excellent progress on our strategic objectives over the last few months. As I mentioned a moment ago, we're continuing to expand our presence into higher frequency categories by activating our partnership with Shopify. Over the last several weeks, we have accelerated merchant onboarding, enabling Shop Pay Installments by Affirm for more than 10,000 shop merchants, up from 100 merchants in our pilot that we shared with you back in February.

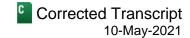
We believe that scaling our partnership with Shopify will position us to grow our business with a large and diverse set of merchants. Shopify's team told us that Shop Pay Installments by Affirm has enabled them to offer a solution that will scale with their rapid growth and reduce buy now, pay later checkout times by as much as 30% for both new and returning users.

We also expanded our platform by acquiring Returnly, a technology company that makes returns and exchanges seamless for both consumers and merchants. Today, Returnly helps more than 1,800 merchants increase return to repurchase rates, drive revenue from returns, and elevate consumer satisfaction. We look forward to delivering returns with offerings to more merchants and introducing their more than 8 million users to Affirm.

Before I turn the call over to Michael, let me briefly come back to my earlier point on our technology advantage. Affirm is a technology company and we believe our technology is unparalleled among our competitors. We thrive on solving complex problems for both consumers and merchants that others can't or won't. The resulting technical expertise serves as an important competitive advantage. Leveraging our proprietary machine learning, we're able to personalize offers for consumers, more efficiently proven price credit and manage risk in ways that achieve better credit outcomes.

As a result, we're able to offer more flexibility for consumers allowing them to use Affirm across a range of price points and loan durations. These advantages differentiate us from buy now, pay later providers and other networks by allowing us to offer consumers much more than a short duration, pay it in four solution which is critical in categories such as travel that have high transaction values.

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Our technology also enables us to drive measurable growth for our merchants. They see this in the volume of purchase we generate for them, increased conversion rates, higher average order values and incremental consumers. In fact, in the third quarter, approximately one-third of transactions were driven from Affirm's app and site. Our ability to consistently deliver strong results for our merchants is why so many large enterprises, including Walmart and Priceline, choose to partner with Affirm.

Of course, great technology is ultimately about great technologists. In order to sustain and extend our advantage in technology, we're investing in the people behind it and elevating its leadership within the company. As a part of that, we announced today that Libor Michalek, Affirm's President of Technology, has been appointed to our board of directors. Libor is one of the most highly regarded technology minds in the fintech industry and has played a critical role in developing a proprietary technology platform that is a key competitive advantage for our business.

Building world-class technology is critical to our strategy. And we're pleased to help Libor bring a significant software, systems, security, machine learning and engineering experience to our board room. Libor's appointment reflect our dedication to leveraging technology and innovation as competitive advantages that allow us to better deliver exceptional solutions for consumers and merchants at scale.

Before I conclude, let me briefly turn to some additional leadership updates. Today, we announced that our Chief Legal Officer, Sharda Caro del Castillo, has decided to step down from her role at Affirm. Sharda led our legal team during a critical time for our company as we conducted our IPO, navigated an unprecedented market period, and achieved tremendous growth. I want to thank her for her dedication and leadership. She has been a trusted and valued counselor to me and our whole leadership team, and we wish her all the best.

Katherine Adkins will be assuming the role of Chief Legal Officer. Katherine has been one of Sharda's deputies and integral part of our senior legal team and taken on increased responsibility while supporting the important legal needs of the company. She will play a critical role as we continue to expand ubiquity of our platform, strengthening, scaling and growing Affirm for the long term. And we're grateful to have her as part of our leadership team.

In summary, we had a strong third quarter and we made excellent progress on our strategic goals. We're seeing strengthening momentum in our business as consumers' and merchant adoption continues to grow, and we believe Affirm is uniquely positioned to capture the large and growing opportunity in front of us. None of this would be possible without the hard work of Affirmers. They have delivered excellent results through the pandemic, provided exceptional service to our consumers and merchants, welcomed PayBright and Returnly teams to the Affirm family, and prepared us for success as a public company.

I couldn't be more proud and appreciative of Affirmers' focus and dedication on behalf of our consumers, our merchants and our shareholders. Together, we have accomplished a lot, but we're really just getting started.

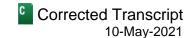
And with that, I will turn it over to Michael to take you through the details of the third quarter and share our outlook for the fourth quarter.

Michael Linford

Chief Financial Officer, Affirm Holdings, Inc.

Thanks, Max, and good afternoon, everyone. As Max noted, we had a strong third quarter. GMV and revenue exceeded our financial outlook, growing 83% and 67%, respectively, and accelerating from the year-over-year growth rates we achieved in the second quarter of 2021. We delivered on this growth with significantly greater

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capital efficiency, reducing equity capital required by 10% compared to the prior-year period despite growing the balance sheet by more than 100%.

We also delivered stronger credit performance with our allowance as a percentage of loans held for investment declining to a record low of 5.2%. These trends are encouraging and we remain focused on building on this momentum as we move forward.

I'll now walk you through some of the key financial highlights of the quarter and then share some color on our financial outlook which we are raising today to reflect the strong performance of the business.

Unless otherwise stated, all period-to-period compared data refers to our third fiscal quarter of 2021 compared to our third fiscal quarter of 2020. Third quarter GMV grew 83% to \$2.3 billion exceeding our outlook for \$1.8 billion to \$1.85 billion. The increase was driven by strong merchant and consumer adoption across all categories.

As of the end of the third quarter, active merchants more than doubled to nearly 12,000 while active consumers, which we measure over the prior 12-month period, increased 60% to 5.4 million. Transactions per active consumer also rose from 2.1 to 2.3. While GMV exceeded our outlook, the momentum of the business was even stronger than the 83% headline growth indicates. Excluding Peloton, the third quarter GMV doubled driven by growth across all categories that Affirm serves as well as from both new and existing merchant relationships.

The broad-based category growth also served to diversify merchant concentration as Peloton, where fulfillment lead times improved, outpacing our expectations, represented 18% of third quarter GMV compared to 25% a year ago. As Max indicated, travel was the real highlight among other verticals, even though its takeoff began late in the quarter.

Travel accounted for just 2% of September quarter GMV, but has steadily grown to 9% in the March ending quarter. In April, travel growth continued to accelerate taking its proportionate GMV to 11% of the company-wide total. Given the investments and partnerships we have made in category, we expect travel to contribute meaningfully in the fourth quarter and beyond.

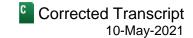
Our zero APR business accounted for 43% of our total GMV, consistent with the third quarter of 2020. Loans with the term length of greater than 12 months accounted for 30%, down from 35% in the third quarter of 2020, reflecting our expanded merchant base and higher velocity on lower average order value categories.

Accordingly, AOV also declined slightly from \$612 to \$564. The strong momentum in GMV growth in the third quarter translated into revenue growth that also exceeded the expectations we shared with you in February of \$185 million to \$195 million. Third quarter net revenue of \$231 million increased 67%, driven by total network revenue which grew 53% to \$112 million, and interest income which grew 80% to \$95 million.

Roughly one-third of interest income was driven by the amortization of the discounts and loans held for investment on the balance sheet rather than from consumer interest payments. The portion of interest income related to consumer interest payments grew more slowly, up 42% year-to-year.

Revenue from gain on sales of loans is \$16 million increased from \$10 million in the year-ago quarter as a result of a more favorable loan sale pricing terms and more volumes sold. Finally, servicing income of \$8 million increased from \$3 million in the prior year as the average unpaid principal balance of loans owned by third parties grew year-over-year.

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I would like to call out that our Q3 results included \$3.5 million reduction to total revenue, which we recorded in relation to the estimated financial impact to Affirm of Peloton's announced voluntary recall of their Tread and Tread+ products. This reduction is split between \$3.1 million in merchant network revenue and \$0.4 million in interest income. The estimate was based on projected return rates provided by Peloton for the quarter ending June 30, 2021, in its most quarterly filing.

We continue to improve our unit economics in Q3, growing revenue is 67%, while transaction cost excluding the provision for credit losses grew 50%. Transaction cost including the provision for credit losses in the third quarter were \$97 million, a 34% year-over-year decrease.

Third quarter results included an \$83 million decrease in the provision for credit losses versus 2020. Transaction costs excluding the provision for credit losses were \$98 million, up \$33 million or 50% from the third quarter 2020, significantly slower than revenue growth.

Loss on loan purchase commitment was \$62 million compared to \$44 million in the prior year, driven by the increased volume of 0% APR loans. Provision for credit losses was a gain of \$1 million compared to an expense of \$82 million in the prior year, reflecting a reduction in allowance to a record low of 5.2% loans held for investment.

Last year, we took an incremental \$56 million provision in anticipation of record unemployment, which has been released over time as we've been experiencing stronger-than-expected repayment history in the portfolio. The reduced allowance that I've mentioned reflects materially better estimates on future loan losses and is consistent with our strong credit performance.

Additionally, due to our loss of emerging growth company status, we also adopted the CECL accounting standards retroactive to July 1, 2020, which did not have a material impact on provision for credit losses in this period.

Funding costs increased from \$8 million to \$15 million in the third quarter of 2021 but grew slower than loans held for investment. The increase reflects the issuance of securitization trusts which bear interest at a fixed rate as well as increased average funding debt offset by the lower average history.

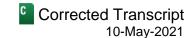
Finally, processing and servicing were \$21 million, up from \$14 million in the year-ago quarter but grew slower than total platform portfolio as we realized scale efficiencies.

The combination of strong top-line performance and reduced transaction cost resulted in better-than-expected revenue less transaction costs of \$134 million compared to our third quarter outlook for \$60 million to \$65 million. Looking beyond transaction costs to our investments to drive long-term growth, there was a meaningful impact this quarter from stock-based compensation primarily related to the January IPO.

Technology and data analytics expense grew by 193% to \$99 million or from 24% to 43% of net revenue, primarily reflecting SBC and higher engineering head count as we work to extend our competitive advantage in technology that Max noted previously. Excluding SBC of \$46 million, technology and data analytics expense grew 74% compared to the year-ago quarter.

Sales and marketing expense increased from \$7 million to \$58 million or from 5% to 25% of net revenue, primarily as a result of SBC and the vesting of the warrants granted to the Shopify associated with our exclusive long-term

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partnership. Excluding SBC of \$10 million and the impact of Shopify warrants of \$17 million, sales and marketing expense grew by \$25 million compared to the year-ago quarter.

General and administrative expense increased from \$31 million last year to \$147 million or from 23% to 64% of net revenue due in part to an increase in the finance, legal, operations and administrative head count to support the company's long-term growth and public company operations. G&A also included an \$11 million sublet impairment relating to our changing real estate footprint in light of our remote-first policy.

Excluding SBC of \$82 million, which includes \$38 million associated with the grant of multiyear performance-based stock options to our Chief Executive Officer, G&A expenses grew 132% compared to the year-ago guarter.

Including these expenses, GAAP operating loss was \$169 million in the third quarter of 2021 compared to an \$82 million in the third quarter of 2020.

Adjusted operating income which excludes depreciation and amortization of \$5 million, stock-based compensation of \$140 million, the Shopify warrants of \$17 million, and other non-recurring items of \$13 million was \$5 million. A \$76 million improvement from the adjusted operating loss of \$71 million in the year-ago period. As a percentage of revenue, adjusted operating margin increased 53 points from the third quarter of 2020 and was 2%.

We continued to deliver on our strategy to grow our business while being very efficient with our equity capital. On the growth side, total platform portfolio which includes the unpaid balance of all loans facilitated through our platform, including those loans held by third parties, grew from \$2.4 billion as of March 31, 2020 to \$4.2 billion at the end of third quarter or \$1.8 billion of year-to-year growth. This \$1.8 billion in growth was funded by \$1.3 billion in securitization volume and \$552 million in forward flow volume, while we were relatively flat year-on-year with the on balance sheet warehouse financing.

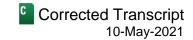
On the funding side, in our third quarter, we executed the 2021-A revolving securitization in addition to a new warehouse facility in new loan sale program. These deals allowed us to efficiently scale our program. Despite growing our loans in the balance sheet at \$1.2 billion, we were able to reduce the equity capital required from the year-ago quarter by 10% from \$229 million to \$207 million. As a percent of total platform portfolio, equity capital required fell to 5% from approximately 10% in the year-ago quarter.

Looking ahead, we're encouraged by the momentum in our business and we believe the strengthening of the overall economy will serve as a tailwind in the fourth quarter. We're seeing GMV growth across all categories, particularly in those hardest hit by the pandemic as demand recovers. We're also encouraged by the strong consumer and merchant adoption we saw on the third quarter. Reflecting these dynamics, we're raising our outlook for the balance of the fiscal year.

For our fourth quarter ending June 30, 2021, we expect GMV of \$2.2 billion to \$2.25 billion, revenue of \$215 million to \$225 million, transaction costs of \$135 million to \$140 million, revenue less transaction costs of \$80 million to \$85 million, adjusted operating loss of \$55 million to \$50 million, and a weighted average share count to 270 million.

As I noted a moment ago, we recorded a \$3.5 million reduction to revenue in Q3 which represents the estimated direct revenue impact from Peloton's Tread and Tread+ recall. While we do not expect any additional revenue impact from the refunded merchant fees in Q4, we do expect an increase in returns starting in the near-term which will negatively impact key operating metrics by GMV.

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Our financial outlook takes into account this estimated GMV impact associated with the refunds as well as an estimated impact on lower future Tread and Tread+ GMV. Additionally, our outlook includes the impact from the acquisition of Returnly, which we closed on May 1 but do not expect to be material in Q4.

For our fiscal year 2021 ending June 30, 2021, we now expect GMV of \$8.01 billion to \$8.06 billion, revenue of \$824 million to \$834 million, transaction costs of \$460 million to \$465 million, revenue less transaction costs of \$364 million to \$369 million, adjusted operating loss of \$55 million to \$50 million, and a weighted average share count of approximately 160 million.

The full-year guidance in the fiscal year-to-date financials include the impact of the adoption of CECL retroactive to July 1, 2020. This adoption resulted in a \$16 million downward revision to the previously reported provision for credit losses for the first half of fiscal 2021 as a result of the reduction allowance.

In closing, we had a strong third quarter, consumers are adopting our products in greater numbers and our merchant partners are seeing real growth enabled by our product offering. And, we believe the best is yet to come. We're delivering on our mission to improve lives with honest financial products while also delivering results for our shareholders.

And with that, we're happy to answer your questions.

QUESTION AND ANSWER SECTION

Operator: At this time, we will be conducting a question-and-answer session. [Operator Instructions] Our first question comes from the line of Dan Perlin with RBC Capital Markets. Please proceed with your question.

Daniel R. Perlin

Analyst, RBC Capital Markets LLC

Thanks, guys, and good evening. I just wanted to kind of make sure, I understand all these the dynamics that are played here, in particular, the merchant take rate in the quarter dropped and it looks like it's implied to kind of stay at these levels in the June quarter. I'm assuming some of that has to do with maybe Peloton and also bringing on Shop Pay Installments, but if you could maybe help with that dynamic first, that would be very helpful.

Michael Linford

Chief Financial Officer, Affirm Holdings, Inc.

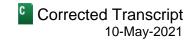
Yeah. So when looking at merchant fee revenue, the first thing is really important to sum up both the merchant network revenue and the virtual card network revenue lines. In particular, the virtual card network revenue is the key way we collect merchant fees from our travel merchants as travel continues to gain in importance. It's an important line to look at in combination. And then, yes, the biggest impacts around just the total take rate, which was actually in line with our expectations is the mix away from longer term 0% loans, notably Peloton which declined in concentration.

Daniel R. Perlin

Analyst, RBC Capital Markets LLC

Okay. So are you implying that – I know you don't want to go out to 2022 guidance at this point, but I'd feel like the models were set previously to be closer to 500-plus basis points in the 2022 period and this is kind of suggesting that maybe it's accelerating on the down trend here. So, all I'm trying to I guess ultimately get to is, is

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your expectation that Shopify is going to meaningfully increase the GMV to help offset that? Or is this kind of the run rate that we should be thinking about, even when we combine both the virtual card and the merchant network as we think about jumping off into next year? Thank you.

Michael Linford

Chief Financial Officer, Affirm Holdings, Inc.

Yeah. We're not going to give any guidance into 2022 right now. But the only other thing I'd add is there's a small impact from obviously the \$3.5 million number you see in Peloton this quarter and then the interest income dynamic, which definitely affects the merchant fee recognition, is also at play here. But we wouldn't expect it to be

material change on the total merchant revenue side from the impact to Shopify.

Daniel R. Perlin

Analyst, RBC Capital Markets LLC

Okay. Thank you.

Operator: Our next question comes from the line of Ramsey El-Assal with Barclays. Please proceed with your question.

Ramsey El-Assal

Analyst, Barclays Capital, Inc.

Hi, guys, and thank you for taking my question this evening. I wanted to ask about the Travel and Ticketing vertical. It really seems to be enjoying a pretty rapid recovery, candidly more rapid then I would have expected given the state of the world right now. It's up at about 9% in the corridor of total GMV and I think you said 11% in April. Where can we see that go? Do you think this vertical will become a larger percentage of your business, presuming that there's still plenty of runway for the travel recovery to kind of play out?

Max R. Levchin

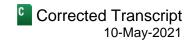
Founder, Chief Executive Officer & Chairman, Affirm Holdings, Inc.

Yeah. So first of all, you're totally right. Travel and Ticketing is seeing what could only be described as a resurgence. So, if you look at the comparison to last year, fiscal Q3 which was a high, pre-COVID quarterly market – it's really important to note that, in general, we are comparing in this quarter to kind of a pre-COVID Affirm because, obviously, COVID changed everything. But the growth even versus that number was 50% that were coming off from a essentially collapsed space, that sort of zoom in and look what's happening right now, the month-to-month growth is nearly tripled and so it's just an unbelievable resurgence very, very really quickly in that space.

And we're very excited about it, we're very well-positioned, have all kinds of exciting partners in places like Ikon Pass, Vrbo, Vacasa, Expedia, Priceline, some of these folks have been with us for a very long time. Ikon is a relatively new partner and then of course, Delta Vacations, American Airlines are enormous partners as well. And so, we're very well-positioned in the space. It actually speaks a little to the fact that we're quite unique among our BNPL brethren in a sense that we play in both low and high ticket items. And obviously, sort of pent-up demand for just getting out of town and going somewhere nice implies higher ticket values and we have to provide our services for both multi-hundred dollar to multi-thousand dollar tickets there. So, we do very well in all of those.

So, I think I'll let Michael opine on exactly what we might want to guide to, but the overall economic recovery is just huge in the travel and ticketing space and we're super well-positioned to benefit. We're starting to see all the investments that we've made over the last year just setting up for this recovery really pay off.

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Ramsey El-Assal

Analyst, Barclays Capital, Inc.

That's terrific. That's terrific. And I also wonder if I could ask you to give us a little more color on the Returnly acquisition sort of how it fits into your broad strategy, maybe a bit on revenue synergies and an annualized contribution to the P&L just so we can kind of figure out how to model it next year.

Max R. Levchin

Founder, Chief Executive Officer & Chairman, Affirm Holdings, Inc.

I'll let Michael speak to the modeling part of this since that's certainly his headache, but in terms of the value to us, it's an amazing synergy. If you think of it sort of from a product point of view, Returnly literally picks up where Affirm leaves off. So, if you look at we bring the consumer to the checkout counter with the confidence and certainty that they will be able to afford this, there'll be no fees, there'll be total transparency in pricing, off they go and they're happy to buy and what will happen if the shoe doesn't fit or if they don't quite like the color, they need it exchanged?

And up until the Returnly acquisition, Affirm said, well, great. We'll be a really nice, clean refund process for you, but once the merchant restocks and refunds then you can come back and shop and we always saw that as just a huge opportunity for us to step in and say, well, what if we know the customer well enough to allow them to shop even before we put the unwanted item in a box so that they can accelerate commerce for them to get their satisfaction that much faster and help merchants just move the inventory that much quicker.

And so we saw this long enough ago that we actually invested in Returnly. So this is not an old friend, we would track Eduardo and had seen progress for a very long time. We're proud investors and something to realize that the synergies were too great to let them be too far away from us and completed the acquisition. And you will see just incredible amount of synergies. First and foremost, at this point going to market, when we speak to merchants, we heard the question, well, what do you do about returns, often our standard answer has always been, we'll be your best return/handling partner because consumers love us, we don't charge fees, there'll be no hidden gotchas. Now, of course, we can augment by saying actually, we'll make it even better before they even have to put the unwanted item in a box, we will be there, they can start shopping right away and help you sell more. And so that's why we're so excited about this and it's just closed so we have a ton to bring to market together. We have a massive network of users. 8 million people have used Returnly successfully and that's another sort of cross-booster for our products on the Affirm side and there's much more work to do together.

I don't know, Michael, if you want to comment on how to account for the revenue opportunities.

Michael Linford

Chief Financial Officer, Affirm Holdings, Inc.

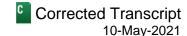
Yeah. We haven't disclosed any revenue or profitability for Returnly. We will update you guys in September. What I would note now though is they do have two different revenue streams. They do charge a SaaS model for most of the merchants use the product which we think adds stickiness and adds into the fight in the low AOV space and there also is an underwriting component, a risk-taking component if you think about what the process that Max just outlined. We think we can add a lot of value to that both on the cost side as well as in bringing that product to our existing merchant base.

Ramsey El-Assal

Analyst, Barclays Capital, Inc.

Got it. Sounds like a great fit. Appreciate for taking my questions.





Operator: Our next question comes from the line of Matt O'Neill with Goldman Sachs. Please proceed with your question.

Matthew O'Neill

Analyst, Goldman Sachs

Yeah. Hi, guys. Thanks for taking my question. I was just curious if you could help articulate a little bit better a couple of sort of timelines for rollouts. I was just curious, in the next couple of months, was going to allow the 100 merchants on Shopify, that's now at 10,000 merchants get up to you in a much broader distribution, is that on your side or Shopify side or both? And then similarly, I found the card announcement very exciting and understand that will be later in the year kind of launch, but just again kind of curious what the milestones are on that as far as getting closer to a broader launch? Thanks.

Max R. Levchin

Founder, Chief Executive Officer & Chairman, Affirm Holdings, Inc.

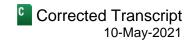
That's a great question and I'm afraid I have to update the Shopify before you, just since the last we added the press release, the number went up to 12,500. So, this is not a forward-looking statement, I don't know how quickly it will grow, but obviously starting pretty quickly. So just to give you a quick breakdown of what's happening at Shopify. So first of all, we're obviously super excited that we're finally here, GA for this product will be available sometime in June and that means that every new Shopify merchant coming on to the platform will have Shop Pay Installments powered by Affirm, enabled automatically and so we will just see, we think a tremendous amount of uptake on the merchant side.

Now because Shopify is not exactly a small network, in fact there are hundreds and hundreds of thousands of merchants that are eligible for Affirm's products or collaborative product together, we have been pre-approving and inviting existing merchants on to the platform, and that's where these sort of rapidly scaling numbers are coming from. We're far from done there and so we expect this number to continue growing, not linearly and I think or have very little prediction as to how fast we'll go, but there is lot more to add to this 12,500.

So that what's happening on Shopify side of things, very excited about where that's headed, lots and lots more to do together as well so we're working very long and hard. One cool stat about Shopify I just wanted to make sure that we're honest when we offer this product to the merchants by the way of being in fact better as opposed to just an exclusive partner, and so we had timed the time to complete a transaction using Shop Pay Installments powered by Affirm versus all the other competing products that maybe encountered in a while in both new and existing customers we're at least 30% faster in converting, so not do we only have a prime placement of this product, we also are in fact offering the very best product in the market and so I think that's a fairly powerful endorsement on the platform.

Card, so some of you have met us during testing the waters process before we went out to actually do an initial public offering. It's roughly what I wanted to do with the card announcement. It's very different and I agree that it's very exciting, but it's easy to get excited about what's going on in your head without getting confirmation from consumers. So we announced the product primarily to see what would happen to our waitlist, would we find ourselves surrounded by yawns or people actually say, wow, this is the most exciting thing that's hit the news cycle in the world of already pretty exciting fintech. Very happy to report that the waitlist is of excellent length from my vantage point, and they were very excited to bring this product to market. But it's all in good time where we're going to let out this year.

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Matthew O'Neill

Analyst, Goldman Sachs

Okay. Got it. Thanks. And maybe just one real quick follow-up. Would you be willing to help us at all think through the composition of next quarter's guidance, specifically with respect to the provision just because that's been a line of outperformance in the two quarters as a public company? Thanks, guys. I jump back in.

Michael Linford

Chief Financial Officer, Affirm Holdings, Inc.

Yeah. The past two quarters have seen pretty large release. We do think that's behind us now. If you look at the allowance as a percentage of loans held for investment at 5.2%, I think that's in the zip code of a pretty safe number but not something we would see materially decline from here.

Matthew O'Neill

Analyst, Goldman Sachs

Got it. Thank you, Michael.

Operator: Our next question comes from the line of Moshe Orenbuch with Credit Suisse. Please proceed with your question.

Moshe Orenbuch

Analyst, Credit Suisse Securities (USA) LLC

Great. Congratulations on all the forward progress you talked about with Shopify. And I'm just wondering if you could kind of just help us understand how those customers will kind of relate to the Affirm ecosystem, are they going to be customers just that kind of your venture with Shopify or will they be part of the Affirm – will they get an Affirm account and will you be able to continue marketing to them?

Max R. Levchin

Founder, Chief Executive Officer & Chairman, Affirm Holdings, Inc.

So I guess the easiest think to serve to make it extremely black and white is that you will be able to service your Shop Pay Installments loan either inside the Shop app or inside the Affirm app. So I think that should give you sort of quite a lot of the answer. There's a lot of user interface details that have to be gotten right and so if we see the customer again together with Shopify within the broader Shopify ecosystem which is quite a bit at this point, of course it's very easy to recognize them within Shop Pay environment. We have a prime placement there and that will be the smoothest experience possible. If and when we find this customer outside of the Shopify ecosystem, we want to make sure we don't sort of say freak them out by saying, hey, we've met you before, so how do you go, you're signed up. But that kind of experience as well will be extremely smooth and they'll be able to reaffirm their identity, if you will, and could become – you'll be able to use our services on any other merchant. And so there is a slight difference between all those paths, but they're all designed to be extremely simple.

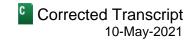
The most important thing that's really worth understanding is that the underwriting cost of the data associated with the know your customer provisions, all the things that we have to do to make sure that this customer is in fact someone we're willing to take the risk with, happens in that first transaction and so there is just an enormous synergies financially as well as from the user interface point of view as we'll bring these customers on board.

Moshe Orenbuch

Analyst, Credit Suisse Securities (USA) LLC



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All right. And then clearly, then you would be able to even in some form, be able to kind of – or I guess ask, would you be able to reach out to them at that point and kind of invite them, is that something that's possible?

Max R. Levchin

Founder, Chief Executive Officer & Chairman, Affirm Holdings, Inc.

I think depending on the circumstances, I think there's probably a little bit more nuance to the answer than, yes, but for the avoidance of doubt, we have no intention of spamming Shopify customers. And if that's the underlying question, that's not happening.

Moshe Orenbuch

Analyst, Credit Suisse Securities (USA) LLC

Yeah. Okay. Thank you.

Operator: Our next question comes from the line of Andrew Jeffrey with Truist. Please proceed with your question.

Andrew Jeffrey

Analyst, Truist Securities, Inc.

Hi. Good afternoon. Thanks for taking the question. Certainly, encouraging to see the recovery in Travel and Ticketing. Can you kind of just juxtapose that with any other changes in card present behavior you see from consumers, in reopening – in other words, is there any shift in consumer behavior in e-comm that might otherwise temper a very strong recovery in that central category where there seems to be a lot of pent-up demand?

Max R. Levchin

Founder, Chief Executive Officer & Chairman, Affirm Holdings, Inc.

So, I think there is a lot of different trends going on. So in general, we see the economic recovery as a huge tailwind for us and there is a bunch of different things that are connected to it, and some of it is in Travel and Ticketing category which is just sort of coiled up and is now rapidly spitting up as people are able to travel finally to see their loved ones. There is also all kinds of subcategories, they may not naturally to go immediately but they are quite large and are happening. For example, 97% of old weddings got postponed and only 5% of that got canceled. So there is a lot of people that need to buy relatively expensive bridal dresses and also some other things, and again playing in the high ticket items as well as low ticket items really positions us well for these sort of affordable luxuries as well as everyday expenses. And so we see a lot of demand in all these categories, just kind of took a break during 2020, if you will.

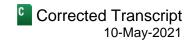
That said, we're not seeing a reduction in demand in fashion and in home, fitness, outdoor or all the different categories where Affirm has traditionally been very, very strong are in fact continuing strong. If you actually again look at the sort of the pre-pandemic comparison we have in this quarter, ex-Peloton, we grew 100% which is a pretty massive acceleration from the quarter prior, so we effectively not quite but almost doubled the second derivative of growth here. And that is already as the recovery began, still from a small base but the demand for this product is what's driving our growth and it's less the sort of trade-off from category to category. So, we're very excited about all these things and obviously have to and I believe it will be there in all those place as the demand spins up.

Andrew Jeffrey

Analyst, Truist Securities, Inc.



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Okay. That's helpful. Thank you. And with regard to card present generally as you think about that category, can you update us on your thoughts and how important the card is going to be to growth in card present and what the trajectory might look like?

Max R. Levchin

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Founder, Chief Executive Officer & Chairman, Affirm Holdings, Inc.

I think I was actually – I was trying to figure out what you meant by card present, so now I get it. So slight step back, but it could be important for us to provide what sometimes known as the omnichannel solutions, especially for our largest partners. We have a very large long-term partnership with Walmart that's been very successful. A lot of our larger enterprise customers are now setting up for completely new modalities of interacting with their consumers, buy in-store, return online; buy online, return – so all these different new modes of transacting is thing and it's really important that we're able to meet the consumers where we're. In part, our card strategy we think is kind of one of the best reengagement techniques we have to offer to our consumer. If Affirm is something that you love and our net promoter score speaks for itself, if we are in your wallet, be it on a screen or in your actual physical wallet, we'll have a chance to remind you that you can use Affirm pretty much everywhere you go. And so, we think of our card strategy and overall omnichannel strategy in-store and out of store as a sort of continuous landscape of just being where the customer is and making sure, in this case, the end consumer is making sure that we're able to meet their demands.

Andrew Jeffrey

Analyst, Truist Securities, Inc.

Thank you. Look forward to hearing more.

Max R. Levchin

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Founder, Chief Executive Officer & Chairman, Affirm Holdings, Inc.

Thank you.

proceed with

Operator: Our next question comes from the line of James Faucette with Morgan Stanley. Please proceed with your question.

James E. Faucette

Analyst, Morgan Stanley & Co. LLC

Great. Thank you. You mentioned that some of the take rate compression came from, I guess, Peloton and its 0% coming down as part of your mix. Did you see any pulling back from other merchants from their own 0% promotions that may have also impacted that at all? And I'm wondering as the mix changes, maybe to a little bit more interest-bearing, how we should think about that impacting customer acquisition, et cetera?

Michael Linford

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Chief Financial Officer, Affirm Holdings, Inc.

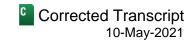
Yeah. We did not actually see a big change in terms of 0%. I mean I think the biggest driver is that long-term 0% program with Peloton, which clearly did come down in total. But otherwise, I think the 0% business was flat year-on-year for the same period. So, we didn't see a pullback on the 0% programs generally and I think that the biggest impact was from Peloton specifically.

Max R. Levchin

Founder, Chief Executive Officer & Chairman, Affirm Holdings, Inc.

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Yeah. In fact, 0% outside of Peloton accelerated.

James E. Faucette

Analyst, Morgan Stanley & Co. LLC

Got it, got it. That's helpful. And then separately, like you kind of highlighted or called out what you expect the revenue impact from expected returns to be associated with the Tread products. Do you think that'll be fully captured – or that program will be fully captured in the June quarter? Or is that do you think going to spill beyond the June quarter into the second half of the calendar year or the first half of your fiscal year?

Michael Linford

Chief Financial Officer, Affirm Holdings, Inc.

Yeah. So we use Peloton's guidance in their Q around the \$50 million estimated return volume, and we're a certain percentage of that. And that's how we got to our \$3.5 million number that was actually in the fiscal Q3. So we don't anticipate there to be any impact in fiscal Q4 associated with – for their refunds. And I thought it'd be important to put in context that Peloton return number. We'll do a couple of hundred million dollars in returns in any given quarter. So, for us, this is a much smaller impact than one might think from the outside.

James E. Faucette

Analyst, Morgan Stanley & Co. LLC

Got it, got it. And so just to be clear on that, Michael, then if – however, returns vary from their estimate, like there could be some future small adjustments to account for that then?

Michael Linford

Chief Financial Officer, Affirm Holdings, Inc.

Yeah, exactly. But we don't anticipate that to be material. I mean, when we take even the bulk of that is a \$3.5 million number, which again was recorded in Q3, so there should not be an impact in Q4.

James E. Faucette

Analyst, Morgan Stanley & Co. LLC

Got it. That's really helpful. Thank you.

Operator: Our next question comes from the line of Jason Kupferberg with Bank of America. Please proceed with your question.

Jason Kupferberg

Analyst, BofA Securities, Inc.

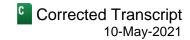
Thanks, guys. I just wanted to start with a follow-up question on Shopify, and I'm just wondering how much GMV and/or revenue within the Q4 guide there, and just any color on consumer uptake of Affirm/Shop Pay Installments that you've seen so far among the merchants that have gone live?

Max R. Levchin

Founder, Chief Executive Officer & Chairman, Affirm Holdings, Inc.

I'll let Michael speak to the guidance, but I don't think we're giving it. But I think it's a little bit early to speak to the exact numbers, just given the fact that literally the 12,500 number that we quoted, all of this happened in less than the last 30 days, to make sure I'm not perjuring myself here. And so there's a – it's a very, very rapidly increasing

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merchant base. We'll be able to speak a little bit more clearly as to what this actually means in terms of volume and in terms of consumer adoption.

Obviously, we spent nearly a year of testing the product, making sure it's much faster than competition, much better converting, competitive in and of itself and better positioned than the competition. We have very high hopes for what that actually means in terms of volume generation, but we'll speak to real numbers as we have them.

Jason Kupferberg

Analyst, BofA Securities, Inc.

Okay.

[indiscernible] (00:48:29)

Michael Linford

Chief Financial Officer, Affirm Holdings, Inc.

Very specifically for Q4, the focus is getting to GA so that the impact we would expect to be more material in fiscal 2022.

Jason Kupferberg

Analyst, BofA Securities, Inc.

Okay. So you think maybe next quarter, we'll get a sense on what your expectations are for 2022 from Shopify?

Michael Linford

Chief Financial Officer, Affirm Holdings, Inc.

Yes.

Jason Kupferberg

Analyst, BofA Securities, Inc.

Okay. And then just a follow-up question, I'm wondering what trends you guys are seeing just in terms of both consumers and merchants adopting more than one BNPL provider and what you think the implications over time might be for industry consolidation?

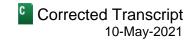
Max R. Levchin

Founder, Chief Executive Officer & Chairman, Affirm Holdings, Inc.

Definitely hard to speak to industry consolidation since that doesn't include us, which we think we are the best, but obviously everybody has a bias for their own. That said, I think last quarter, I said something along the lines of we expect low AOV to have ultimately capacity to offer multiple providers integrated, while higher AOV probably trends to one provider. I think that's still true.

I would say that the momentum towards multiple providers at a single low AOV merchant has not been quite as quick as I had anticipated, while the ability to retain and ability to serve high AOV merchants has been even stronger than I thought. I think the complexity of both technical and risk management on the higher AOV side of things, that's what we consider to be our core advantage. That's very real, and it's very hard for our competitors to speak credibly in that area at all.

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On the low AOV side of things, I think the – again, I believe that ultimately brands will have one or two, maybe three providers. It's a little bit early. There's so much growth available in every subsegment. In low AOV, it's fundamentally fashion, beauty, some of the low-cost hard goods. And at the moment, there's so much demand just looking at the numbers that I just quoted on Shopify. It's pretty clear that there's enormous amount of pent-up demand on the merchant side. And so at the moment, the competitive overlap is not yet a major topic on our minds, but we'll report back in a quarter.

Jason Kupferberg

Analyst, BofA Securities, Inc.

All right. Well, thanks for the insights, nice quarter.

Max R. Levchin

Founder, Chief Executive Officer & Chairman, Affirm Holdings, Inc.

Thank you. We think so.

Operator: Our next question comes from the line of Chris Brendler with Seaport Global. Please proceed with your question.

Chris Brendler

Analyst, Seaport Global Holdings LLC

Hi. Thanks. Good afternoon and thanks for taking my questions. I wanted to ask about merchant adoption of buy now, pay later. I look at your Affirm app and all the merchants that are in there that currently don't have it on their checkout screens or website. And it just feels like with the consumer adoption starting to gain traction, can you give us a little insight on where you think we are in terms of merchant adoption, especially in the travel space? It seems like you got some great numbers in travel this quarter, but there's a lot of travel sites that don't have buy now, pay later yet, so maybe we can get your thoughts there. Thanks.

Max R. Levchin

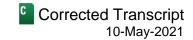
Founder, Chief Executive Officer & Chairman, Affirm Holdings, Inc.

I agree. That is why we have a sales team. They are very hard at work, fixing that very problem. So I'll give you a more serious answer. So in our app and – actually, even sort of – there's multiple ways we collaborate with merchants. One of them obviously is embedded at the point of sale, sort of classic, the buy now, pay later or pay in 6, pay in 12, whatever the merchant's suite that we offer at checkout that makes sense for this particular price point.

Beyond that, there's our app and in our app, you can be listed whether you're integrated or not. The way we get competition from merchants for driving these new incremental transactions, which are very, very powerful, by the way, for them. Their impact more valuable than consumers that we help close at the point of sale. These customers actually are starting their shopping journey in our app and are going to a point of sale at a merchant. In those situations, merchants quite frequently will pay us essentially a bounty or a referral bonus for bringing this consumer to them.

And within the app itself, we have quite a lot – and by the way, when I say the app, I use it interchangeably with our sites, a fair amount of our consumers use our site just perhaps because they prefer the larger screen format. But in both those cases, those are essentially advertising opportunities for our merchant partners to bring their offers, new product, et cetera, to the Affirm ecosystem. And so, in all the situations, there is a financial

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relationship with the merchant. Sometimes, the merchant doesn't have Affirm integrated at the point of sale yet, they may have already signed an agreement, and we are waiting for the technical teams to become available.

Part of what we pride ourselves on is this ability to be live very very quickly. We have a variety of different integration modalities. We have this thing that we've really been leaning into that we call Affirm Lite, which allows merchants to go live literally within minutes to signing a contract, but there's many different modalities of integration. Sometimes, it's a long time. That's when sometimes you'll find us promoting a merchant in our app and yet the merchant doesn't yet have a point of sale integration. But all of those things are just ways of delivering value to our merchant partners. That's what we do all day every day.

Chris Brendler

Analyst, Seaport Global Holdings LLC

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Great. That's great color. And I actually have a related question, speaking of delivering value to your merchant partners. It seems like the biggest bear case or pushback I guess on this story is merchant pricing and the entrance of PayPal and other potential providers who are going to give it away "for free" or credit card interchange rates that could potentially undermine the pricing model that a lot of the buy now, pay later start-ups or, I guess, sort of pioneers have used.

My impression is that Affirm is a little bit different, given your product mix and your ability to do more than new loan products. So maybe just comment on merchant pricing and your ability to drive for contract renewals that have pricing at relatively similar levels, given the value you're delivering to merchants? Thanks.

Max R. Levchin

Founder, Chief Executive Officer & Chairman, Affirm Holdings, Inc.



There's a lot of there and I'll try keep it short, although this may well turn into a soliloquy. So, one way of thinking about merchant's perception or merchant's relationship with Affirm, we are not just a payment provider. We are fundamentally a marketing device for merchants.

And so when you typically talk about price compression, as you know, why are you outside the interchange boxes of a common payment industry line? It doesn't really apply to us. We are competing for both the payments budget, but more importantly for the marketing budget. When the merchant says, do I discount or do I do something else? Affirm stands up and says, don't discount, instead offer 0% rate and maintain your price integrity. That is not something merchants can do without our help, but that's what we do at Peloton. That's what we do at a – almost half of our transaction volume. The 0% transactions are really powerful converters of consumers that are on the fence. They're trying to figure out whether they want to transact or they want to transact right now.

So it's really, really important and fundamentally, that doesn't really go against the payments budget and it doesn't compete with payments so much as it becomes a marketing channel and marketing accelerator. There's a lot more where that came from, if you just think for a second about what the app does. So it doesn't even help consumers convert, it helps them become excited about a product they can find out about it as they are spending time in our ecosystem.

Maybe servicing their loan, maybe they're checking out what the merchants we brought on, but that's another opportunity to tell our consumers that, hey, this is a new promotion, this is new interesting idea, all while helping the merchant maintain price integrity. And so, I think those points really highlight that we're fundamentally not in the same space as credit card players are – we're not comparing our pricing to an interchange. I'll actually pause there because I feel like I've meandered into details. Michael, keep me honest with what did I now say...

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Corrected Transcript
10-May-2021

Chris Brendler

Analyst, Seaport Global Holdings LLC

Yeah. I don't want to get into details on this call. Maybe Max, that's awesome. Maybe just fair to say the merchant pricing is not one of your biggest concerns near-term?

Max R. Levchin

Founder, Chief Executive Officer & Chairman, Affirm Holdings, Inc.

It's not, and probably where it's more apparent is in the high ticket items. I think you can really see that, navigating that becomes a lot more about managing risk and managing the technical integration and just the overall interaction with the consumer also creates – if you think about buying a Peloton, that's 39 opportunities for me to tell you about all the cool exciting things that are happening in the Affirm space. And that's really, really powerful. It's very different from your relationship with PayPal, frankly, or with your credit card provider.

Chris Brendler

Analyst, Seaport Global Holdings LLC

Awesome. Thank you so much for the color.

Operator: And our next question comes from the line of Bryan Keane with Deutsche Bank. Please proceed with your question.

Bryan C. Keane

Analyst, Deutsche Bank Securities, Inc.

Hi, guys. Really solid quarter. I also was going to ask about that. Maybe Michael, just your perspective on a same-store sales kind of merchant take rate because I know that does come up a lot, maybe on renewals, what you're seeing and is there a big difference between a high AOV and low AOV?

Michael Linford

Chief Financial Officer, Affirm Holdings, Inc.

There's not a difference in terms of the trend around renewals. I think, frankly, we're probably still in the early innings on that and that'll bear itself out over the next couple of years before you start to see meaningful pressure on things like contract renewals. So not really a data point there. What I would say though is that we would – is unquestionably very competitive out there in the low AOV space. If you're only offering pay in four, it is increasingly becoming commoditized. That's why we think it's so important to offer a wider range of average order value solutions and increase the merchant services that we offer beyond just the buy now, pay later and hence, the acquisition for Returnly.

Bryan C. Keane

Analyst, Deutsche Bank Securities, Inc.

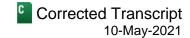
Got it. And just a follow-up on the Shopify deal. How will you guys end up converting more of the existing merchant base, the 12,500 you're at now? Is there something you're doing to get those guys ramped up quicker? And then how also do you get more checkout? Do you push? Is there a way to push the solution more to get them to push the Affirm solution? Thanks.

Max R. Levchin

Founder, Chief Executive Officer & Chairman, Affirm Holdings, Inc.



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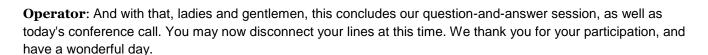
I think the short answer is we expect to get a lot more. I think this deal really only makes sense if this is a pervasive, I guess is the word I'm looking for a solution across the Shopify ecosystem. And I think both companies are very motivated to make sure that now that we're finally ready for a GA rollout that it comes to a lot more than 12,500 merchants. 12,500 merchants went live primarily in just the last 30 days or so, and so this is a good test of what demand looks like. There are multiple education opportunities that we have with – in concert with Shopify. For larger players, we go to market together. We have a sales teams working side-by-side, making sure that we educate enterprises, making sure that we figure out exactly what solutions they need customized for them.

A big part of why Shopify chose us is we're not a one-trick pony. We're not just a paying for and what else do you need. We've built very, very complex, very interesting systems for our partners from Priceline to Walmart. And some of the larger players that are on Shopify really have some pretty strict requirements and there's plenty of opportunity to go there. And in the long tail, Shopify is fairly exceptional at communicating with the merchants. And we are very excited to finally be ready to tell the story to the hundreds of thousands of shops that are eligible for this solution.

Bryan C. Keane

Analyst, Deutsche Bank Securities, Inc.

Got it. Thanks for taking the questions.



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