
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended **March 31, 2024**

OR

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: **001-39888**

Affirm Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware

84-2224323

(State or other jurisdiction of incorporation or
organization)

(I.R.S. Employer Identification No.)

650 California Street

San Francisco, California

94108

(Address of principal executive offices)

(Zip Code)

(415) 960-1518

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value \$0.00001 per share	AFRM	The Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (\$232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of May 3, 2024, the number of shares of the registrant's Class A common stock outstanding was 263,837,691 and the number of shares of the registrant's Class B common stock outstanding was 45,286,948.

TABLE OF CONTENTS

	Page
Cover	1
Table of Contents	2
Part I - Financial Information	5
Item 1. Financial Statements	5
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)	5
CONDENSED CONSOLIDATED BALANCE SHEETS, CONT. (Unaudited)	6
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS (Unaudited)	7
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (Unaudited)	8
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)	10
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS, CONT. (Unaudited)	11
1. Business Description	12
2. Summary of Significant Accounting Policies	12
3. Revenue	13
4. Loans Held for Investment and Allowance for Credit Losses	16
5. Acquisitions	20
6. Balance Sheet Components	22
7. Leases	25
8. Commitments and Contingencies	26
9. Debt	27
10. Securitization and Variable Interest Entities	31
11. Investments	33
12. Derivative Financial Instruments	37
13. Fair Value of Financial Assets and Liabilities	39
14. Stockholders' Equity	49
15. Equity Incentive Plans	50
16. Restructuring	53
17. Income Taxes	53
18. Net Loss per Share Attributable to Common Stockholders	54
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	56
Item 3. Quantitative and Qualitative Disclosures About Market Risk	73
Item 4. Controls and Procedures	75
Part II - Other Information	76
Item 1. Legal Proceedings	76
Item 1A. Risk Factors	76
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	76
Item 3. Defaults Upon Senior Securities	76
Item 4. Mine Safety Disclosures	76
Item 5. Other Information	76
Item 6. Exhibits	77
Signatures	78

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q ("Form 10-Q"), as well as information included in oral statements or other written statements made or to be made by us, contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that involve substantial risks and uncertainties. All statements other than statements of historical fact contained in this Report, including statements regarding our future results of operations and financial condition, business strategy, and plans and objectives of management regarding future operations, are forward-looking statements. In some cases, forward-looking statements may be identified by words such as "anticipate," "believe," "continue," "could," "design," "estimate," "expect," "intend," "may," "plan," "potentially," "predict," "project," "should," "will," "would," or the negative of these terms or other similar expressions. These forward-looking statements include, but are not limited to, statements concerning the following:

- our expectations regarding our future revenue, expenses, and other operating results and key operating metrics;
- our ability to attract new merchants and commerce partners and retain and grow our relationships with existing merchants and commerce partners;
- our ability to compete successfully in a highly competitive and evolving industry;
- our ability to attract new consumers and retain and grow our relationships with our existing consumers;
- our expectations regarding the development, innovation, introduction of, and demand for, our products;
- our ability to successfully maintain our relationship with existing originating bank partners and engage additional originating bank partners;
- our ability to maintain, renew or replace our existing funding arrangements and build and grow new funding relationships;
- the impact of any of our funding sources becoming unwilling or unable to provide funding to us on terms acceptable to us, or at all;
- our ability to effectively price and score credit risk using our proprietary risk model;
- the performance of loans facilitated and originated through our platform;
- the future growth rate of our revenue and related key operating metrics;
- our ability to achieve sustained profitability in the future;
- our ability, and the ability of our originating bank and other partners, to comply, and remain in compliance with, laws and regulations that currently apply or become applicable to our business or the businesses of such partners;
- our ability to protect our confidential, proprietary, or sensitive information;
- past and future acquisitions, investments, and other strategic investments;
- our ability to maintain, protect, and enhance our brand and intellectual property;
- litigation, investigations, regulatory inquiries, and proceedings;
- developments in our regulatory environment;
- the impact of macroeconomic conditions on our business, including the impacts of inflation, an elevated interest rate environment and corresponding increases in negotiated interest rate spreads, ongoing recessionary concerns and the potential for more instability of financial institutions; and
- the size and growth rates of the markets in which we compete.

Forward-looking statements, including statements such as "we believe" and similar statements, are based on our management's current beliefs, opinions and assumptions and on information currently available as of the date

of this Report. Such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These forward-looking statements are subject to a number of known and unknown risks, uncertainties and assumptions, including risks described in the section titled "Risk Factors" and elsewhere in this Form 10-Q and in our most recently filed Annual Report on Form 10-K for the fiscal year ended June 30, 2023 (the "Annual Report"). Other sections of this Form 10-Q may include additional factors that could harm our business and financial performance. Moreover, we operate in a very competitive, heavily regulated and rapidly changing environment. New risks emerge from time to time, and it is not possible for our management to predict all risks that we may face, nor can we assess the impact of all risks on our business or the extent to which any risk, or combination of risks, may cause our actual results to differ from those contained in, or implied by, any forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable as of the date of this Report, we cannot guarantee future results, levels of activity, performance, achievements, events, outcomes, timing of results or circumstances. Except as required by law, we undertake no obligation to update publicly any forward-looking statements for any reason after the date of this Report or to conform these statements to actual results or to changes in our expectations. You should read this Form 10-Q and the documents that we have filed as exhibits to this Report with the understanding that our actual future results, levels of activity, performance, outcomes, achievements and timing of results or outcomes may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

Investors and others should note that we may announce material business and financial information to our investors using our investor relations website (investors.affirm.com), our filings with the Securities and Exchange Commission ("SEC"), webcasts, press releases, conference calls, and social media. We use these mediums, including our website, to communicate with investors and the general public about our company, our products, and other issues. It is possible that the information that we make available on our website may be deemed to be material information. We therefore encourage investors and others interested in our Company to review the information that we make available on our website. The contents of our website are not incorporated into this filing. We have included our investor relations website address only as an inactive textual reference for convenience and do not intend it to be an active link to our website.

Part I - Financial Information**Item 1. Financial Statements**

AFFIRM HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(in thousands, except shares and per share amounts)

	March 31, 2024	June 30, 2023
Assets		
Cash and cash equivalents	\$ 1,272,760	\$ 892,027
Restricted cash	346,931	367,917
Securities available for sale at fair value	781,402	1,174,653
Loans held for sale	127	76
Loans held for investment	5,461,407	4,402,962
Allowance for credit losses	(289,088)	(204,531)
Loans held for investment, net	5,172,319	4,198,431
Accounts receivable, net	293,388	199,085
Property, equipment and software, net	401,535	290,135
Goodwill	535,818	542,571
Intangible assets	15,288	34,434
Commercial agreement assets	118,703	177,672
Other assets	263,155	278,614
Total assets	\$ 9,201,426	\$ 8,155,615
Liabilities and stockholders' equity		
Liabilities:		
Accounts payable	\$ 35,224	\$ 28,602
Payable to third-party loan owners	129,730	53,852
Accrued interest payable	22,816	13,498
Accrued expenses and other liabilities	150,162	180,883
Convertible senior notes, net	1,385,891	1,414,208
Notes issued by securitization trusts	3,240,871	2,165,577
Funding debt	1,613,272	1,764,812
Total Liabilities	6,577,966	5,621,432
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Class A common stock, par value \$0.00001 per share: 3,030,000,000 shares authorized, 263,249,743 shares issued and outstanding as of March 31, 2024; 3,030,000,000 shares authorized, 237,230,381 shares issued and outstanding as of June 30, 2023	2	2
Class B common stock, par value \$0.00001 per share: 140,000,000 shares authorized, 45,288,458 shares issued and outstanding as of March 31, 2024; 140,000,000 authorized, 59,615,836 shares issued and outstanding as of June 30, 2023	1	1
Additional paid in capital	5,704,626	5,140,850
Accumulated deficit	(3,063,868)	(2,591,247)
Accumulated other comprehensive loss	(17,301)	(15,423)
Total stockholders' equity	2,623,460	2,534,183
Total liabilities and stockholders' equity	\$ 9,201,426	\$ 8,155,615

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

AFFIRM HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS, CONT.
(Unaudited)
(in thousands)

The following table presents the assets and liabilities of consolidated variable interest entities ("VIEs"), which are included in the interim condensed consolidated balance sheets above. The assets in the table below may only be used to settle obligations of consolidated VIEs and are in excess of those obligations. The liabilities in the table below include liabilities for which creditors do not have recourse to the general credit of the Company. Additionally, the assets and liabilities in the table below include third-party assets and liabilities of consolidated VIEs only and exclude intercompany balances that eliminate upon consolidation.

	March 31, 2024	June 30, 2023
Assets of consolidated VIEs, included in total assets above		
Restricted cash	\$ 156,736	\$ 203,872
Loans held for investment	5,269,390	4,151,606
Allowance for credit losses	(243,167)	(178,252)
Loans held for investment, net	5,026,223	3,973,354
Accounts receivable, net	2,960	8,196
Other assets	11,791	18,210
Total assets of consolidated VIEs	\$ 5,197,710	\$ 4,203,632
Liabilities of consolidated VIEs, included in total liabilities above		
Accounts payable	\$ 2,856	\$ 2,894
Accrued interest payable	22,710	13,498
Accrued expenses and other liabilities	11,989	17,825
Notes issued by securitization trusts	3,240,871	2,165,577
Funding debt	1,601,516	1,656,400
Total liabilities of consolidated VIEs	4,879,942	3,856,194
Total net assets of consolidated VIEs	\$ 317,768	\$ 347,438

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

AFFIRM HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS (Unaudited)
(in thousands, except share and per share amounts)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Revenue				
Merchant network revenue	\$ 159,292	\$ 119,013	\$ 493,599	\$ 366,181
Card network revenue	35,676	29,469	108,421	85,294
Total network revenue	194,968	148,482	602,020	451,475
Interest income	315,712	178,270	866,737	470,393
Gain on sales of loans	40,183	32,813	127,170	156,015
Servicing income	25,294	21,413	67,887	64,277
Total revenue, net	576,157	380,978	1,663,814	1,142,160
Operating expenses				
Loss on loan purchase commitment	44,143	31,224	132,639	105,256
Provision for credit losses	122,443	66,438	343,019	237,377
Funding costs	90,449	51,188	248,997	120,005
Processing and servicing	88,209	65,229	254,083	186,096
Technology and data analytics	124,828	161,792	377,626	463,500
Sales and marketing	132,950	140,942	441,081	493,149
General and administrative	128,721	139,266	401,832	458,877
Restructuring and other	5,203	34,934	6,924	34,934
Total operating expenses	736,946	691,013	2,206,201	2,099,194
Operating loss	\$ (160,789)	\$ (310,035)	\$ (542,387)	\$ (957,034)
Other income, net	27,743	103,522	70,999	175,067
Loss before income taxes	\$ (133,046)	\$ (206,513)	\$ (471,388)	\$ (781,967)
Income tax (benefit) expense	890	(836)	1,233	(2,584)
Net loss	\$ (133,936)	\$ (205,677)	\$ (472,621)	\$ (779,383)
Other comprehensive income (loss)				
Foreign currency translation adjustments	\$ (10,879)	\$ 31	\$ (8,953)	\$ (16,993)
Unrealized gain (loss) on securities available for sale, net	(30)	4,520	6,176	2,061
Gain (loss) on cash flow hedges	750	(257)	899	(257)
Net other comprehensive income (loss)	(10,159)	4,294	(1,878)	(15,189)
Comprehensive loss	\$ (144,095)	\$ (201,383)	\$ (474,499)	\$ (794,572)
Per share data:				
Net loss per share attributable to common stockholders for Class A and Class B				
Basic	\$ (0.43)	\$ (0.69)	\$ (1.53)	\$ (2.65)
Diluted	\$ (0.43)	\$ (0.69)	\$ (1.53)	\$ (2.65)
Weighted average common shares outstanding				
Basic	312,626,728	297,204,715	307,995,889	293,915,268
Diluted	312,626,728	297,204,715	307,995,889	293,915,268

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

AFFIRM HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(Uaudited)
(in thousands, except share amounts)

	Common Stock			Accumulated Other Comprehensive Loss			Total Stockholders' Equity	
	Shares ⁽¹⁾	Amount	Additional Paid-In Capital	Accumulated Deficit				
Balance as of June 30, 2023	296,846,217	\$ 3	\$ 5,140,850	\$ (2,591,247)	\$ (15,423)	\$ 2,534,183		
Issuance of common stock upon exercise of stock options	495,350	—	3,625	—	—	—	3,625	
Vesting of restricted stock units	3,740,320	—	—	—	—	—	—	
Vesting of warrants for common stock	—	—	95,910	—	—	—	95,910	
Stock-based compensation	—	—	151,162	—	—	—	151,162	
Tax withholding on stock-based compensation	—	—	(36,515)	—	—	—	(36,515)	
Foreign currency translation adjustments	—	—	—	—	(11,898)	—	(11,898)	
Unrealized gain on securities available for sale	—	—	—	—	—	1,353	1,353	
Gain on cash flow hedges	—	—	—	—	—	763	763	
Net loss	—	—	—	(171,783)	—	—	(171,783)	
Balance as of September 30, 2023	301,081,887	\$ 3	\$ 5,355,032	\$ (2,763,030)	\$ (25,205)	\$ 2,566,800		
Issuance of common stock upon exercise of stock options	1,922,621	—	17,419	—	—	—	17,419	
Issuance of common stock, employee share purchase plan	333,847	—	4,137	—	—	—	4,137	
Vesting of restricted stock units	2,195,991	—	—	—	—	—	—	
Vesting of warrants for common stock	—	—	114,705	—	—	—	114,705	
Stock-based compensation	—	—	119,821	—	—	—	119,821	
Tax withholding on stock-based compensation	—	—	(39,159)	—	—	—	(39,159)	
Foreign currency translation adjustments	—	—	—	—	—	13,824	13,824	
Unrealized gain on securities available for sale	—	—	—	—	—	4,853	4,853	
Loss on cash flow hedges	—	—	—	—	—	(614)	(614)	
Net loss	—	—	—	(166,902)	—	—	(166,902)	
Balance as of December 31, 2023	305,534,346	\$ 3	\$ 5,571,955	\$ (2,929,932)	\$ (7,142)	\$ 2,634,884		
Issuance of common stock upon exercise of stock options	233,328	—	1,154	—	—	—	1,154	
Vesting of restricted stock units	2,770,527	—	—	—	—	—	—	
Vesting of warrants for common stock	—	—	95,974	—	—	—	95,974	
Stock-based compensation	—	—	108,056	—	—	—	108,056	
Tax withholding on stock-based compensation	—	—	(72,513)	—	—	—	(72,513)	
Foreign currency translation adjustments	—	—	—	—	—	(10,879)	(10,879)	
Unrealized loss on securities available for sale	—	—	—	—	—	(30)	(30)	
Gain on cash flow hedges	—	—	—	—	—	750	750	
Net loss	—	—	—	(133,936)	—	—	(133,936)	
Balance as of March 31, 2024	308,538,201	\$ 3	\$ 5,704,626	\$ (3,063,868)	\$ (17,301)	\$ 2,623,460		

⁽¹⁾ The share amounts listed above combine Class A and Class B stock.

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

AFFIRM HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(Uaudited)
(in thousands, except share amounts)

	Common Stock			Accumulated Other			Total Stockholders' Equity
	Shares ⁽¹⁾	Amount	Additional Paid-In Capital	Accumulated Deficit	Comprehensive Loss		
Balance as of June 30, 2022	287,365,373	\$ 3	\$ 4,231,303	\$ (1,605,902)	\$ (7,149)	\$ 2,618,255	
Issuance of common stock upon exercise of stock options	215,949	—	1,192	—	—	—	1,192
Forfeiture of common stock related to acquisitions	(243,384)	—	—	—	—	—	—
Repurchases of common stock	(12,437)	—	(109)	—	—	—	(109)
Vesting of restricted stock units	2,166,715	—	—	—	—	—	—
Vesting of warrants for common stock	—	—	108,742	—	—	—	108,742
Stock-based compensation	—	—	141,012	—	—	—	141,012
Tax withholding on stock-based compensation	—	—	(27,311)	—	—	—	(27,311)
Foreign currency translation adjustments	—	—	—	—	(21,546)	—	(21,546)
Unrealized loss on securities available for sale	—	—	—	—	(5,528)	—	(5,528)
Net loss	—	—	—	(251,269)	—	—	(251,269)
Balance as of September 30, 2022	289,492,216	\$ 3	\$ 4,454,829	\$ (1,857,171)	\$ (34,223)	\$ 2,563,438	
Issuance of common stock upon exercise of stock options	300,903	—	1,372	—	—	—	1,372
Issuance of common stock, employee share purchase plan	500,443	—	5,921	—	—	—	5,921
Vesting of restricted stock units	1,798,218	—	—	—	—	—	—
Vesting of warrants for common stock	—	—	128,054	—	—	—	128,054
Stock-based compensation	—	—	144,218	—	—	—	144,218
Tax withholding on stock-based compensation	—	—	(18,009)	—	—	—	(18,009)
Foreign currency translation adjustments	—	—	—	—	4,522	—	4,522
Unrealized loss on securities available for sale	—	—	—	—	3,069	—	3,069
Net loss	—	—	—	(322,437)	—	—	(322,437)
Balance as of December 31, 2022	292,091,780	\$ 3	\$ 4,716,385	\$ (2,179,608)	\$ (26,632)	\$ 2,510,148	
Issuance of common stock upon exercise of stock options	185,225	—	716	—	—	—	716
Vesting of restricted stock units	2,373,583	—	—	—	—	—	—
Vesting of warrants for common stock	—	—	93,922	—	—	—	93,922
Stock-based compensation	—	—	125,902	—	—	—	125,902
Tax withholding on stock-based compensation	—	—	(18,169)	—	—	—	(18,169)
Foreign currency translation adjustments	—	—	—	—	31	—	31
Unrealized gain on securities available for sale	—	—	—	—	4,520	—	4,520
Loss on cash flow hedges	—	—	—	—	(257)	—	(257)
Net loss	—	—	—	(205,677)	—	—	(205,677)
Balance as of March 31, 2023	294,650,588	\$ 3	\$ 4,918,756	\$ (2,385,285)	\$ (22,338)	\$ 2,511,136	

⁽¹⁾ The share amounts listed above combine Class A and Class B stock.

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

[Table of Contents](#)

AFFIRM HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in thousands)

	Nine Months Ended March 31,	
	2024	2023
Cash flows from operating activities		
Net loss	\$ (472,621)	\$ (779,383)
Adjustments to reconcile net loss to net cash used in operating activities:		
Provision for credit losses	343,019	237,377
Amortization of premiums and discounts on loans, net	(137,683)	(103,468)
Gain on sales of loans	(127,170)	(156,015)
Gain on extinguishment of debt	(5,359)	(89,841)
Changes in fair value of assets and liabilities	(3,645)	(10,017)
Amortization of commercial agreement assets	58,969	64,202
Amortization of debt issuance costs	18,888	13,198
Amortization of discount on securities available for sale	(32,280)	(23,711)
Commercial agreement warrant expense	306,588	330,718
Stock-based compensation	279,598	348,372
Depreciation and amortization	103,655	91,355
Other	22,174	294
Change in operating assets and liabilities:		
Purchases of loans held for sale	(3,136,368)	(4,719,789)
Proceeds from the sale of loans held for sale	3,163,048	4,838,250
Accounts receivable, net	(105,766)	(1,784)
Other assets	58,181	(3,292)
Accounts payable	6,622	(3,618)
Payable to third-party loan owners	75,878	(27,196)
Accrued interest payable	9,613	8,028
Accrued expenses and other liabilities	(43,966)	(45,288)
Net cash provided by operating activities	381,375	(31,608)
Cash flows from investing activities		
Purchases and origination of loans held for investment	(15,557,208)	(9,622,289)
Proceeds from the sale of loans held for investment	4,180,019	1,093,894
Principal repayments and other loan servicing activity	10,314,290	7,199,568
Acquisition, net of cash and restricted cash acquired	—	(16,051)
Additions to property, equipment and software	(121,040)	(95,917)
Purchases of securities available for sale	(461,242)	(566,261)
Proceeds from maturities and repayments of securities available for sale	891,875	1,127,785
Other investing cash inflows/(outflows)	(34,210)	3,375
Net cash used in investing activities	(787,516)	(875,896)
Cash flows from financing activities		
Proceeds from funding debt	8,825,076	5,048,803
Payment of debt issuance costs	(19,188)	(17,407)
Principal repayments of funding debt	(8,964,832)	(4,195,110)
Extinguishment of convertible debt	(25,560)	(206,567)
Proceeds from issuance of notes and residual trust certificates by securitization trusts	1,601,828	750,000
Principal repayments of notes issued by securitization trusts	(528,279)	(584,634)
Proceeds from exercise of common stock options and warrants and contributions to ESPP	26,321	8,909
Repurchases of common stock	—	(109)
Payments of tax withholding for stock-based compensation	(148,186)	(63,489)
Net cash provided by financing activities	767,180	740,396
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(1,292)	(2,207)
Net increase in cash, cash equivalents and restricted cash	359,747	(169,315)
Cash, cash equivalents and restricted cash, beginning of period	1,259,944	1,550,807
Cash, cash equivalents and restricted cash, end of period	\$ 1,619,691	\$ 1,381,492

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

AFFIRM HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS, CONT.
(Unaudited)
(in thousands)

	Nine Months Ended March 31,	
	2024	2023
Reconciliation to amounts on consolidated balance sheets (as of period end)		
Cash and cash equivalents	1,272,760	972,477
Restricted cash	346,931	409,015
Total cash, cash equivalents and restricted cash	\$ 1,619,691	\$ 1,381,492
Supplemental disclosures of cash flow information		
Cash payments for interest expense	\$ 228,496	\$ 104,923
Cash paid for operating leases	11,947	8,328
Cash paid for income taxes	588	378
Supplemental disclosures of non-cash investing and financing activities		
Stock-based compensation included in capitalized internal-use software	99,441	62,760
Right of use assets obtained in exchange for operating lease liabilities	—	494

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

1. Business Description

Affirm Holdings, Inc. ("Affirm," the "Company," "we," "us," or "our"), headquartered in San Francisco, California, provides consumers with a simpler, more transparent, and flexible alternative to traditional payment options. Our mission is to deliver honest financial products that improve lives. Through our next-generation commerce platform, agreements with originating banks, and capital markets partners, we enable consumers to confidently pay for a purchase over time. When a consumer applies for a loan through our platform, the loan is underwritten using our proprietary risk model, and once approved, the consumer selects their preferred repayment option. Loans are directly originated or funded and issued by our originating bank partners.

Merchants partner with us to transform the consumer shopping experience and to acquire and convert customers more effectively through our frictionless point-of-sale payment solutions. Consumers get the flexibility to buy now and make simple regular payments for their purchases and merchants see increased average order value, repeat purchase rates, and an overall more satisfied customer base. Unlike legacy payment options and our competitors' product offerings, which charge deferred or compounding interest and unexpected costs, we disclose up-front to consumers exactly what they will owe — no hidden fees, no deferred interest, no penalties.

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The accompanying interim condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"), as contained in the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"), disclosure requirements for interim financial information, and the requirements of Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. The unaudited interim condensed consolidated financial statements should be read in conjunction with the audited financial statements and notes thereto for the fiscal year ended June 30, 2023. The balance sheet as of June 30, 2023 has been derived from the audited financial statements at that date. Management believes these interim condensed consolidated financial statements reflect all adjustments, including those of a normal and recurring nature, which are necessary for a fair presentation of the results for the interim periods presented. The results of operations for the interim periods are not necessarily indicative of the results that may be expected for the full year or any other interim period.

Our interim condensed financial statements have been prepared on a consolidated basis. Under this basis of presentation, our financial statements consolidate all wholly owned subsidiaries and variable interest entities ("VIEs"), in which we have a controlling financial interest. These include various business trust entities and limited partnerships established to enter into warehouse credit agreements with certain lenders for funding debt facilities and certain asset-backed securitization transactions. All intercompany accounts and transactions have been eliminated in consolidation.

Our variable interest arises from contractual, ownership, or other monetary interests in the entity, which changes with fluctuations in the fair value of the entity's net assets. We consolidate a VIE when we are deemed to be the primary beneficiary. We assess whether or not we are the primary beneficiary of a VIE on an ongoing basis.

Use of Estimates

The preparation of interim condensed consolidated financial statements in conformity with U.S. GAAP requires the use of estimates, judgments and assumptions that affect the reported amounts in the interim condensed consolidated financial statements and the accompanying notes. Material estimates that are particularly susceptible to significant change relate to determination of the allowance for credit losses, capitalized internal-use software development costs, valuation allowance for deferred tax assets, loss on loan purchase commitment, the fair value of servicing assets and liabilities, discount on self-originated loans, the evaluation for impairment of intangible assets

and goodwill, the fair value of available for sale debt securities including retained interests in our securitization trusts, the fair value of residual certificates issued by our securitization trusts held by third parties, the fair value of risk sharing arrangements, and stock-based compensation, including the fair value of warrants issued to nonemployees. We base our estimates on historical experience, current events, and other factors we believe to be reasonable under the circumstances. To the extent that there are material differences between these estimates and actual results, our financial condition or operating results will be materially affected.

These estimates are based on information available as of the date of the interim condensed consolidated financial statements; therefore, actual results could differ materially from those estimates.

Significant Accounting Policies

There were no material changes to our significant accounting policies as disclosed in Note 2. Summary of Significant Accounting Policies of our Annual Report on Form 10-K for the fiscal year ended June 30, 2023, which was filed with the SEC on August 25, 2023.

Recent Accounting Pronouncements Not Yet Adopted

Segment Reporting

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. The new guidance modifies the existing annual and interim segment reporting disclosures. The purpose of the update is to enable investors to better understand an entity's overall performance and assess potential future cash flows, primarily through enhanced disclosure requirements on significant segment expenses. The ASU is effective for annual reporting periods beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024, and should be applied retrospectively to all prior periods presented in the financial statements. Early adoption is permitted. We are in the process of evaluating the impact of adopting this accounting standard update on our consolidated financial statements and disclosures.

Income Taxes

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The amendments require disclosure of specific categories in the rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold and further disaggregation of income taxes paid for individually significant jurisdictions. The ASU is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. We are in the process of evaluating the impact of adopting this accounting standard update on our consolidated financial statements and disclosures.

3. Revenue

The following table presents our revenue disaggregated by revenue source (in thousands):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Merchant network revenue	\$ 159,292	\$ 119,013	\$ 493,599	\$ 366,181
Card network revenue	35,676	29,469	108,421	85,294
Interest income	315,712	178,270	866,737	470,393
Gain on sales of loans	40,183	32,813	127,170	156,015
Servicing income	25,294	21,413	67,887	64,277
Total revenue, net	\$ 576,157	\$ 380,978	\$ 1,663,814	\$ 1,142,160

[Table of Contents](#)

Merchant Network Revenue — Revenue from Contracts with Customers

Merchant network revenue primarily consists of merchant fees. Merchant partners (or integrated merchants) are generally charged a fee based on gross merchandise volume ("GMV") processed through the Affirm platform. The fees vary depending on the individual arrangement between us and each merchant and on the terms of the product offering. The fee is recognized at the point in time the merchant successfully confirms the transaction, which is when the terms of the executed merchant agreement are fulfilled.

Our contracts with merchants are defined at the transaction level and do not extend beyond the service already provided (i.e., each transaction represents a separate contract). The fees collected from merchants for each transaction are determined as a percentage of the value of the goods purchased by the consumer from merchants and consider a number of factors including the end consumer's credit risk and financing term. We do not have any capitalized contract costs, and do not carry any material contract balances.

Our service comprises a single performance obligation to merchants to facilitate transactions with consumers. From time to time, we offer merchants incentives to promote our platform to their customers, such as fee reductions or rebates. These amounts are recorded as a reduction to merchant network revenue.

We may originate certain loans via our wholly-owned subsidiaries, with zero or below market interest rates. In these instances, the par value of the loans originated is in excess of the fair market value of such loans, resulting in a loss on loan origination, which we record as a reduction to network revenue. In certain cases, the losses incurred on loans originated for a merchant may exceed the total network revenue earned on those loans. We record the excess loss amounts as a sales and marketing expense.

A portion of merchant network revenue relates to affiliate network revenue, which is generated when a user makes a purchase on a merchant's website after being directed from an advertisement on Affirm's website or mobile application. We earn a fixed placement fee and/or commission as a percentage of the associated sale. Revenue is recognized at the point in time when the performance obligation has been fulfilled, which is when the sale occurs.

For the three and nine months ended March 31, 2024 and 2023, there were no merchants that exceeded 10% of total revenue.

Card Network Revenue — Revenue from Contracts with Customers

We have agreements with card-issuing partners to facilitate the issuance of physical and virtual debit cards to be used by consumers at checkout. Prior to purchase, consumers can apply at Affirm.com or via the Affirm app and, upon approval, use a physical or virtual card to complete their purchase online or in-store. The card is funded at the time a transaction is authorized using cash held by the card-issuing partner in a reserve fund. Eligible consumers can also use the Affirm Card, a debit card issued by a card-issuing partner to pay in full, via their linked bank account, or pay later, by using a unique post-purchase feature that allows them to instantly convert any eligible debit transaction into an installment loan. Where applicable, our originating bank partner, or wholly-owned subsidiaries, then originates a loan to the consumer after the transaction is confirmed by the merchant. The merchant is charged interchange fees for each successful debit card transaction, and a portion of this revenue is shared with us by our card-issuing partners.

Merchants may also elect to utilize our agreement with card-issuing partners as a means of integrating Affirm services. Similarly, for these arrangements with integrated merchants, the merchant is charged interchange fees for each successful debit card transaction and a portion of this revenue is shared with us. From time to time, we offer certain integrated merchants promotional incentives to promote our platform to their customers, such as rebates of interchange fees incurred by the merchant. These amounts are recorded as a reduction of card network revenue.

Our contracts with our card-issuing partners are defined at the transaction level and do not extend beyond the service already provided. The revenue collected from card-issuing partners for each transaction are determined

as a percentage of the interchange fees charged on transactions facilitated on the payment processor network, and revenue is recognized at the point in time the transaction is completed successfully. The amounts collected are presented in revenue, net of associated transaction-related processing fees paid to our card-issuing partners. We have concluded that the revenue collected does not give rise to a future material right because the pricing of each transaction does not depend on the volume of prior successful transactions. We do not have any capitalized contract costs, and do not carry any material contract balances.

Our service comprises a single performance obligation to the card-issuing partner to facilitate transactions with consumers.

A portion of card network revenue relates to incentive payments from card network partners, which we are eligible to receive for reaching certain cumulative volume targets on program cards issued by the issuer processors. We earn incentive revenue as a percentage of each associated transaction and estimate the applicable percentage based on observed cumulative volume on program cards. Revenue is recognized at the point in time when the performance obligation has been fulfilled, which is when the transaction is completed successfully.

Interest Income

Interest income consisted of the following components (in thousands):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Contractual interest income on unpaid principal balance	\$ 273,581	\$ 147,759	\$ 747,955	\$ 379,755
Amortization of discount on loans	53,960	39,130	150,102	116,937
Amortization of premiums on loans	(4,256)	(4,515)	(12,419)	(13,469)
Interest receivable charged-off, net of recoveries	(7,573)	(4,104)	(18,901)	(12,830)
Total interest income	<u>\$ 315,712</u>	<u>\$ 178,270</u>	<u>\$ 866,737</u>	<u>\$ 470,393</u>

We accrue interest income using the effective interest method, which includes the amortization of any discounts or premiums on loan receivables created upon the purchase of a loan from our originating bank partners or upon the origination of a loan. Interest income on a loan is accrued daily, based on the finance charge disclosed to the consumer, over the term of the loan based upon the principal outstanding. The accrual of interest on a loan is suspended if a formal dispute with the consumer involving either Affirm or the merchant of record is opened, or a loan is 120 days past due. Upon the resolution of a dispute with the consumer, the accrual of interest is resumed, and any interest that would have been earned during the disputed period is retroactively accrued. As of March 31, 2024 and June 30, 2023, the balance of loans held for investment on non-accrual status was \$1.1 million and \$1.8 million, respectively.

The account is charged-off in the period if the account becomes 120 days past due or meets other charge-off policy requirements. Past due status is based on the contractual terms of the loans. Previously recognized interest receivable from charged-off loans that is accrued but not collected from the consumer is reversed.

Gain on Sales of Loans

We sell certain loans we originate or purchase from our originating bank partners directly to third-party investors or to securitizations. We recognize a gain or loss on sale of loans sold to third parties or to unconsolidated securitizations as the difference between the proceeds received and the carrying value of the loan, adjusted for the initial recognition of any assets or liabilities incurred upon sale, which generally include a net servicing asset or liability in connection with our ongoing obligation to continue to service the loans and a recourse liability based on our estimate of future losses in connection with our obligation to repurchase loans that do not meet certain contractual requirements and such information about the loan was unknown at the time of sale.

Servicing Income

Servicing income includes contractual fees specified in our servicing agreements with third-party loan owners and unconsolidated securitizations that are earned from providing professional services to manage loan portfolios on their behalf. The servicing fee is calculated on a daily basis by multiplying a set fee percentage (as outlined in the executed agreements with third-party loan owners) by the outstanding loan principal balance. Servicing income also includes fair value adjustments for servicing assets and servicing liabilities.

4. Loans Held for Investment and Allowance for Credit Losses

Loans held for investment consisted of the following (in thousands):

	March 31, 2024	June 30, 2023
Unpaid principal balance	\$ 5,496,615	\$ 4,451,324
Accrued interest receivable	60,459	41,079
Premiums on loans held for investment	7,546	7,135
Less: Discount due to loss on loan purchase commitment	(63,416)	(51,190)
Less: Discount due to loss on directly originated loans	(39,777)	(45,145)
Less: Fair value adjustment on loans acquired through business combination	(20)	(241)
Total loans held for investment	\$ 5,461,407	\$ 4,402,962

Loans held for investment includes loans originated through our originating bank partners and directly originated loans. The majority of the loans that are underwritten using our technology platform and originated by our originating bank partners are later purchased by us. We purchased loans from our originating bank partners in the amount of \$5.1 billion and \$15.6 billion during the three and nine months ended March 31, 2024 and \$ 3.7 billion and \$11.7 billion during the three and nine months ended March 31, 2023, respectively.

Our portfolio consists of interest bearing and non interest bearing consumer loans with original term lengths of up to sixty months. Given that our loan portfolio focuses on one product segment, unsecured consumer installment loans, we generally evaluate the entire portfolio as a single homogeneous loan portfolio and make merchant or program specific adjustments as necessary.

We closely monitor credit quality for our loan receivables to manage and evaluate our related exposure to credit risk. Credit risk management begins with initial underwriting, where loan applications are assessed against the credit underwriting policy and procedures for our directly originated loans and originating bank partner loans, and continues through to full repayment of a loan. To assess a consumer who requests a loan, we use, among other indicators, internally developed risk models using detailed information from external sources, such as credit bureaus where available, and internal historical experience, including the consumer's prior repayment history on our platform as well as other measures. We combine these factors to establish a proprietary score as a credit quality indicator.

Our proprietary score ("ITACs") is assigned to most loans facilitated through our technology platform, ranging from zero to 100, with 100 representing the highest credit quality and therefore the lowest likelihood of loss. The ITACs model analyzes the characteristics of a consumer's attributes that are shown to be predictive of both willingness and ability to repay including, but not limited to: basic features of a consumer's credit profile, a consumer's prior repayment performance with other creditors, current credit utilization, and legal and policy changes. When a consumer passes both fraud and credit policy checks, the application is assigned an ITACs score. ITACs is also used for portfolio performance monitoring. Our credit risk team closely tracks the distribution of ITACs at the portfolio level, as well as ITACs at the individual loan level to monitor for signs of a changing credit profile within the portfolio. Repayment performance within each ITACs band is also monitored to support both the

integrity of the risk scoring models and to measure possible changes in consumer behavior amongst various credit tiers.

The following table presents an analysis of the credit quality, by ITACs score, of the amortized cost basis excluding accrued interest receivable, by fiscal year of origination on loans held for investment and loans held for sale (in thousands) as of March 31, 2024:

	March 31, 2024								
	Amortized Costs Basis by Fiscal Year of Origination								
	2024	2023	2022	2021	2020	Prior		Total	
96+	\$ 2,846,025	\$ 335,055	\$ 13,557	\$ 310	\$ 10	\$ 5	\$ 3,194,962		
94 – 96	1,350,713	101,257	776	12	2	4		1,452,764	
90 – 94	233,729	11,630	424	3	1	1		245,788	
<90	13,614	197	459	2	1	—		14,273	
No score ⁽¹⁾	356,211	116,349	19,539	931	124	134		493,288	
Total amortized cost basis	\$ 4,800,292	\$ 564,488	\$ 34,755	\$ 1,258	\$ 138	\$ 144	\$ 5,401,075		

⁽¹⁾ This balance represents loan receivables in markets without sufficient data currently available for use by the Affirm scoring methodology including loan receivables originated in Canada.

The following table presents net charge-offs by fiscal year of origination (in thousands) as of March 31, 2024:

March 31, 2024							
Net Charge-offs by Fiscal Year of Origination							
	2024	2023	2022	2021	2020	Prior	Total
Current period charge-offs	(63,706)	(191,087)	(6,192)	(508)	(101)	(63)	(261,657)
Current period recoveries	2,235	11,057	6,159	833	46	76	20,406
Current period net charge-offs	(61,471)	(180,030)	(33)	325	(55)	13	(241,251)

The following table presents an analysis of the credit quality, by ITACs score, of the amortized cost basis excluding accrued interest receivable, by fiscal year of origination on loans held for investment and loans held for sale (in thousands) as of June 30, 2023:

	June 30, 2023							Total	
	Amortized Costs Basis by Fiscal Year of Origination								
	2023	2022	2021	2020	2019	Prior			
96+	\$ 2,628,060	\$ 39,428	\$ 18,910	\$ 3,439	\$ 9	\$ 1	\$ 2,689,847		
94 – 96	1,104,553	7,755	439	77	6	2	1,112,832		
90 – 94	133,940	3,116	26	2	4	—	137,088		
<90	13,363	1,623	4	2	—	—	14,992		
No score ⁽¹⁾	335,690	59,204	11,562	489	252	9	407,206		
Total amortized cost basis	<u>\$ 4,215,606</u>	<u>\$ 111,126</u>	<u>\$ 30,941</u>	<u>\$ 4,009</u>	<u>\$ 271</u>	<u>\$ 12</u>	<u>\$ 4,361,965</u>		

⁽¹⁾ This balance represents loan receivables in markets without sufficient data currently available for use by the Affirm scoring methodology including loan receivables originated in Canada.

Loan receivables are defined as past due if either the principal or interest have not been received within four calendar days of when they are due in accordance with the agreed upon contractual terms. The following table presents an aging analysis of the amortized cost basis excluding accrued interest receivable of loans held for investment and loans held for sale by delinquency status (in thousands):

	March 31, 2024	June 30, 2023
Non-delinquent loans	\$ 5,148,965	\$ 4,183,248
4 – 29 calendar days past due	130,766	92,876
30 – 59 calendar days past due	48,586	36,399
60 – 89 calendar days past due	37,475	28,171
90 – 119 calendar days past due ⁽¹⁾	35,283	21,271
Total amortized cost basis	<u>\$ 5,401,075</u>	<u>\$ 4,361,965</u>

⁽¹⁾ Includes \$35.3 million and \$20.9 million of loan receivables as of March 31, 2024 and June 30, 2023, respectively, that are 90 days or more past due, but are not on nonaccrual status.

We maintain an allowance for credit losses at a level sufficient to absorb expected credit losses based on evaluating known and inherent risks in our loan portfolio. The allowance for credit losses reflects our estimate of expected lifetime credit losses, which consider the remaining contractual term, historical credit losses, consumer payment trends, estimated recoveries, and future payment expectations as of each balance sheet date. Adjustments to the allowance each period for changes in our estimate of lifetime expected credit losses are recognized in earnings through the provision for credit losses presented on our interim condensed consolidated statements of operations and comprehensive loss. When available information confirms that specific loans or portions thereof are uncollectible, identified amounts are charged against the allowance for credit losses. Loans are charged off in accordance with our charge-off policy, as the contractual principal becomes 120 days past due. Subsequent recoveries of the unpaid principal balance, if any, are credited to the allowance for credit losses.

The following table details activity in the allowance for credit losses, including charge-offs, recoveries and provision for loan losses (in thousands):

	Nine Months Ended			
	Three Months Ended March 31,		March 31,	
	2024	2023	2024	2023
Balance at beginning of period	\$ 262,204	\$ 182,100	\$ 204,531	\$ 155,392
Provision for loan losses	116,820	61,480	325,808	225,962
Charge-offs	(99,181)	(75,820)	(261,657)	(227,886)
Recoveries of charged-off receivables	9,245	8,576	20,406	22,868
Balance at end of period	\$ 289,088	\$ 176,336	\$ 289,088	\$ 176,336

Loan Modifications for Borrowers Experiencing Financial Difficulty

We have a loan modification program for borrowers experiencing financial difficulty if certain eligibility criteria are met. A loan is evaluated for modification program eligibility when a borrower self-reports financial hardship, either when a borrower contacts us directly or upon making contact with the borrower to determine eligibility when a loan payment is past due. The objectives of the loan modification program are to offer borrowers assistance during times of financial stress, increase collections, and minimize losses.

We have two primary loan modification strategies: payment deferrals and loan re-amortization. A payment deferral provides the borrower relief by extending the due date for the next payment due. While a borrower may obtain more than one deferral, the total deferral period may not exceed three months. A loan re-amortization provides the borrower relief by lowering monthly payments through extending the term length of the loan; however, the total remaining term may not exceed twenty-four months. In addition, the total interest due from the consumer will not exceed the initial total interest due prior to modification, and a loan may not be re-amortized more than once.

The following tables present the amortized cost basis of loans excluding accrued interest receivable that were modified for borrowers experiencing financial difficulty during the three and nine months ended March 31, 2024 and March 31, 2023, by type of modification (in thousands):

	Three Months Ended March 31,	
	2024	2023
Payment Deferral	\$ 32,383	\$ 2,902
Loan Re-amortization	1,047	40
Total	\$ 33,430	\$ 2,942
% of Total Loan Receivables Outstanding	0.62 %	0.08 %

	Nine Months Ended March 31,	
	2024	2023
Payment Deferral	\$ 56,161	\$ 5,280
Loan Re-amortization	1,543	79
Total	\$ 57,704	\$ 5,359
% of Total Loan Receivables Outstanding	1.07 %	0.14 %

With respect to borrowers who received payment deferrals during the three and nine months ended March 31, 2024, the length of each deferral period was one month.

With respect to borrowers who received a loan re-amortization during the three and nine months ended March 31, 2024, the payment amount was reduced by half and the term of the loan was extended between one month and twelve months.

During the modification process, the loans are made current, and payment schedules for these loans are updated according to the modified terms. We closely monitor the performance of loans that are modified for borrowers experiencing financial difficulty to understand the effectiveness of our modification efforts. We hold an allowance for credit losses for modified loans classified as held for investment. Our allowance estimate considers whether a loan has been modified, the delinquency status of the loan on the date of modification, and the increased likelihood that such loan may become delinquent or charge-off in the future.

The following table presents the delinquency status as of March 31, 2024 and March 31, 2023, by amortized cost basis excluding accrued interest receivable, of loan receivables that have been modified within the last 12 months where the borrower was experiencing financial difficulty at the time of modification (in thousands):

	March 31, 2024		
	Payment Deferral	Loan Re-amortization	Total
Non-delinquent loans	\$ 31,221	\$ 771	\$ 31,992
4 – 29 calendar days past due	12,751	369	13,120
30 – 59 calendar days past due	6,095	225	6,320
60 – 89 calendar days past due	3,751	87	3,838
90 – 119 calendar days past due	2,715	95	2,810
Total amortized cost basis	\$ 56,533	\$ 1,547	\$ 58,080

	March 31, 2023		
	Payment Deferral	Loan Re-amortization	Total
Non-delinquent loans	\$ 3,713	\$ 47	\$ 3,760
4 – 29 calendar days past due	691	13	704
30 – 59 calendar days past due	441	8	449
60 – 89 calendar days past due	343	6	349
90 – 119 calendar days past due	292	9	301
Total amortized cost basis	\$ 5,480	\$ 83	\$ 5,563

With respect to modifications during the 12 months preceding March 31, 2024 and March 31, 2023, respectively, where the borrower was experiencing financial difficulty at the time of modification, the amortized cost basis of loans which have been charged off was \$8.0 million and \$1.9 million, respectively.

5. Acquisitions

During the three and nine months ended March 31, 2024 there were no acquisitions accounted for as business combinations and there was one acquisition accounted for during the same period in 2023.

Acquisitions completed during the three and nine months ended March 31, 2023**Butter Holdings Ltd**

On February 1, 2023, we completed the closing of the transaction contemplated by a share purchase agreement entered into with certain sellers to acquire the entire issued share capital of Butter Holdings Ltd. ("Butter"), a buy now, pay later company based in the United Kingdom. The purchase price was comprised of (i) \$14.9 million in cash, subject to adjustments in accordance with the purchase agreement, and (ii) \$ 1.5 million settlement of subordinated secured notes.

The acquisition date fair value of the consideration transferred for Butter was approximately \$ 16.3 million, which consisted of the following (in thousands):

Cash	\$	14,863
Settlement of subordinated secured notes		1,475
Total acquisition date fair value of the consideration transferred	\$	16,337

The acquisition was accounted for as a business combination and reflects the application of acquisition accounting in accordance with ASC Topic 805, "Business Combinations" ("ASC 805"). The acquired identifiable intangible assets have been recorded at their estimated fair values with the excess purchase price assigned to goodwill. The goodwill was primarily attributed to future synergies from integration. The goodwill is not expected to be deductible for income tax purposes.

The following table summarizes the allocation of the consideration paid of approximately \$ 16.3 million to the fair values of the assets acquired and liabilities assumed at the acquisition date (in thousands):

Cash and cash equivalents	\$	287
Loans held for investment, net		172
Accounts receivable, net		11
Intangible assets		9,243
Other assets		672
Total assets acquired	\$	10,385
Accounts payable		568
Accrued expenses and other liabilities		2,923
Total liabilities assumed	\$	3,491
Net assets acquired		6,894
Goodwill		9,443
Total purchase price	\$	16,337

The following table sets forth the components of identifiable intangible assets acquired and their estimated useful lives as of the date of acquisition (in thousands):

	Fair Value	Useful Life (in years)
Lending license	\$ 9,243	Indefinite

The fair value of the intangible asset was determined by applying the with-and-without method. The fair value measurements are based on significant unobservable inputs, including management estimates and assumptions, and thus represents Level 3 measurements.

The transaction costs associated with the acquisition were immaterial for the three months ended March 31, 2023 and approximately \$ 1.7 million for the nine months ended March 31, 2023, which were included in general and administrative expense in the interim consolidated statements of operations and comprehensive loss.

6. Balance Sheet Components

Accounts Receivable, net

Our accounts receivable consist primarily of amounts due from payment processors, merchant partners, affiliate network partners and servicing fees due from third-party loan owners. For each of these groups, we evaluate accounts receivable to determine management's current estimate of expected credit losses based on historical experience and future expectations and record an allowance for credit losses. Our allowance for credit losses with respect to accounts receivable was \$13.7 million and \$12.9 million as of March 31, 2024 and June 30, 2023, respectively.

Property, Equipment and Software, net

Property, equipment and software, net consisted of the following (in thousands):

	March 31, 2024	June 30, 2023
Internally developed software	\$ 564,007	\$ 377,301
Leasehold improvements	20,947	20,214
Computer equipment	10,253	10,187
Furniture and equipment	8,835	6,503
Total property, equipment and software, at cost	\$ 604,042	\$ 414,205
Less: Accumulated depreciation and amortization	(202,507)	(124,070)
Total property, equipment and software, net	\$ 401,535	\$ 290,135

Depreciation and amortization expense on property, equipment and software was \$ 43.2 million and \$105.7 million for the three and nine months ended March 31, 2024, respectively, and \$23.9 million and \$53.0 million for the three and nine months ended March 31, 2023, respectively.

No impairment losses related to property, equipment and software were recorded during the three and nine months ended March 31, 2024 and 2023.

Goodwill and Intangible Assets

The changes in the carrying amount of goodwill during the nine months ended March 31, 2024 were as follows (in thousands):

Balance as of June 30, 2023	\$ 542,571
Adjustments ⁽¹⁾	(6,753)
Balance as of March 31, 2024	\$ 535,818

⁽¹⁾ Adjustments to goodwill during the nine months ended March 31, 2024 primarily pertained to foreign currency translation adjustments.

No impairment losses were recorded during the three months ended March 31, 2024. During the nine months ended March 31, 2024, we recognized goodwill impairment losses of \$1.0 million included in general and

administrative expenses on our interim condensed consolidated statement of operations and comprehensive loss. No impairment losses related to goodwill were recorded during the three and nine months ended March 31, 2023.

Intangible assets consisted of the following (in thousands):

March 31, 2024					
	Gross	Accumulated Amortization	Net	Weighted Average Remaining Useful Life (in years)	
Merchant relationships	\$ 37,935	\$ (36,259)	\$ 1,676	0.2	
Developed technology	39,501	(38,191)	1,310	0.1	
Assembled workforce	12,490	(12,490)	—	0.0	
Trademarks and domains, definite	1,460	(1,124)	336	1.2	
Trademarks, licenses and domains, indefinite	11,616	—	11,616	Indefinite	
Other intangibles	350	—	350	Indefinite	
Total intangible assets	\$ 103,352	\$ (88,064)	\$ 15,288		

June 30, 2023					
	Gross	Accumulated Amortization	Net	Weighted Average Remaining Useful Life (in years)	
Merchant relationships	\$ 38,129	\$ (27,637)	\$ 10,492	0.6	
Developed technology	39,626	(30,653)	8,973	0.6	
Assembled workforce	12,490	(9,983)	2,507	0.3	
Trademarks and domains, definite	1,481	(990)	491	1.7	
Trademarks, licenses and domains, indefinite	11,621	—	11,621	Indefinite	
Other intangibles	350	—	350	Indefinite	
Total intangible assets	\$ 103,697	\$ (69,263)	\$ 34,434		

Amortization expense for intangible assets was \$ 2.0 million and \$19.0 million for the three and nine months ended March 31, 2024, respectively, and \$23.6 million and \$38.4 million for the three and nine months ended March 31, 2023, respectively. No impairment losses related to intangible assets were recorded during the three and nine months ended March 31, 2024 and 2023.

The expected future amortization expense of these intangible assets as of March 31, 2024 is as follows (in thousands):

2024 (remaining three months)	\$ 1,784
2025	1,368
2026	155
2027	15
2028 and thereafter	—
Total amortization expense	\$ 3,322

Commercial Agreement Assets

In November 2021, we granted warrants in connection with our commercial agreements with certain subsidiaries of Amazon.com, Inc. ("Amazon"). The warrants were granted in exchange for certain performance provisions and the benefit of acquiring new users. We recognized an asset of \$133.5 million associated with the portion of the warrants that were fully vested upon grant. The asset was valued based on the fair value of the warrants and represents the probable future economic benefit to be realized over the expected benefit period. The expected benefit period of the asset was initially estimated to be approximately three years. During the three and nine months ended March 31, 2024 the remaining expected benefit period was extended by one year upon the renewal of the commercial agreement, which extended the agreement term. For the three and nine months ended March 31, 2024, we recognized amortization expense of \$6.9 million and \$27.8 million, respectively, and \$10.2 million and \$31.1 million for the three and nine months ended March 31, 2023, respectively, in our interim condensed consolidated statements of operations and comprehensive loss as a component of sales and marketing expense. Refer to Note 14. Stockholders' Equity for further discussion of the warrants.

In January 2021, we recognized an asset in connection with a commercial agreement with an enterprise partner, in which we granted stock appreciation rights in exchange for the benefit of acquiring access to the partner's consumers. The asset was valued at \$25.9 million based on the fair value of the stock appreciation rights on the grant date and represents the probable future economic benefit to be realized over the three-year expected benefit period. During the three months ended March 31, 2024, the expected benefit period ended and the asset has been fully amortized. We recorded amortization expense of \$4.2 million during the nine months ended March 31, 2024 and amortization expense of \$ 2.0 million and \$6.2 million for the three and nine ended March 31, 2023, respectively.

In July 2020, we recognized an asset in connection with a commercial agreement with Shopify Inc. ("Shopify"), in which we granted warrants in exchange for the opportunity to acquire new merchant partners. This asset represents the probable future economic benefit to be realized over the expected benefit period and is valued based on the fair value of the warrants on the grant date. We recognized an asset of \$270.6 million associated with the fair value of the warrants, which were fully vested as of March 31, 2024. The expected benefit period of the asset was initially estimated to be four years, and the remaining useful life of the asset is reevaluated each reporting period. During fiscal year 2022, the remaining expected benefit period was extended by two years upon the execution of an amendment to the commercial agreement with Shopify which extended the term of the agreement. During the three and nine months ended March 31, 2024, we recorded amortization expense related to the commercial agreement asset of \$8.9 million and \$27.0 million, respectively, and \$8.8 million and \$26.9 million for the three and nine months ended March 31, 2023, respectively, in our interim condensed consolidated statements of operations and comprehensive loss as a component of sales and marketing expense.

Other Assets

Other assets consisted of the following (in thousands):

	March 31, 2024	June 30, 2023
Processing reserves	\$ 26,230	\$ 60,039
Equity securities, at cost	37,805	43,172
Fixed term deposit	35,303	—
Prepaid expenses	25,909	35,626
Prepaid payroll taxes for stock-based compensation	25,892	14,336
Risk sharing asset	25,025	—
Operating lease right-of-use assets	24,035	30,171
Derivative instruments	21,482	50,545
Foreign deferred tax asset	21,204	23,270
Other receivables	19,265	17,214
Other assets	1,005	4,241
Total other assets	\$ 263,155	\$ 278,614

Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities consisted of the following (in thousands)

	March 31, 2024	June 30, 2023
Accrued expenses	\$ 60,766	\$ 50,704
Operating lease liability	43,072	52,557
Collateral held for derivative instruments	21,240	53,267
Other liabilities	25,084	24,355
Total accrued expenses and other liabilities	<u><u>\$ 150,162</u></u>	<u><u>\$ 180,883</u></u>

7. Leases

We lease facilities under operating leases with various expiration dates through 2030. We have the option to renew or extend our leases. Certain lease agreements include the option to terminate the lease with prior written notice ranging from nine months to one year. As of March 31, 2024, we have not considered such provisions in the determination of the lease term, as it is not reasonably certain these options will be exercised. Leases have remaining terms that range from less than one year to seven years.

Several leases require us to obtain standby letters of credit, naming the lessor as a beneficiary. These letters of credit act as security for the faithful performance by us of all terms, covenants and conditions of the lease agreement. The cash collateral and deposits for the letters of credit have been recognized as restricted cash in the interim condensed consolidated balance sheets and totaled \$8.8 million and \$9.7 million as of March 31, 2024 and June 30, 2023, respectively.

No impairment charge was incurred related to leases during the three months ended March 31, 2024. During the nine months ended March 31, 2024, we decided to sublease a portion of our leased office space in San Francisco, resulting in an impairment charge of \$0.8 million included in general and administrative expense on our interim consolidated statements of operations and comprehensive loss. No impairment charges were incurred in the three and nine months ended March 31, 2023.

Operating lease expense is as follows (in thousands):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Operating lease expense (1) (2)	\$2,894	\$8,325	\$8,826	\$15,841

(1) Lease expenses for our short-term leases were immaterial for the three and nine months ended March 31, 2024.

(2) During the three and nine months ended March 31, 2023, we incurred charges of \$ 4.7 million, within restructuring and other, on our interim consolidated statements of operations, related to a reduction to our ROU lease assets which were attributed to certain leased space we were no longer utilizing for our business operations.

We have subleased a portion of our leased facilities. Sublease income totaled \$ 1.3 million and \$3.3 million during the three and nine months ended March 31, 2024, respectively, and \$0.9 million and \$2.6 million during the three and nine months ended March 31, 2023, respectively.

[Table of Contents](#)

Lease term and discount rate information are summarized as follows:

	March 31, 2024
Weighted average remaining lease term (in years)	3.4
Weighted average discount rate	5.0%

As of March 31, 2024, future minimum lease payments are as follows (in thousands):

2024 (remaining three months)	\$ 4,091
2025	16,746
2026	15,838
2027	3,069
2028	3,294
Thereafter	4,393
Total lease payments	47,431
Less imputed interest	(4,359)
Present value of total lease liabilities	\$ 43,072

8. Commitments and Contingencies

Repurchase Obligation

Under the normal terms of our whole loan sales to third-party investors, we may become obligated to repurchase loans from investors in certain instances where a breach in representations and warranties is identified. Generally, a breach in representations and warranties could occur where a loan has been identified as subject to verified or suspected fraud, or in cases where a loan was serviced or originated in violation of Affirm's guidelines. We would only experience a loss if the contractual repurchase price of the loan exceeds the fair value on the repurchase date. This amount was not material as of March 31, 2024.

Legal Proceedings

From time to time, we are subject to legal proceedings and claims in the ordinary course of business. The results of such matters often cannot be predicted with certainty. In accordance with applicable accounting guidance, we establish an accrued liability for legal proceedings and claims when those matters present loss contingencies which are both probable and reasonably estimable.

Kusnier v. Affirm Holdings, Inc.

On December 8, 2022, plaintiff Mark Kusnier filed a putative class action lawsuit against Affirm, Max Levchin, and Michael Linford in the U.S. District Court for the Northern District of California (the "Kusnier action"). On May 5, 2023, plaintiffs Kusnier and Chris Meinsen filed their first amended complaint alleging that the defendants (i) caused Affirm to make materially false and/or misleading statements and/or failed to disclose that Affirm's BNPL service facilitated excessive consumer debt (including with respect to certain for-profit educational institutions), regulatory arbitrage, and data harvesting; (ii) made false and/or misleading statements about certain public regulatory actions; and (iii) made false and/or misleading statements about whether Affirm's business model was vulnerable to interest rate changes. On December 20, 2023, the Court granted Affirm's motion to dismiss the first amended complaint with leave to amend. On January 19, 2024, plaintiffs filed their second amended complaint, which contains only the allegations from the first amended complaint relating to false and/or misleading statements about whether Affirm's business model was vulnerable to interest rate changes. In light of the above, plaintiffs assert that Affirm violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder, and that Levchin and Linford violated Section 20(a) of the Exchange Act. Plaintiffs seek class certification, unspecified compensatory

and punitive damages, and costs and expenses. Affirm filed its motion to dismiss the second amended complaint on February 2, 2024.

Quiroga v. Levchin, et al.

On March 29, 2023, plaintiff John Quiroga filed a shareholder derivative lawsuit in the U.S. District Court for the Northern District of California (the "Quiroga action") against Affirm, as a nominal defendant, and certain of Affirm's current officers and directors as defendants based on allegations substantially similar to those in the Kusnier action at the time of filing. The Quiroga complaint purports to assert claims on Affirm's behalf for contribution under the federal securities laws, breaches of fiduciary duty, unjust enrichment, and waste of corporate assets, and seeks corporate reforms, unspecified damages and restitution, and fees and costs. On May 1, 2023, the action was stayed by agreement of the parties. The stay can be lifted at the request of either party or upon certain conditions relating to the resolution of the Kusnier action.

Jeffries v. Levchin, et al.

On May 24, 2023, plaintiff Sabrina Jeffries filed a shareholder derivative lawsuit in the U.S. District Court for the Northern District of California (the "Jeffries action") against Affirm, as a nominal defendant, and certain of Affirm's current officers and directors as defendants based on allegations substantially similar to those in the Kusnier and Quiroga actions at the time of filing. The Jeffries complaint purports to assert claims on Affirm's behalf for breach of fiduciary duties, making false statements under federal securities law, unjust enrichment, waste of corporate assets, and aiding and abetting breach of fiduciary duties, and seeks unspecified damages, equitable relief, and fees and costs. On August 15, 2023, the action was stayed by agreement of the parties. The stay can be lifted at the request of either party or upon certain conditions relating to the resolution of the Kusnier action.

Vallieres v. Levchin, et al.

On September 14, 2023, plaintiff Michael Vallieres filed a shareholder derivative lawsuit in the U.S. District Court for the District of Delaware against Affirm, as a nominal defendant, and certain of Affirm's current officers and directors as defendants based on allegations substantially similar to those in the Kusnier, Quiroga, and Jeffries actions at the time of filing. The Vallieres complaint purports to assert claims on Affirm's behalf for breach of fiduciary duties, gross management, abuse of control, unjust enrichment, and contribution, and seeks unspecified damages, equitable relief, and fees and costs. On November 30, 2023, the case was stayed by agreement of the parties.

We have determined, based on current knowledge, that the aggregate amount or range of losses that are estimable with respect to our legal proceedings, including the matters described above, would not have a material adverse effect on our consolidated financial position, results of operations or cash flows. Amounts accrued as of March 31, 2024 were not material. The ultimate outcome of legal proceedings involves judgments, estimates and inherent uncertainties, and cannot be predicted with certainty.

9. Debt

Debt encompasses funding debt, convertible senior notes and our revolving credit facility.

[Table of Contents](#)**Funding Debt**

Funding debt and its aggregate future maturities consists of the following (in thousands):

	March 31, 2024
2024	\$ —
2025	297,777
2026	1,003,628
2027	—
2028	12,038
Thereafter	315,351
Total	\$ 1,628,794
Deferred debt issuance costs	(15,522)
Total funding debt, net of deferred debt issuance costs	\$ 1,613,272

Secured Borrowing FacilitiesU.S.

Through trusts, we entered into warehouse credit facilities with certain lenders to finance the purchase and origination of our loans. Each trust entered into a credit agreement and security agreement with a third-party as administrative agent and a national banking association as collateral trustee and paying agent. Borrowings under these agreements are classified as funding debt on the interim condensed consolidated balance sheets and proceeds from the borrowings can only be used for the purposes of facilitating loan funding and origination, with advance rates ranging from 82% to 86% of the total collateralized balance. These warehouse credit facility trusts, which have been classified as VIEs, are bankruptcy-remote special-purpose vehicles in which creditors do not have recourse against the general credit of Affirm. These revolving facilities mature between fiscal years 2025 and 2031 and generally permit borrowings up to 12 months prior to the final maturity date of each respective facility. As of March 31, 2024, the aggregate commitment amount of these facilities was \$5.1 billion on a revolving basis, of which \$1.2 billion was drawn, with \$3.8 billion remaining available. Certain loans originated by us or purchased from the originating bank partners are pledged as collateral for borrowings in our facilities. The unpaid principal balance of these loans totaled \$1.5 billion and \$1.7 billion as of March 31, 2024 and June 30, 2023, respectively.

Borrowings under these warehouse credit facilities bear interest at an annual benchmark rate of Secured Overnight Financing Rate ("SOFR") or an alternative commercial paper rate (which is the per annum rate equivalent to the weighted-average of the per annum rates at which all commercial paper notes were issued by certain lenders to fund advances or maintain loans), plus a spread ranging from 1.75% to 2.20%. Interest is payable monthly. In addition, these agreements require payment of a monthly unused commitment fee ranging from 0.00% to 0.75% per annum on the undrawn portion available.

These agreements contain certain customary negative covenants and financial covenants including maintaining certain levels of minimum liquidity, maximum leverage, and minimum tangible net worth. As of March 31, 2024, we were in compliance with all applicable covenants in the agreements.

International

Additionally, we have various credit facilities utilized to finance the origination of loan receivables in Canada. Similar to our warehouse credit facilities, borrowings under these agreements are classified as funding debt on the interim condensed consolidated balance sheets, and proceeds from the borrowings may only be used for the purposes of facilitating loan funding and origination. These facilities are secured by Canadian loan receivables pledged to the respective facility as collateral, mature between fiscal years 2026 and 2030, and bear interest based on benchmark rates plus a spread ranging from 1.25% to 4.50%.

As of March 31, 2024, the aggregate commitment amount of these facilities was \$ 590.0 million on a revolving basis, of which \$ 385.2 million was drawn, with \$204.8 million remaining available. The unpaid principal balance of loans pledged to these facilities totaled \$ 474.6 million and \$412.8 million as of March 31, 2024 and June 30, 2023, respectively.

These agreements contain certain customary negative covenants and financial covenants including maintaining certain levels of minimum liquidity, maximum leverage, and minimum tangible net worth at the Affirm Canada subsidiary level or the Affirm Holdings level. As of March 31, 2024, we were in compliance with all applicable covenants in the agreements.

Sales and Repurchase Agreements

We entered into certain sale and repurchase agreements pursuant to our retained interests in our off-balance sheet securitizations where we have sold these securities to a counterparty with an obligation to repurchase at a future date and price. The repurchase agreements each have an initial term of three months and subject to mutual agreement by Affirm and the counterparty, we may enter into one or more repurchase date extensions, each for an additional three-month term at market interest rates on such extension date. As of March 31, 2024, the obligation under the sales and repurchase agreements was fully paid down and no securities were pledged as collateral. As of June 30, 2023, we had \$11.0 million in debt outstanding under our repurchase agreements classified within funding debt on the interim condensed consolidated balance sheets. The outstanding debt relates to \$18.9 million in pledged securities disclosed within securities available for sale at fair value on the interim condensed consolidated balance sheets as of June 30, 2023.

Convertible Senior Notes

On November 23, 2021, we issued \$ 1,725 million in aggregate principal amount of 0% convertible senior notes due 2026 (the "2026 Notes") in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. The total net proceeds from this offering, after deducting debt issuance costs, were approximately \$1,704 million. The 2026 Notes represent our senior unsecured obligations of the Company. The 2026 Notes do not bear interest except in special circumstances described below, and the principal amount of the 2026 Notes does not accrete. The 2026 Notes mature on November 15, 2026.

Each \$1,000 of principal of the 2026 Notes will initially be convertible into 4.6371 shares of our common stock, which is equivalent to an initial conversion price of approximately \$215.65 per share, subject to adjustment upon the occurrence of certain specified events set forth in the indenture governing the 2026 Notes (the "Indenture"). Holders of the 2026 Notes may convert their 2026 Notes at their option at any time on or after August 15, 2026 until close of business on the second scheduled trading day immediately preceding the maturity date of November 15, 2026. Further, holders of the 2026 Notes may convert all or any portion of their 2026 Notes at their option prior to the close of business on the business day immediately preceding August 15, 2026, only under the following circumstances:

- 1) during any calendar quarter commencing after March 31, 2022 (and only during such calendar quarter), if the last reported sale price of the Class A common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day;
- 2) during the five business day period after any five consecutive trading day period (the measurement period) in which the trading price (as defined in the indenture governing the 2026 Notes) per \$1,000 principal amount of the 2026 Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of the Company's Class A common stock and the conversion rate on each such trading day;

3) if the Company calls any or all of the notes for redemption, at any time prior to the close of business on the scheduled trading day immediately preceding the redemption date; or

4) upon the occurrence of certain specified corporate events.

Upon conversion of the 2026 Notes, the Company will pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock, at the Company's election. If we satisfy our conversion obligation solely in cash or through payment and delivery, as the case may be, of a combination of cash and shares of our common stock, the amount of cash and shares of common stock, if any, due upon conversion will be based on a daily conversion value (as set forth in the Indenture) calculated on a proportionate basis for each trading day in a 40 trading day observation period.

No sinking fund is provided for the 2026 Notes. We may not redeem the notes prior to November 20, 2024. We may redeem for cash all or part of the notes on or after November 20, 2024 if the last reported sale price of our Class A common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which we provide notice of redemption at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid special interest, if any.

If a fundamental change (as defined in the Indenture) occurs prior to the maturity date, holders of the 2026 Notes may require us to repurchase all or a portion of their notes for cash at a repurchase price equal to 100% of the principal amount of the 2026 Notes, plus any accrued and unpaid interest to, but excluding, the repurchase date. In addition, if specific corporate events occur prior to the maturity date of the 2026 Notes, we will be required to increase the conversion rate for holders who elect to convert their 2026 Notes in connection with such corporate events.

On December 6, 2023, the Board of Directors authorized the repurchase of up to \$ 800 million in aggregate principal amount of the 2026 Notes. This authorization succeeds the \$800 million repurchase authorization approved by the Board of Directors on June 7, 2023. Note repurchases under the December 2023 authorization may be made from time to time through December 31, 2024 through open market purchases, privately negotiated purchases, purchase plans under Rule 10b5-1 of the Securities Exchange Act of 1934, as amended ("Rule 10b5-1"), or through a combination thereof. Repurchases are subject to available liquidity, general market and economic conditions, alternate uses for the capital, and other factors, and there is no minimum principal amount of 2026 Notes that the Company is obligated to repurchase.

As of March 31, 2024, we paid \$ 25.5 million in cash for the repurchase of \$ 31.1 million aggregate principal amount of our 2026 Notes under the December 2023 authorization. The carrying amount of the extinguished 2026 Notes was approximately \$30.9 million resulting in a \$ 5.4 million gain on early extinguishment of debt, which is reported as a component of other income, net within our interim consolidated statement of operations and comprehensive loss. The repurchased 2026 Notes were received and canceled.

The convertible senior notes outstanding as of March 31, 2024 consisted of the following (in thousands):

	Principal Amount	Unamortized Discount and Issuance Cost	Net Carrying Amount
Convertible senior notes	\$ 1,394,775	\$ (8,884)	\$ 1,385,891

The 2026 Notes do not bear interest. We recognized \$ 0.9 million and \$ 2.6 million during the three and nine months ended March 31, 2024, respectively, and \$ 1.0 million and \$ 3.1 million during the three and nine months ended March 31, 2023, respectively, of interest expense related to the amortization of debt discount and issuance

costs in the interim condensed consolidated statement of operations and comprehensive loss within other income, net. As of March 31, 2024, the remaining life of the 2026 Notes is approximately 32 months.

Revolving Credit Facility

On February 4, 2022, we entered into a revolving credit agreement with a syndicate of commercial banks for a \$ 165.0 million unsecured revolving credit facility. On May 16, 2022, we increased unsecured revolving commitments under the facility to \$205.0 million. This facility bears interest at a rate equal to, at our option, either (a) a Secured Overnight Financing Rate ("SOFR") rate determined by reference to the forward-looking term SOFR rate for the interest period, plus an applicable margin of 1.85% per annum or (b) a base rate determined by reference to the highest of (i) the federal funds rate plus 0.50% per annum, (ii) the rate last quoted by the Wall Street Journal as the U.S. prime rate and (iii) the one-month forward-looking term SOFR rate plus 1.00% per annum, in each case, plus an applicable margin of 0.85% per annum. The revolving credit agreement has a final maturity date of February 4, 2025. The facility contains certain covenants and restrictions, including certain financial maintenance covenants, and requires payment of a monthly unused commitment fee of 0.20% per annum on the undrawn balance available. There are no borrowings outstanding under the facility as of March 31, 2024.

10. Securitization and Variable Interest Entities

Consolidated VIEs

Warehouse Credit Facilities

We established certain entities, deemed to be VIEs, to enter into warehouse credit facilities for the purpose of purchasing loans from our originating bank partners and funding directly originated loans. Refer to Note 9. Debt for additional information. The creditors of the VIEs have no recourse to the general credit of Affirm and the liabilities of the VIEs can only be settled by the respective VIEs' assets; however, as the servicer of the loans pledged to our warehouse funding facilities, we have the power to direct the activities that most significantly impact the VIEs' economic performance. In addition, we retain significant economic exposure to the pledged loans and therefore, we are the primary beneficiary.

Securitizations

In connection with our asset-backed securitization program, we sponsor and establish trusts (deemed to be VIEs) to ultimately purchase loans facilitated by our platform. Securities issued from our asset-backed securitizations are senior or subordinated, based on the waterfall criteria of loan payments to each security class. The subordinated residual interests issued from these transactions are first to absorb credit losses in accordance with the waterfall criteria. For these VIEs, the creditors have no recourse to the general credit of Affirm and the liabilities of the VIEs can only be settled by the respective VIEs' assets. Additionally, the assets of the VIEs can be used only to settle obligations of the VIEs.

We consolidate securitization VIEs when we are deemed to be the primary beneficiary and therefore have the power to direct the activities that most significantly affect the VIEs' economic performance and a variable interest that could potentially be significant to the VIE. Through our role as the servicer, we have the power to direct the activities that most significantly affect the VIEs' economic performance. In evaluating whether we have a variable interest that could potentially be significant to the VIE, we consider our retained interests. We also earn a servicing fee which has a senior distribution priority in the payment waterfall.

In evaluating whether we are the primary beneficiary, management considers both qualitative and quantitative factors regarding the nature, size and form of our involvement with the VIEs. Management assesses whether we are the primary beneficiary of the VIEs on an ongoing basis.

[Table of Contents](#)

Where we consolidate the securitization trusts, the loans held in the securitization trusts are included in loans held for investment, and the notes sold to third-party investors are recorded in notes issued by securitization trusts in the interim condensed consolidated balance sheets.

For each securitization, the residual trust certificates represent the right to receive excess cash on the loans each collection period after all fees and required distributions have been made to the note holders on the related payment date. As of March 31, 2024, for consolidated securitization VIEs, we retained 100% of the residual trust certificates issued by the securitization trust. In addition to the retained residual trust certificates, our continued involvement includes loan servicing responsibilities over the life of the underlying loans.

We defer and amortize debt issuance costs for consolidated securitization trusts on a straight-line basis over the expected life of the notes.

The following tables present the aggregate carrying value of financial assets and liabilities from our involvement with consolidated VIEs (in thousands):

	March 31, 2024		
	Assets	Liabilities	Net Assets
Warehouse credit facilities	\$ 1,862,584	\$ 1,627,800	\$ 234,784
Securitizations	3,335,126	3,252,142	82,984
Total consolidated VIEs	\$ 5,197,710	\$ 4,879,942	\$ 317,768

	June 30, 2023		
	Assets	Liabilities	Net Assets
Warehouse credit facilities	\$ 1,930,641	\$ 1,686,359	\$ 244,282
Securitizations	2,272,991	2,169,835	103,156
Total consolidated VIEs	\$ 4,203,632	\$ 3,856,194	\$ 347,438

Unconsolidated VIEs

Our transactions with unconsolidated VIEs include securitization trusts where we did not retain significant economic exposure through our variable interests and therefore we determined that we are not the primary beneficiary as of March 31, 2024.

The following information pertains to unconsolidated VIEs where we hold a variable interest but are not the primary beneficiary (in thousands):

	March 31, 2024			
	Assets	Liabilities	Net Assets	Maximum Exposure to Losses
Securitizations	\$ 455,657	\$ 444,479	\$ 11,178	\$ 23,570
Total unconsolidated VIEs	\$ 455,657	\$ 444,479	\$ 11,178	\$ 23,570

	June 30, 2023			
	Assets	Liabilities	Net Assets	Maximum Exposure to Losses
Securitizations	\$ 380,547	\$ 367,788	\$ 12,759	\$ 19,149
Total unconsolidated VIEs	\$ 380,547	\$ 367,788	\$ 12,759	\$ 19,149

Maximum exposure to losses represents our exposure through our continuing involvement as servicer and through our retained interests. For unconsolidated VIEs, this includes \$23.8 million in retained notes and residual trust certificates disclosed within securities available for sale at fair value in our interim condensed consolidated balance sheets and \$0.2 million related to our net servicing liabilities disclosed within our interim condensed consolidated balance sheets as of March 31, 2024.

Additionally, we may experience a loss due to future repurchase obligations resulting from breaches in representations and warranties in our securitization and third-party sale agreements. This amount was not material as of March 31, 2024.

Retained Beneficial Interests in Unconsolidated VIEs

The investors of the securitizations have no direct recourse to the assets of Affirm, and the timing and amount of beneficial interest payments is dependent on the performance of the underlying loan assets held within each trust. We have classified our retained beneficial interests in unconsolidated securitization trusts as "available for sale" and as such they are disclosed at fair value in our interim condensed consolidated balance sheets.

See Note 13. Fair Value of Financial Assets and Liabilities for additional information on the fair value sensitivity of the notes receivable and residual trust certificates.

11. Investments

Marketable Securities

Marketable securities include certain investments classified as cash and cash equivalents and securities available for sale, at fair value, and consist of the following as of each date presented within the interim condensed consolidated balance sheets (in thousands):

	March 31, 2024	June 30, 2023
Cash and cash equivalents:		
Money market funds	\$ 435,828	\$ 97,129
Commercial paper	38,602	54,402
Agency bonds	—	60,865
Securities available for sale:		
Certificates of deposit	30,216	97,224
Corporate bonds	250,829	256,772
Commercial paper	93,268	266,193
Agency bonds	22,984	84,276
Municipal bonds	3,929	—
Government bonds		
Non-US	5,211	9,151
US	351,149	441,096
Securitization notes receivable and certificates ⁽¹⁾	23,816	18,913
Other	—	1,028
Total marketable securities:	\$ 1,255,832	\$ 1,387,049

⁽¹⁾ As of June 30, 2023, these securities had been pledged as collateral in connection with sale and repurchase agreements. As of March 31, 2024, the obligation under the sales and repurchase agreements was fully paid down. As such, no securities were pledged as collateral as discussed within Note 9. Debt.

Securities Available for Sale, at Fair Value

The amortized cost, gross unrealized gains and losses, allowance for credit losses, and fair value of securities available for sale as of March 31, 2024 and June 30, 2023 were as follows (in thousands):

	March 31, 2024				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
Certificates of deposit	\$ 30,211	\$ 7	\$ (2)	\$ —	\$ 30,216
Corporate bonds	252,008	130	(1,309)	—	250,829
Commercial paper ⁽¹⁾	131,937	4	(71)	—	131,870
Agency bonds	23,094	3	(113)	—	22,984
Municipal bonds	3,906	23	—	—	3,929
Government bonds					
Non-US	5,262	—	(51)	—	5,211
US	352,649	12	(1,512)	—	351,149
Securitization notes receivable and certificates ⁽²⁾	24,208	297	(146)	(543)	23,816
Total securities available for sale	<u>\$ 823,275</u>	<u>\$ 476</u>	<u>\$ (3,204)</u>	<u>\$ (543)</u>	<u>\$ 820,004</u>
	June 30, 2023				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
Certificates of deposit	\$ 97,399	\$ 11	\$ (186)	\$ —	\$ 97,224
Corporate bonds	260,627	55	(3,910)	—	256,772
Commercial paper ⁽¹⁾	320,882	34	(321)	—	320,595
Agency bonds ⁽¹⁾	145,312	62	(233)	—	145,141
Government bonds					
Non-US	9,330	—	(179)	—	9,151
US	444,858	28	(3,790)	—	441,096
Securitization notes receivable and certificates ⁽²⁾	19,841	—	(475)	(453)	18,913
Other	1,028	—	—	—	1,028
Total securities available for sale	<u>\$ 1,299,277</u>	<u>\$ 190</u>	<u>\$ (9,094)</u>	<u>\$ (453)</u>	<u>\$ 1,289,920</u>

⁽¹⁾ Commercial paper and agency bonds include \$38.6 million and \$115.3 million as of March 31, 2024 and June 30, 2023, respectively, classified as cash and cash equivalents within the interim condensed consolidated balance sheets.

⁽²⁾ As of June 30, 2023, these securities had been pledged as collateral in connection with sale and repurchase agreements. As of March 31, 2024, the obligation under the sales and repurchase agreements was fully paid down. As such, no securities were pledged as collateral as discussed within Note 9. Debt.

As of March 31, 2024 and June 30, 2023, there were no material reversals of prior period allowance for credit losses recognized for available for sale securities.

A summary of securities available for sale with unrealized losses for which an allowance for credit losses has not been recorded, aggregated by investment category and the length of time that individual securities have been in a continuous loss position as of March 31, 2024 and June 30, 2023, are as follows (in thousands):

	March 31, 2024					
	Less than or equal to 1 year		Greater than 1 year		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Certificates of deposit	\$ 9,305	\$ (2)	\$ —	\$ —	\$ 9,305	\$ (2)
Corporate bonds	77,747	(201)	106,181	(1,108)	183,928	(1,309)
Commercial paper	111,089	(71)	—	—	111,089	(71)
Agency bonds	18,847	(113)	—	—	18,847	(113)
Government bonds						
Non-US	3,090	(38)	2,121	(13)	5,211	(51)
US	267,043	(875)	44,239	(637)	311,282	(1,512)
Total securities available for sale ⁽¹⁾	<u>\$ 487,121</u>	<u>\$ (1,300)</u>	<u>\$ 152,541</u>	<u>\$ (1,758)</u>	<u>\$ 639,662</u>	<u>\$ (3,058)</u>
June 30, 2023						
	Less than or equal to 1 year		Greater than 1 year		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	\$ 63,489	\$ (186)	\$ —	\$ —	\$ 63,489	\$ (186)
Certificates of deposit	92,171	(834)	131,762	(3,076)	223,933	(3,910)
Corporate bonds	164,037	(321)	—	—	164,037	(321)
Commercial paper	44,214	(233)	—	—	44,214	(233)
Agency bonds						
Non-US	3,061	(58)	6,089	(121)	9,150	(179)
US	292,333	(2,395)	67,606	(1,395)	359,939	(3,790)
Total securities available for sale ⁽¹⁾	<u>\$ 659,305</u>	<u>\$ (4,027)</u>	<u>\$ 205,457</u>	<u>\$ (4,592)</u>	<u>\$ 864,762</u>	<u>\$ (8,619)</u>

⁽¹⁾ The number of positions with unrealized losses for which an allowance for credit losses has not been recorded totaled 102 and 142 as of March 31, 2024 and June 30, 2023, respectively.

The length of time to contractual maturities of securities available for sale as of March 31, 2024 and June 30, 2023 were as follows (in thousands):

	March 31, 2024					
	Greater than 1 year, less than or equal to 5 years				Total	
	Within 1 year		Greater than 1 year, less than or equal to 5 years		Total	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Certificates of deposit	\$ 30,211	\$ 30,216	\$ —	\$ —	\$ 30,211	\$ 30,216
Corporate bonds	127,805	127,416	124,203	123,413	252,008	250,829
Commercial paper ⁽¹⁾	131,937	131,870	—	—	131,937	131,870
Agency bonds	9,796	9,791	13,298	13,193	23,094	22,984
Municipal bonds	—	—	3,906	3,929	3,906	3,929
Government bonds						
Non-US	2,134	2,121	3,128	3,090	5,262	5,211
US	285,154	284,573	67,495	66,576	352,649	351,149
Securitization notes receivable and certificates ⁽²⁾	—	—	24,208	23,816	24,208	23,816
Total securities available for sale	<u>\$ 587,037</u>	<u>\$ 585,987</u>	<u>\$ 236,238</u>	<u>\$ 234,017</u>	<u>\$ 823,275</u>	<u>\$ 820,004</u>
	June 30, 2023					
	Greater than 1 year, less than or equal to 5 years				Total	
	Within 1 year		Greater than 1 year, less than or equal to 5 years		Total	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Certificates of deposit	\$ 97,399	\$ 97,224	\$ —	\$ —	\$ 97,399	\$ 97,224
Corporate bonds	173,523	171,634	87,104	85,138	260,627	256,772
Commercial paper ⁽¹⁾	320,882	320,595	—	—	320,882	320,595
Agency bonds ⁽¹⁾	130,176	130,165	15,136	14,976	145,312	145,141
Government bonds						
Non-US	4,063	3,996	5,267	5,155	9,330	9,151
US	308,179	306,656	136,679	134,440	444,858	441,096
Securitization notes receivable and certificates ⁽²⁾	—	—	19,841	18,913	19,841	18,913
Other	—	—	1,028	1,028	1,028	1,028
Total securities available for sale	<u>\$ 1,034,222</u>	<u>\$ 1,030,270</u>	<u>\$ 265,055</u>	<u>\$ 259,650</u>	<u>\$ 1,299,277</u>	<u>\$ 1,289,920</u>

⁽¹⁾ Commercial paper and agency bonds include \$38.6 million and \$115.3 million as of March 31, 2024 and June 30, 2023, respectively, classified as cash and cash equivalents within the interim condensed consolidated balance sheets.

⁽²⁾ Based on weighted average life of expected cash flows as of March 31, 2024 and June 30, 2023.

Gross proceeds from matured or redeemed securities were \$ 0.5 billion and \$1.2 billion for the three and nine months ended March 31, 2024, respectively, and \$0.7 billion and \$2.9 billion for the three and nine months ended March 31, 2023, respectively.

For available for sale securities realized gains and losses from portfolio sales were not material for the three and nine months ended March 31, 2024 and 2023, respectively.

Non-marketable Equity Securities

Equity investments without a readily determinable fair value held at cost less impairment and observable price changes were \$ 37.8 million and \$43.2 million as of March 31, 2024 and June 30, 2023, respectively, and are included in other assets within the interim condensed consolidated balance sheets.

We did not record any impairment during the three months ended March 31, 2024 and recognized an impairment of \$ 14.1 million for the nine months ended March 31, 2024 within other income, net in the interim consolidated statements of operations in connection with one of our non-marketable equity security investments. We determined an impairment indicator existed upon receiving a tender offer to repurchase all outstanding equity securities at a substantial discount relative to the cost basis of our investment. We determined the tender offer price was a reasonable estimate of fair value and therefore we recognized an impairment equal to the difference between our costs basis and the implied fair value based on the tender offer price. We did not record any impairment for the three and nine months ended March 31, 2023.

There have been no upward or downward adjustments due to observable changes in orderly transactions for the three and nine months ended March 31, 2024 and 2023.

Fixed Term Deposits

Fixed term deposits were \$35.3 million as of March 31, 2024 and consist of interest bearing deposits held at financial institutions with an original maturities greater than three months but no more than twelve months. These deposits are carried at cost, which approximates fair value, and are included in other assets within the interim condensed consolidated balance sheets. We did not have any fixed term deposits as of June 30, 2023.

12. Derivative Financial Instruments

The following table summarizes the total fair value, including interest accruals, and outstanding notional amounts of derivative instruments as of March 31, 2024 and June 30, 2023 (in thousands):

	March 31, 2024			June 30, 2023		
	Notional Amount	Derivative Assets	Derivative Liabilities	Notional Amount	Derivative Assets	Derivative Liabilities
Derivatives designated as cash flow hedges						
Interest rate contracts - cash flow hedges	\$ 100,000	\$ 2	\$ —	\$ 800,000	\$ 751	\$ —
Derivatives not designated as hedges						
Interest rate contracts	888,307	21,480	—	2,102,944	49,794	—
Total gross derivative assets/liabilities	\$ 988,307	\$ 21,482	\$ —	\$ 2,902,944	\$ 50,545	\$ —

The following table summarizes the impact of the cash flow hedges on Accumulated Other Comprehensive Income ("AOCI") (in thousands):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Balance at beginning of period	900	—	751	—
Changes in fair value	1,085	(303)	1,996	(303)
Amounts reclassified into earnings ⁽¹⁾	(335)	46	(1,097)	46
Balance at end of period ⁽²⁾	\$ 1,650	\$ (257)	\$ 1,650	\$ (257)

⁽¹⁾ The amounts reclassified into earnings are presented in the interim consolidated statements of income within funding costs.

⁽²⁾ Over the next 12 months, we expect to reclassify \$ 1.0 million of net derivative gains included in AOCI into funding costs within our interim consolidated statements of operations and comprehensive loss.

The following table summarizes the impact of the derivative instruments on income and indicates where within the interim consolidated statements of operations and comprehensive loss such impact is reported (in thousands):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Location of gains (losses) where the effects of derivatives are recorded				
The effects of cash flow hedging				
Funding costs	335	(46)	1,097	(46)
The effects of derivatives not designated in hedging relationships				
Other income, net	4,671	(3,691)	2,942	33,819

13. Fair Value of Financial Assets and Liabilities

Financial Assets and Liabilities Recorded at Fair Value

The following tables present information about our assets and liabilities that are measured at fair value on a recurring basis as of March 31, 2024 and June 30, 2023 (in thousands):

	March 31, 2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents:				
Money market funds	\$ 435,828	\$ —	\$ —	\$ 435,828
Commercial paper	—	38,602	—	38,602
Securities, available for sale:				
Certificates of deposit	—	30,216	—	30,216
Corporate bonds	—	250,829	—	250,829
Commercial paper	—	93,268	—	93,268
Agency bonds	—	22,984	—	22,984
Municipal bonds	—	3,929	—	3,929
Government bonds:				
Non-U.S.	—	5,211	—	5,211
U.S.	—	351,149	—	351,149
Securitization notes receivable and residual trust certificates	—	—	23,816	23,816
Servicing assets	—	—	220	220
Derivative instruments	—	21,482	—	21,482
Risk sharing asset	—	—	25,026	25,026
Total assets	\$ 435,828	\$ 817,670	\$ 49,062	\$ 1,302,560
Liabilities:				
Servicing liabilities	\$ —	\$ —	\$ 2,492	\$ 2,492
Performance fee liability	—	—	1,516	1,516
Profit share liability	—	—	1,136	1,136
Risk sharing liability	—	—	607	607
Total liabilities	\$ —	\$ —	\$ 5,751	\$ 5,751

[Table of Contents](#)

	June 30, 2023				
	Level 1	Level 2	Level 3	Total	
Assets:					
Cash and cash equivalents:					
Money market funds	\$ 97,129	\$ —	\$ —	\$ 97,129	
Commercial paper	—	54,402	—	54,402	
Agency bonds	—	60,865	—	60,865	
Securities, available for sale:					
Certificates of deposit	—	97,224	—	97,224	
Corporate bonds	—	256,772	—	256,772	
Commercial paper	—	266,193	—	266,193	
Agency bonds	—	84,276	—	84,276	
Government bonds:					
Non-U.S.	—	9,151	—	9,151	
U.S.	—	441,096	—	441,096	
Securitization notes receivable and residual trust certificates	—	—	18,913	18,913	
Other	—	—	1,028	1,028	
Servicing assets	—	—	880	880	
Derivative instruments	—	50,545	—	50,545	
Total assets	\$ 97,129	\$ 1,320,524	\$ 20,821	\$ 1,438,474	
Liabilities:					
Servicing liabilities	\$ —	\$ —	\$ 1,392	\$ 1,392	
Performance fee liability	—	—	1,581	1,581	
Residual trust certificates, held by third-parties	—	—	125	125	
Profit share liability	—	—	1,832	1,832	
Total liabilities	\$ —	\$ —	\$ 4,930	\$ 4,930	

As of March 31, 2024 and June 30, 2023, there were no transfers between levels.

Assets and Liabilities Measured at Fair Value on a Recurring Basis (Level 2)

Marketable Securities

As of March 31, 2024, we held marketable securities classified as cash and cash equivalents and available for sale. Management obtains pricing from one or more third-party pricing services for the purpose of determining fair value. Whenever available, the fair value is based on quoted bid prices as of the end of the trading day. When quoted prices are not available, other methods may be utilized including evaluated prices provided by third-party pricing services.

Derivative Instruments

As of March 31, 2024 and June 30, 2023, we used a combination of interest rate cap agreements and interest rate swaps to manage interest costs and the risks associated with variable interest rates. These derivative instruments are classified as Level 2 within the fair value hierarchy, and the fair value is estimated by using third-party pricing models, which contain certain assumptions based on readily observable market-based inputs. We

validate the valuation output on a monthly basis. Refer to Note 12. Derivative Financial Instruments in the notes to the interim condensed consolidated financial statements for further details on our derivative instruments.

Assets and Liabilities Measured at Fair Value on a Recurring Basis using Significant Unobservable Inputs (Level 3)

We evaluate our assets and liabilities subject to fair value measurements on a recurring basis to determine the appropriate level at which to classify them each reporting period. Since our servicing assets and liabilities, performance fee liability, securitization notes and residual trust certificates, profit share liability, and risk sharing arrangements do not trade in an active market with readily observable prices, we use significant unobservable inputs to measure fair value and have classified as level 3 within the fair value hierarchy. This determination requires significant judgments to be made.

Servicing Assets and Liabilities

We sold loans with an unpaid principal balance of \$2.1 billion and \$7.3 billion for the three and nine months ended March 31, 2024, respectively, and \$1.7 billion and \$5.8 billion for the three and nine months ended March 31, 2023, respectively, for which we retained servicing rights.

As of March 31, 2024 and June 30, 2023, we serviced loans which we sold with a remaining unpaid principal balance of \$ 4.7 billion and \$4.1 billion, respectively.

We use discounted cash flow models to arrive at an estimate of fair value. Significant assumptions used in the valuation of our servicing rights are as follows:

Adequate Compensation

We estimate adequate compensation as the rate a willing market participant would require for servicing loans with similar characteristics as those in the serviced portfolio.

Discount Rate

Estimated future payments to be received under servicing agreements are discounted as a part of determining the fair value of the servicing rights. For servicing rights on loans, the discount rate reflects the time value of money and a risk premium intended to reflect the amount of compensation market participants would require.

Gross Default Rate

We estimate the timing and probability of early loan payoffs, loan defaults and write-offs, thus affecting the projected unpaid principal balance and expected term of the loan, which are used to project future servicing revenue and expenses.

We earned \$25.3 million and \$67.9 million of servicing income for the three and nine months ended March 31, 2024, respectively, and \$ 21.4 million and \$64.3 million for the three and nine months ended March 31, 2023, respectively.

As of March 31, 2024 and June 30, 2023, the aggregate fair value of the servicing assets was measured at \$ 0.2 million and \$0.9 million, respectively, and presented within other assets on the interim condensed consolidated balance sheets. As of March 31, 2024 and June 30, 2023, the aggregate fair value of the servicing liabilities was measured at \$2.5 million and \$1.4 million, respectively, and presented within accrued expenses and other liabilities on the interim condensed consolidated balance sheets.

The following table summarizes the activity related to the aggregate fair value of our servicing assets (in thousands):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Fair value at beginning of period	\$ 365	\$ 1,093	\$ 880	\$ 1,192
Initial transfers of financial assets	—	—	—	433
Subsequent changes in fair value	(145)	(322)	(660)	(854)
Fair value at end of period	<u>\$ 220</u>	<u>\$ 771</u>	<u>\$ 220</u>	<u>\$ 771</u>

The following table summarizes the activity related to the aggregate fair value of our servicing liabilities (in thousands):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Fair value at beginning of period	\$ 2,531	\$ 3,680	\$ 1,392	\$ 2,673
Initial transfers of financial liabilities	1,085	1,954	4,176	6,149
Subsequent changes in fair value	(1,124)	(1,960)	(3,076)	(5,148)
Fair value at end of period	<u>\$ 2,492</u>	<u>\$ 3,674</u>	<u>\$ 2,492</u>	<u>\$ 3,674</u>

The following tables present quantitative information about the significant unobservable inputs used for our Level 3 fair value measurement of servicing assets and liabilities as of March 31, 2024 and June 30, 2023:

March 31, 2024				
	Unobservable Input	Minimum	Maximum	Weighted Average ⁽³⁾
Servicing assets	Discount rate	30.00 %	30.00 %	30.00 %
	Adequate compensation ⁽¹⁾	0.92 %	2.31 %	0.92 %
	Gross default rate ⁽²⁾	2.32 %	10.13 %	3.81 %
Servicing liabilities	Discount rate	30.00 %	30.00 %	30.00 %
	Adequate compensation ⁽¹⁾	0.92 %	2.31 %	2.30 %
	Gross default rate ⁽²⁾	12.22 %	22.19 %	15.17 %
June 30, 2023				
	Unobservable Input	Minimum	Maximum	Weighted Average ⁽³⁾
Servicing assets	Discount rate	30.00 %	30.00 %	30.00 %
	Adequate compensation ⁽¹⁾	0.92 %	2.31 %	0.93 %
	Gross default rate ⁽²⁾	2.15 %	11.20 %	3.36 %
Servicing liabilities	Discount rate	30.00 %	30.00 %	30.00 %
	Adequate compensation ⁽¹⁾	0.92 %	2.31 %	2.27 %
	Gross default rate ⁽²⁾	9.50 %	21.54 %	13.64 %

⁽¹⁾ Estimated annual cost of servicing a loan as a percentage of unpaid principal balance

⁽²⁾ Annualized estimated gross charge-offs as a percentage of unpaid principal balance

⁽³⁾ Unobservable inputs were weighted by relative fair value

[Table of Contents](#)

The following table summarizes the effect that adverse changes in estimates would have on the fair value of the servicing assets and liabilities given hypothetical changes in significant unobservable inputs (in thousands):

	<u>March 31, 2024</u>	<u>June 30, 2023</u>
Servicing assets		
Gross default rate assumption:		
Gross default rate increase of 25%	\$ —	\$ —
Gross default rate increase of 50%	\$ —	\$ (1)
Adequate compensation assumption:		
Adequate compensation increase of 10%	\$ (114)	\$ (382)
Adequate compensation increase of 20%	\$ (229)	\$ (764)
Discount rate assumption:		
Discount rate increase of 25%	\$ (6)	\$ (29)
Discount rate increase of 50%	\$ (12)	\$ (55)
Servicing liabilities		
Gross default rate assumption:		
Gross default rate increase of 25%	\$ (19)	\$ (9)
Gross default rate increase of 50%	\$ (38)	\$ (19)
Adequate compensation assumption:		
Adequate compensation increase of 10%	\$ 3,998	\$ 2,798
Adequate compensation increase of 20%	\$ 7,996	\$ 5,597
Discount rate assumption:		
Discount rate increase of 25%	\$ (51)	\$ (19)
Discount rate increase of 50%	\$ (98)	\$ (38)

Performance Fee Liability

In accordance with our agreements with our originating bank partners, we pay a fee for each loan that is fully repaid by the consumer, due at the end of the period in which the loan is fully repaid. We recognize a liability upon the purchase of a loan for the expected future payment of the performance fee. This liability is measured using a discounted cash flow model and recorded at fair value and presented within accrued expenses and other liabilities on the interim condensed consolidated balance sheets. Any changes in the fair value of the liability are reflected in other income, net, on the interim condensed consolidated statements of operations and comprehensive loss.

The following table summarizes the activity related to the fair value of the performance fee liability (in thousands):

	<u>Three Months Ended March 31,</u>		<u>Nine Months Ended March 31,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Fair value at beginning of period	\$ 1,594	\$ 1,876	\$ 1,581	\$ 1,710
Purchases of loans	424	337	1,293	1,388
Settlements paid	(493)	(997)	(1,485)	(1,498)
Subsequent changes in fair value	(9)	481	127	97
Fair value at end of period	\$ 1,516	\$ 1,697	\$ 1,516	\$ 1,697

Significant unobservable inputs used for our Level 3 fair value measurement of the performance fee liability are the discount rate, refund rate, and default rate. Significant increases or decreases in any of the inputs in isolation could result in a significantly lower or higher fair value measurement.

The following tables present quantitative information about the significant unobservable inputs used for our Level 3 fair value measurement of the performance fee liability as of March 31, 2024 and June 30, 2023:

Unobservable Input	March 31, 2024		
	Minimum	Maximum	Weighted Average ⁽¹⁾
Discount rate	8.50%	10.00%	9.91%
Refund rate	1.50%	1.50%	1.50%
Default rate	1.47%	4.65%	2.92%

Unobservable Input	June 30, 2023		
	Minimum	Maximum	Weighted Average ⁽¹⁾
Discount rate	10.00%	10.00%	10.00%
Refund rate	4.50%	4.50%	4.50%
Default rate	1.79%	3.34%	2.86%

⁽¹⁾ Unobservable inputs were weighted by remaining principal balances

Residual Trust Certificates Held by Third-Parties in Consolidated VIEs

Residual trust certificates held by third-party investor(s) are measured at fair value, using a discounted cash flow model, and presented within accrued expenses and other liabilities on the interim condensed consolidated balance sheets. Any changes in the fair value of the liability are reflected in other income, net, on the interim condensed consolidated statements of operations and comprehensive loss. As of March 31, 2024, we no longer have any residual trust certificates held by third parties.

The following table summarizes the activity related to the fair value of the residual trust certificates held by third-parties (in thousands):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Fair value at beginning of period	\$ —	\$ 242	\$ 125	\$ 377
Repayments	—	(71)	(115)	(248)
Subsequent changes in fair value	—	7	(10)	49
Fair value at end of period	\$ —	\$ 178	\$ —	\$ 178

Retained Beneficial Interests in Unconsolidated VIEs

As of March 31, 2024, we held notes receivable and residual trust certificates with an aggregate fair value of \$23.8 million in connection with unconsolidated securitizations. The balances correspond to the 5% economic risk retention we are required to maintain as the securitization sponsor.

These assets are measured at fair value using a discounted cash flow model, and presented within securities available for sale at fair value on the interim condensed consolidated balance sheets. Changes in the fair value, other than declines in fair value due to credit recognized as an allowance, are reflected in other comprehensive income on the interim condensed consolidated statements of operations and comprehensive loss. Declines in fair value due to

credit are reflected in other income, net on the interim condensed consolidated statements of operations and comprehensive loss.

The following table summarizes the activity related to the fair value of the notes and residual trust certificates (in thousands):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Fair value at beginning of period	\$ 32,411	\$ 32,766	\$ 18,913	\$ 51,678
Additions	—	—	22,187	—
Cash received (due to payments or sales)	(9,697)	(8,012)	(19,052)	(26,847)
Change in unrealized gain (loss)	360	374	625	(136)
Accrued interest	622	249	1,233	997
Reversal of (impairment on) securities available for sale	120	(143)	(90)	(458)
Fair value at end of period	<u>\$ 23,816</u>	<u>\$ 25,235</u>	<u>\$ 23,816</u>	<u>\$ 25,235</u>

Significant unobservable inputs used for our Level 3 fair value measurement of the notes and residual trust certificates are the discount rate, loss rate, and prepayment rate. Significant increases or decreases in any of the inputs in isolation could result in a significantly lower or higher fair value measurement.

The following tables present quantitative information about the significant unobservable inputs used for our Level 3 fair value measurement of the notes receivable and residual trust certificates as of March 31, 2024 and June 30, 2023:

Unobservable Input	March 31, 2024		
	Minimum	Maximum	Weighted Average ⁽¹⁾
Discount rate	5.97%	20.69%	8.43%
Loss rate	0.72%	10.78%	5.61%
Prepayment rate	8.10%	32.00%	27.96%

Unobservable Input	June 30, 2023		
	Minimum	Maximum	Weighted Average ⁽¹⁾
Discount rate	5.72%	29.84%	7.30%
Loss rate	1.25%	14.96%	3.02%
Prepayment rate	5.90%	29.90%	18.10%

⁽¹⁾ Unobservable inputs were weighted by relative fair value

[Table of Contents](#)

The following table summarizes the effect that adverse changes in estimates would have on the fair value of the notes receivable and residual trust certificates given hypothetical changes in significant unobservable inputs (in thousands):

	March 31, 2024	June 30, 2023
Discount rate assumption:		
Discount rate increase of 25%	\$ (269)	\$ (218)
Discount rate increase of 50%	\$ (526)	\$ (429)
Loss rate assumption:		
Loss rate increase of 25%	\$ (584)	\$ (165)
Loss rate increase of 50%	\$ (785)	\$ (243)
Prepayment rate assumption:		
Prepayment rate decrease of 25%	\$ 13	\$ (30)
Prepayment rate decrease of 50%	\$ 27	\$ (59)

Profit Share Liability

On January 1, 2021, we entered into a commercial agreement with an enterprise partner, in which we are obligated to share in the profitability of transactions facilitated by our platform. Upon capture of a loan under this program, we record a liability associated with the estimated future profit to be shared over the life of the loan based on estimated program profitability levels. This liability is measured using a discounted cash flow model and recorded at fair value and presented within accrued expenses and other liabilities on the interim condensed consolidated balance sheets.

The following table summarizes the activity related to the fair value of the profit share liability (in thousands):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Fair value at beginning of period	\$ 1,544	\$ 3,697	\$ 1,832	\$ 1,987
Facilitation of loans	521	1,045	2,609	4,520
Actual performance	(2,634)	(3,890)	(2,128)	(6,154)
Subsequent changes in fair value	1,705	1,338	(1,177)	1,837
Fair value at end of period	\$ 1,136	\$ 2,190	\$ 1,136	\$ 2,190

Significant unobservable inputs used for our Level 3 fair value measurement of the profit share liability are the discount rate and estimated program profitability. Significant increases or decreases in any of the inputs in isolation could result in a significantly lower or higher fair value measurement.

[Table of Contents](#)

The following tables present quantitative information about the significant unobservable inputs used for our Level 3 fair value measurement of the profit sharing liability as of March 31, 2024 and June 30, 2023:

Unobservable Input	March 31, 2024		
	Minimum	Maximum	Weighted Average ⁽¹⁾
Discount rate	30.00%	30.00%	30.00%
Program profitability	0.02%	0.02%	0.62%
June 30, 2023			
Unobservable Input	Minimum	Maximum	Weighted Average ⁽¹⁾
Discount rate	30.00%	30.00%	30.00%
Program profitability	1.13%	1.13%	1.13%

⁽¹⁾ Unobservable inputs were weighted by relative fair value

Risk Sharing Arrangements

In connection with certain capital funding arrangements with third party loan buyers, we have entered into risk sharing agreements where we may be required to make a payment to the loan buyer or are entitled to receive a payment from the loan buyer, depending on the actual versus expected loan performance as contractually agreed to with the counterparty, and subject to a cap based on a percentage of the principal balance of loans sold. Loan performance is evaluated at a cohort level based on the month loans were sold. Through March 31, 2024 we have sold \$3.1 billion unpaid principal balance of loans under these risk sharing arrangements, of which our maximum exposure to losses is \$63.9 million. This amount includes our maximum potential loss with respect to risk sharing liabilities and the fair value of risk sharing assets of \$25.0 million, as of March 31, 2024.

We account for these arrangements as derivatives measured at fair value with gains and losses recognized in Gain on sale of loans in our interim condensed consolidated statements of operations and comprehensive loss. For each counterparty, we have recognized a net asset or net liability based on the estimated fair value of future payments we expect to receive from or make to the counterparty. As of March 31, 2024, we held assets and liabilities related to these arrangements of \$25.0 million and \$0.6 million, respectively. As of June 30, 2023, we estimated that the fair value of risk sharing liabilities was \$0 based on the limited time passed and available loan performance since entering into these agreements. We did not have any risk sharing arrangements where we had recognized an asset as of June 30, 2023.

As of March 31, 2024, we estimated the fair value of future settlements using a discounted cash flow model. Significant assumptions used in the valuation of our risk sharing assets and liabilities include the discount rate, loss rate and the prepayment rate.

The following table summarizes the activity related to the fair value of the risk sharing assets (in thousands):

	Three Months Ended March 31, 2024	Nine Months Ended March 31, 2024
Fair value at beginning of period	\$ 16,690	\$ —
Initial transfers of financial assets	6,317	20,880
Subsequent changes in fair value	2,019	4,146
Fair value at end of period	<u><u>\$ 25,026</u></u>	<u><u>\$ 25,026</u></u>

The following table summarizes the activity related to the fair value of the risk sharing liabilities (in thousands):

	Three Months Ended March 31, 2024	Nine Months Ended March 31, 2024
Fair value at beginning of period	\$ 512	\$ —
Subsequent changes in fair value	95	607
Fair value at end of period	\$ 607	\$ 607

The following tables present quantitative information about the significant unobservable inputs used for our Level 3 fair value measurement of the risk sharing arrangements as of March 31, 2024:

	March 31, 2024			
	Unobservable Input	Minimum	Maximum	Weighted Average ⁽¹⁾
Risk sharing assets	Discount rate	20.00%	20.00%	20.00%
	Loss rate	2.91%	4.46%	3.51%
Risk sharing liabilities	Prepayment rate	25.28%	32.85%	29.27%
	Discount rate	20.00%	20.00%	20.00%
	Loss rate	3.67%	5.31%	4.40%

⁽¹⁾ Unobservable inputs were weighted by principal balance of loans sold under each cohort

The following table summarizes the effect that adverse changes in estimates would have on the fair value of the risk sharing assets and liabilities given hypothetical changes in significant unobservable inputs (in thousands):

	March 31, 2024
<i>Risk sharing assets</i>	
Prepayment rate assumption:	
Prepayment rate increase of 25%	\$ 380
Prepayment rate increase of 50%	\$ 745
Loss rate assumption:	
Loss rate increase of 25%	\$ (5,290)
Loss rate increase of 50%	\$ (10,503)
Discount rate assumption:	
Discount rate increase of 25%	\$ (1,036)
Discount rate increase of 50%	\$ (1,985)
<i>Risk sharing liabilities</i>	
Loss rate assumption:	
Loss rate increase of 25%	\$ 16,980
Loss rate increase of 50%	\$ 32,886
Discount rate assumption:	
Discount rate increase of 25%	\$ (18)
Discount rate increase of 50%	\$ (36)

Financial Assets and Liabilities Not Recorded at Fair Value

The following tables present the fair value hierarchy for financial assets and liabilities not recorded at fair value as of March 31, 2024 and June 30, 2023 (in thousands):

	March 31, 2024					
	Carrying Amount	Level 1	Level 2	Level 3	Balance at Fair Value	
Assets:						
Loans held for sale ⁽¹⁾	\$ 127	\$ —	\$ 127	\$ —	\$ 127	
Loans held for investment, net	5,172,319	—	—	5,430,783	5,430,783	
Other assets ⁽¹⁾	43,510	—	43,510	—	43,510	
Total assets	\$ 5,215,955	\$ —	\$ 43,636	\$ 5,430,783	\$ 5,474,419	
Liabilities:						
Convertible senior notes, net ⁽²⁾	\$ 1,385,891	\$ —	\$ 1,159,407	\$ —	\$ 1,159,407	
Notes issued by securitization trusts	3,240,871	—	—	3,251,699	3,251,699	
Funding debt ⁽³⁾	1,628,794	—	—	1,628,794	1,628,794	
Total liabilities	\$ 6,255,556	\$ —	\$ 1,159,407	\$ 4,880,493	\$ 6,039,900	
	June 30, 2023					
	Carrying Amount	Level 1	Level 2	Level 3	Balance at Fair Value	
Assets:						
Loans held for sale ⁽¹⁾	\$ 76	\$ —	\$ 76	\$ —	\$ 76	
Loans held for investment, net	4,198,431	—	—	4,397,931	4,397,931	
Other assets ⁽¹⁾	9,325	—	9,325	—	9,325	
Total assets	\$ 4,207,832	\$ —	\$ 9,401	\$ 4,397,931	\$ 4,407,332	
Liabilities:						
Convertible senior notes, net ⁽²⁾	\$ 1,414,208	\$ —	\$ 1,053,866	\$ —	\$ 1,053,866	
Notes issued by securitization trusts	2,165,577	—	—	1,748,772	1,748,772	
Funding debt ⁽³⁾	1,775,698	—	—	1,777,635	1,777,635	
Total liabilities	\$ 5,355,483	\$ —	\$ 1,053,866	\$ 3,526,407	\$ 4,580,273	

⁽¹⁾ Amortized cost approximates fair value for loans held for sale and other assets.

⁽²⁾ The estimated fair value of the convertible senior notes is determined based on a market approach, using the estimated or actual bids and offers of the notes in an over-the-counter market on the last business day of the period.

⁽³⁾ As of March 31, 2024 and June 30, 2023, debt issuance costs in the amount of \$ 15.5 million and \$ 10.9 million, respectively, was included within funding debt.

14. Stockholders' Equity

Common Stock

We had shares of common stock reserved for issuance as follows:

	March 31, 2024	June 30, 2023
Available outstanding under equity compensation plans	47,046,429	52,572,230
Available for future grant under equity compensation plans	46,340,448	37,245,232
Total	93,386,877	89,817,462

The common stock is not redeemable. We have two classes of common stock: Class A common stock and Class B common stock. Each holder of Class A common stock has the right to one vote per share of common stock. Each holder of Class B common stock has the right to 15 votes and can be converted at any time into one share of Class A common stock. Holders of Class A and Class B common stock are entitled to notice of any stockholders' meeting in accordance with the bylaws of the corporation, and are entitled to vote upon such matters and in such manner as may be provided by law. Subject to the prior rights of holders of all classes of stock at the time outstanding having prior rights as to dividends, the holders of the common stock are entitled to receive, when and as declared by the Board of Directors, out of any assets of the corporation legally available therefore, such dividends as may be declared from time to time by the Board of Directors.

Common Stock Warrants

Common stock warrants are included as a component of additional paid in capital within the interim condensed consolidated balance sheets.

In November 2021, we granted warrants to purchase 22,000,000 shares of common stock in connection with our commercial agreements with Amazon. 7,000,000 of the warrant shares have an exercise price of \$ 0.01 per share and a term of 3.5 years, while the remaining 15,000,000 warrant shares have an exercise price of \$100 per share and a term of 7.5 years. We valued the warrants at the grant date using the Black-Scholes-Merton option pricing model with the following assumptions: a dividend yield of zero; years to maturity of 3.5 and 7.5 years, respectively; volatility of 45%; and a risk-free rate of 0.93% and 1.47%, respectively. We recognized an asset of \$133.5 million associated with the portion of the warrants that were fully vested at the grant date. Refer to Note 6. Balance Sheet Components for more information on the asset and related amortization during the period. The remaining grant-date fair value of the warrants will be recognized within our interim condensed consolidated statements of operations and comprehensive loss as a component of sales and marketing expense as the warrants vest, based upon Amazon's satisfaction of the vesting conditions. During the three and nine months ended March 31, 2024, a total of \$102.9 million and \$334.4 million, respectively, was recognized within sales and marketing expense which included \$6.9 million and \$27.8 million, respectively, in amortization expense of the commercial agreement asset and \$ 96.0 million and \$306.6 million, respectively, in expense based upon the grant-date fair value of the warrant shares that vested. During the three and nine months ended March 31, 2023, a total of \$104.1 million and \$361.8 million, respectively, was recognized within sales and marketing expense which included \$ 10.2 million and \$31.1 million, respectively, in amortization expense of the commercial agreement asset and \$ 93.9 million and \$330.7 million, respectively, in expense based upon the grant-date fair value of the warrant shares that vested.

15. Equity Incentive Plans

2012 Stock Plan

Under our Amended and Restated 2012 Stock Plan (the "Plan"), we may grant incentive and nonqualified stock options, restricted stock, and restricted stock units ("RSUs") to employees, officers, directors, and consultants. As of March 31, 2024, the maximum number of shares of common stock which may be issued under the Plan is

161,051,508 Class A shares. As of March 31, 2024 and June 30, 2023, there were 46,340,448 and 37,245,232 shares of Class A common stock, respectively, available for future grants under the Plan.

Stock Options

For stock options granted before our IPO in January 2021, the minimum expiration period is seven years after termination of employment or 10 years from the date of grant. For stock options granted after our IPO, the minimum expiration period is three months after termination of employment or 10 years from the date of grant. Stock options generally vest over a period of four years or with 25% vesting on the 12 month anniversary of the vesting commencement date, and the remainder vesting on a pro-rata basis each month over the next three years.

The following table summarizes our stock option activity for the nine months ended March 31, 2024:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in thousands)
Balance as of June 30, 2023	18,505,138	\$ 14.34	6.07	
Granted	1,743,514	23.35		
Exercised	(2,652,162)	8.43		
Forfeited, expired or cancelled	(710,223)	27.60		
Balance as of March 31, 2024	16,886,267	15.64	5.84	
Vested and exercisable, March 31, 2024	13,232,885	\$ 12.65	5.05	\$ 344,173
Vested and exercisable, and expected to vest thereafter ⁽¹⁾ March 31, 2024	16,651,803	\$ 15.49	5.79	\$ 388,823

⁽¹⁾ Options expected to vest reflect the application of an estimated forfeiture rate.

The weighted-average grant date fair value of options granted during the nine months ended March 31, 2024 was \$ 16.10. As of March 31, 2024, unrecognized compensation expense related to unvested stock options was approximately \$41.7 million, which is expected to be recognized over a remaining weighted-average period of 2.6 years.

When an employee exercises stock options, we collect and remit taxes on the employee's behalf to applicable taxing authorities. As of March 31, 2024 and June 30, 2023, the balance of equity exercise taxes payable was \$10.9 million and \$3.4 million, respectively, which is included in accounts payable on the interim condensed consolidated balance sheets.

Value Creation Award

In November 2020, the Company's Board of Directors approved a long-term, multi-year performance-based stock option grant providing Mr. Levchin with the opportunity to earn the right to purchase up to 12,500,000 shares of the Company's Class A common stock (the "Value Creation Award"). We recognize stock-based compensation on these awards based on the grant date fair value using an accelerated attribution method over the requisite service period, and only if performance-based conditions are considered probable of being satisfied. During the three and nine months ended March 31, 2024, we incurred stock-based compensation expense of \$13.3 million and \$52.4 million, respectively, associated with the Value Creation Award as a component of general and administrative expense within the interim condensed consolidated statements of operations and comprehensive loss. During the three and nine months ended March 31, 2023, we incurred stock-based compensation expense of \$20.3 million and \$75.2 million, respectively.

As of March 31, 2024, unrecognized compensation expense related to the Value Creation Award was approximately \$ 60.5 million, which is expected to be recognized over a remaining weighted-average period of 1.8 years.

Restricted Stock Units

RSUs granted prior to the IPO were subject to two vesting conditions: a service-based vesting condition (i.e., employment over a period of time) and a performance-based vesting condition (i.e., a liquidity event in the form of either a change of control or an initial public offering, each as defined in the Plan), both of which must be met in order to vest. The performance-based condition was met upon the IPO. We record stock-based compensation expense for those RSUs on an accelerated attribution method over the requisite service period, which is generally four years. RSUs granted after IPO are subject to a service-based vesting condition. We record stock-based compensation expense for service-based RSUs on a straight-line basis over the requisite service period, which is generally one to four years.

In September 2023, we modified the vesting terms of approximately 5,300 RSU grants that vested on a monthly basis. Pursuant to the modified vesting schedule, these RSU grants will now vest on a quarterly basis. The modification resulted in the recognition of a one-time expense acceleration of \$28.1 million within general and administrative expense in our interim condensed statements of operations in connection with the transition to a quarterly vesting schedule.

The following table summarizes our RSU activity during the nine months ended March 31, 2024:

	Number of Shares	Weighted Average Grant Date Fair Value
Non-vested at June 30, 2023	21,653,196	\$ 26.99
Granted	11,700,953	25.46
Vested	(13,596,243)	26.61
Forfeited, expired or cancelled	(2,097,744)	27.35
Non-vested at March 31, 2024	<u>17,660,162</u>	<u>\$ 26.23</u>

As of March 31, 2024, unrecognized compensation expense related to unvested RSUs was approximately \$ 413.2 million, which is expected to be recognized over a remaining weighted-average period of 1.9 years.

2020 Employee Stock Purchase Plan

On November 18, 2020, our Board of Directors adopted and approved the 2020 Employee Stock Purchase Plan ("ESPP"). The purpose of the ESPP is to secure the services of new employees, to retain the services of existing employees and to provide incentives for such individuals to exert maximum effort towards the success of the Company and that of its affiliates. A total of 13.5 million shares of Class A common stock are reserved and available for issuance under the ESPP and 1.4 million shares have been issued as of March 31, 2024. The ESPP provides for six-month offering periods beginning December 1 and June 1 of each year. At the end of each offering period, shares of our Class A common stock are purchased on behalf of each ESPP participant at a price per share equal to 85% of the lesser of (1) the fair market value of the Class A common stock on first day of the offering period (the grant date) or (2) the fair market value of the Class A common stock on the last day of the offering period (the purchase date). We use the Black-Scholes-Merton option pricing model to measure the fair value of the purchase rights issued under the ESPP at the first day of the offering period, which represents the grant date. We record stock-based compensation expense on a straight-line basis over each six-month offering period, the requisite service period of the award.

Stock-Based Compensation Expense

The following table presents the components and classification of stock-based compensation (in thousands):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
General and administrative	\$ 51,947	\$ 54,789	\$ 184,070	\$ 188,788
Technology and data analytics	21,105	45,040	78,808	137,002
Sales and marketing	3,858	5,840	13,628	19,517
Processing and servicing	165	1,120	3,092	3,065
Total stock-based compensation in operating expenses	77,075	106,789	279,598	348,372
Capitalized into property, equipment and software, net	30,981	19,113	99,441	62,760
Total stock-based compensation	\$ 108,056	\$ 125,902	\$ 379,039	\$ 411,132

16. Restructuring and other

During the three and nine months ended March 31, 2024, we incurred exit and disposal costs in connection with certain actions we have taken to manage our operating expenses in response to the current macroeconomic conditions and ongoing business prioritization efforts.

In February 2023, we committed to a restructuring plan (the “February 2023 Plan”) that included reducing our workforce and vacating a portion of our San Francisco office. As of March 31, 2024, the February 2023 Plan is completed and we do not expect future costs or payments related to the plan.

Exit and disposal costs were \$5.2 million and \$6.9 million for the three and nine months ended March 31, 2024, respectively. Exit and disposal costs were \$34.9 million for both the three and nine months ended March 31, 2023, primarily relating to the February 2023 Plan.

Our restructuring and other exit and disposal cost accrual activity for the nine months ended March 31, 2024 is summarized as follows (in thousands):

	February 2023 Plan	Other Exit and Disposal Activities ⁽¹⁾
Accrued restructuring and other costs, June 30, 2023	\$ 308	\$ 2,116
Additions	210	6,829
Cash paid	(378)	(8,314)
Adjustments	(140)	—
Accrued restructuring and other costs, March 31, 2024	\$ —	\$ 631

⁽¹⁾ Includes employee severance pay and related costs, contract cancellation charges, among other items, related to other exit and disposal activities

17. Income Taxes

The quarterly provision for income taxes is based on the current estimate of the annual effective income tax rate and the tax effect of discrete items occurring during the quarter. Our quarterly provision and the estimate of the annual effective tax rate are subject to significant variation due to several factors, including variability in the pre-tax jurisdictional mix of earnings and the impact of discrete items.

For the three and nine months ended March 31, 2024, we recorded income tax expense (benefit) of \$ 0.9 million and \$1.2 million, respectively, which was primarily attributable to deferred taxes recognized by certain foreign subsidiaries, various U.S state and other foreign income taxes, and the tax amortization of certain intangibles. For the three and nine months ended March 31, 2023, we recorded income tax expense (benefit) of \$(0.8) million and \$(2.6) million, respectively, which was primarily attributable to the effects of foreign income taxes on our Canadian subsidiary and partially offset by various U.S state and other foreign income taxes, as well as the tax amortization of certain intangibles.

As of March 31, 2024, we continue to recognize a full valuation allowance against our U.S. federal and state and certain foreign net deferred tax assets. This determination was based on the assessment of the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to utilize the existing deferred tax assets. A significant piece of objective negative evidence evaluated was the cumulative loss incurred by us for the prior three fiscal years. The presence of a three-year cumulative loss limits the ability to consider other subjective evidence, such as our expectations of future taxable income and projections for growth.

18. Net Loss per Share Attributable to Common Stockholders

The following table presents basic and diluted net loss per share attributable to common stockholders for Class A and Class B common stock (in thousands, except share and per share data):

	Three Months Ended March 31,		Nine months ended March 31,	
	2024		2024	
	Class A	Class B	Class A	Class B
Numerator:				
Net loss	\$ (114,116)	\$ (19,820)	\$ (388,902)	\$ (83,719)
Net loss attributable to common stockholders - basic and diluted	\$ (114,116)	\$ (19,820)	\$ (388,902)	\$ (83,719)
Denominator:				
Weighted average shares of common stock - basic	266,363,196	46,263,532	253,437,891	54,557,998
Weighted average shares of common stock - diluted	266,363,196	46,263,532	253,437,891	54,557,998
Net loss per share:				
Basic	\$ (0.43)	\$ (0.43)	\$ (1.53)	\$ (1.53)
Diluted	\$ (0.43)	\$ (0.43)	\$ (1.53)	\$ (1.53)

	Three Months Ended March 31,		Nine months ended March 31,	
	2023		2023	
	Class A	Class B	Class A	Class B
Numerator:				
Net loss	\$ (164,093)	\$ (41,584)	\$ (620,015)	\$ (159,368)
Net loss attributable to common stockholders - basic and diluted	\$ (164,093)	\$ (41,584)	\$ (620,015)	\$ (159,368)
Denominator:				
Weighted average shares of common stock - basic	237,116,053	60,088,662	233,815,676	60,099,592
Weighted average shares of common stock - diluted	237,116,053	60,088,662	233,815,676	60,099,592
Net loss per share:				
Basic	\$ (0.69)	\$ (0.69)	\$ (2.65)	\$ (2.65)
Diluted	\$ (0.69)	\$ (0.69)	\$ (2.65)	\$ (2.65)

The following common stock equivalents, presented based on amounts outstanding, were excluded from the calculation of diluted net loss per share attributable to common stockholders because their inclusion would have been anti-dilutive:

	As of March 31,	
	2024	2023
Restricted stock units	17,660,162	22,335,174
Stock options, including early exercise of options	16,886,267	19,581,724
Common stock warrants	5,760,721	6,036,813
Employee stock purchase plan shares	214,364	640,075
Total	40,521,514	48,593,786

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the interim condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q (“Form 10-Q”) and our audited consolidated financial statements and the related notes and the discussion under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for the fiscal year ended June 30, 2023 included in our Annual Report on Form 10-K. Some of the information contained in this discussion and analysis, including information with respect to our planned investments to drive future growth, includes forward-looking statements that involve risks and uncertainties. You should review the sections titled “Cautionary Note Regarding Forward-Looking Statements” and “Risk Factors” of this Form 10-Q and our most recently filed Annual Report on Form 10-K for a discussion of forward-looking statements and important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Overview

We are building the next generation platform for digital and mobile-first commerce. We believe that by using modern technology, superior engineering talent, and a mission-driven approach, we can reinvent payments and commerce. Our solutions, which are built on trust and transparency, make it easier for consumers to spend responsibly and with confidence, easier for merchants to convert sales and grow, and easier for commerce to thrive.

Our point-of-sale solutions allow consumers to pay for purchases in fixed amounts without deferred interest, late fees, or penalties. We empower consumers to pay over time rather than paying for a purchase entirely upfront. This increases consumers’ purchasing power and gives them more control and flexibility. Our platform facilitates both true 0% APR payment options and interest-bearing loans. On the merchant side, we offer commerce enablement, demand generation, and customer acquisition tools. Our solutions empower merchants to more efficiently promote and sell their products, optimize their customer acquisition strategies, and drive incremental sales. We also provide valuable product-level data and insights — information that merchants cannot easily get elsewhere — to better inform their strategies. Finally, our consumer app unlocks the full suite of Affirm products for a delightful end-to-end consumer experience. Consumers can use our app to apply for installment loans, and upon approval, they can use the Affirm Card digitally online or in-stores to complete a purchase. Additionally, consumers can manage the pre and post purchase split of Affirm Card transactions into loan, manage payments, open a high-yield savings account, and access a personalized marketplace.

Our Company is predicated on the principles of simplicity, transparency, and putting people first. By adhering to these principles, we have built enduring, trust-based relationships with consumers and merchants that we believe will set us up for long-term, sustainable success. We believe our innovative approach uniquely positions us to define the future of commerce and payments.

Technology and data are at the core of everything we do. Our expertise in sourcing, aggregating, and analyzing data has been what we believe to be the key competitive advantage of our platform since our founding. We believe our proprietary technology platform and data give us a unique advantage in pricing risk. We use data to inform our risk scoring in order to generate value for our consumers, merchants, and capital partners. We also prioritize building our own technology and investing in product and engineering talent as we believe these are enduring competitive advantages that are difficult to replicate. Our solutions use the latest in machine learning, artificial intelligence, cloud-based technologies, and other modern tools to create differentiated and scalable products.

	Three Months Ended March 31,				Nine Months Ended March 31,			
	2024	2023	\$	%	2024	2023	\$	%
	(in thousands, except percentages)							
Total revenue, net	\$ 576,157	\$ 380,978	\$ 195,179	51 %	\$ 1,663,814	\$ 1,142,160	\$ 521,654	46 %
Total operating expenses	736,946	691,013	45,933	7 %	2,206,201	2,099,194	107,007	5 %
Operating loss	\$ (160,789)	\$ (310,035)	\$ 149,246	(48)%	\$ (542,387)	\$ (957,034)	\$ 414,647	(43)%
Other income, net	27,743	103,522	(75,779)	(73)%	70,999	175,067	(104,068)	(59)%
Loss before income taxes	\$ (133,046)	\$ (206,513)	\$ 73,467	(36)%	\$ (471,388)	\$ (781,967)	\$ 310,579	(40)%
Income tax (benefit) expense	890	(836)	1,726	(206)%	1,233	(2,584)	3,817	(148)%
Net loss	\$ (133,936)	\$ (205,677)	\$ 71,741	(35)%	\$ (472,621)	\$ (779,383)	\$ 306,762	(39)%

Our Financial Model

Our Revenue Model

From merchants, we earn a fee when we help them convert a sale and facilitate a transaction. We have two loan product offerings: Pay-in-4 and Core loans. Pay-in-4 is a short-term payment plan with four biweekly 0% APR installments, while Core loans include all monthly interest-bearing installment loans and 0% APR installment loans. While merchant fees depend on the individual arrangement between us and each merchant and vary based on the terms of the product offering, we generally earn larger merchant fees on our 0% APR financing products. For the three and nine months ended March 31, 2024, Pay-in-4 represented 14% and 15%, respectively, of total GMV facilitated through our platform while 0% APR Core loans represented 13% and 11%, respectively. For the three and nine months ended March 31, 2023, Pay-in-4 represented 16% and 19% of total GMV facilitated through our platform, respectively, while 0% APR Core loans represented 15% and 14%, respectively.

From consumers, we earn interest income on the simple interest loans that we originate or purchase from our originating bank partners. Interest rates charged to our consumers vary depending on the transaction risk, creditworthiness of the consumer, the repayment term selected by the consumer, the amount of the loan, and the individual arrangement with a merchant. Because our consumers are never charged deferred or compounding interest, late fees, or penalties on the loans, we are not incentivized to profit from our consumers' hardships. In addition, interest income includes the amortization of any discounts or premiums on loan receivables created upon either the purchase of a loan from one of our originating bank partners or the origination of a loan. For both the three and nine months ended March 31, 2024, interest bearing loans represented 72% of total GMV facilitated through our platform. For the three and nine months ended March 31, 2023, interest bearing loans represented 69% and 67% of total GMV facilitated through our platform, respectively.

In order to accelerate our ubiquity, we facilitate the issuance of virtual cards directly to consumers through our app, allowing them to shop with merchants that may not yet be fully integrated with Affirm. Similarly, we also facilitate the issuance of the Affirm Card, a debit card that can be used physically or virtually and which allows consumers to link a bank account to pay in full, or pay later by accessing credit through the Affirm App. When these cards are used over established card networks, we earn a portion of the interchange fee from the transaction.

Our Loan Origination and Servicing Model

When a consumer applies for a loan through our platform, the loan is underwritten using our proprietary risk model. Once approved for the loan, the consumer then selects their preferred repayment option. A portion of these loans are funded and issued by our originating bank partners, which include Cross River Bank, an FDIC-insured New Jersey state-chartered bank, Celtic Bank, an FDIC-insured Utah state-chartered industrial bank, and Lead Bank, an FDIC-insured Missouri state-chartered bank. These partnerships allow us to benefit from our partners' ability to originate loans under their banking licenses while complying with various federal, state, and other laws. Under this arrangement, we must comply with our originating bank partners' credit policies and

underwriting procedures, and our originating bank partners maintain ultimate authority to decide whether to originate a loan or not. When an originating bank partner originates a loan, it funds the loan through its own funding sources and may subsequently offer and sell the loan to us. Pursuant to our agreements with these partners, we are obligated to purchase the loans facilitated through our platform that such partner offers us and our obligation is secured by cash deposits. To date, we have purchased all of the loans facilitated through our platform and originated by our originating bank partners. When we purchase a loan from an originating bank partner, the purchase price is equal to the outstanding principal balance of the loan, plus a fee and any accrued interest. The originating bank partner also retains an interest in the loans purchased by us through a loan performance fee that is payable by us on the aggregate principal amount of a loan that is paid by a consumer. See Note 13. Fair Value of Financial Assets and Liabilities in the notes to the interim condensed consolidated financial statements for more information on the performance fee liability.

We are also able to originate loans directly under our lending, servicing, and brokering licenses in Canada and across several states in the U.S. through our consolidated subsidiaries. For the three and nine months ended March 31, 2024, we directly originated approximately \$1.1 billion, or 17%, and \$3.3 billion, or 17%, respectively, of loans compared to approximately \$0.9 billion, or 19%, and \$2.8 billion, or 19%, of loans for the three and nine months ended March 31, 2023, respectively.

We act as the servicer on all loans that we originate directly or purchase from our originating bank partners and earn a servicing fee on loans we sell to our funding sources. In the normal course of business, we do not sell the servicing rights on any of the loans. To allow for flexible staffing to support overflow and seasonal traffic, we partner with several sub-servicers to manage customer care, first priority collections, and third-party collections in accordance with our policies and procedures.

Factors Affecting Our Performance

Our performance has been and may continue to be affected by many factors, including those identified below, as well as the factors discussed in the section titled "Risk Factors" in this Form 10-Q and in our most recently filed Annual Report on Form 10-K for the fiscal year ended June 30, 2023.

Expanding our Network, Diversity, and Mix of Funding Relationships

Our capital efficient funding model is integral to the success of our platform. As we scale the number of transactions on our network and grow GMV, we maintain a variety of funding relationships in order to support our network. Our diversified funding relationships include warehouse facilities, securitization trusts, forward flow arrangements, and partnerships with banks. Given the short duration and strong performance of our assets, funding can be recycled quickly, resulting in a high-velocity, capital efficient funding model. While we have continued to improve our equity capital efficiency, the percentage of our equity capital as a percentage of our total platform portfolio slightly increased from approximately 5% as of June 30, 2023, to approximately 6% as of March 31, 2024. The increase of less than half a percent was due to an increase in loans retained on our balance sheet, which may be funded through on-balance sheet securitizations and warehouse credit facilities. This funding mix reflects our ongoing strategy to optimize the balance between income and profitability, loan growth volume and cost of funds. The mix of on-balance sheet and off-balance sheet funding is a function of how we choose to allocate loan volume, which is determined by the economic arrangements and supply of capital available to us, both of which may also impact our results in any given period.

Mix of Business on Our Platform

The shifts in merchant volumes and products offered in any period affects our operating results. This mix impacts GMV, revenue, our financial results, and our key operating metric performance for that period. Differences in loan product mix result in varying loan durations, APR, and mix of 0% APR and interest-bearing financings.

Product and economic terms of commercial agreements vary among our merchants. For example, our low average order value ("AOV") products generally benefit from shorter duration, but also have lower revenue as a percentage of GMV when compared to high AOV products. Merchant mix shifts are driven in part by the products

offered by the merchant, the economic terms negotiated with the merchant, merchant-side activity relating to the marketing of their products, whether or not the merchant is fully integrated within our network, and general economic conditions affecting consumer demand. Our revenue as a percentage of GMV in any given period varies across products. As such, as we continue to expand our network to include more merchants and product offerings, including Affirm Card, revenue as a percentage of GMV may vary. In addition, our commercial agreement with Shopify to offer Shop Pay Installments powered by Affirm, our Pay-in-4 and Affirm Card offerings may continue to impact the mix of our shorter duration, low AOV products. Differences in the mix of high versus low AOV may also impact our results. For example, we expect that transactions per active consumer may increase while revenue as a percentage of GMV may decline in the medium term to the extent that a greater portion of our GMV comes from Pay-in-4, Affirm Card and other low-AOV offerings.

Seasonality

We experience seasonal fluctuations in our business as a result of consumer spending patterns, including Affirm Card, which we expect to mimic the seasonality of our general business in the near term. Historically, our GMV has been the strongest during the second quarter of our fiscal year due to increases in retail commerce during the holiday season. Adverse events that occur during our second fiscal quarter could have a disproportionate effect on our financial results for the fiscal year.

Macroeconomic Environment

We regularly monitor the direct and indirect impacts of the current macroeconomic conditions on our business, financial condition, and results of operations. Starting in fiscal 2023, the macroeconomic environment began to present a number of challenges to our business. In response to continued inflationary pressure, the U.S. Federal Reserve rapidly raised the federal funds interest rate from March 2022 through July 2023, and there is no certainty as to whether and to what extent the federal funds interest rate will remain at current levels, increase or decrease in future periods. Simultaneously, economic uncertainty and the prospect of economic recession has impacted consumer spending. These challenges have affected, and may continue to affect, our business and results of operations in the following ways:

- **Deceleration in consumer demand:** Since fiscal 2023, we continue to experience a deceleration in consumer demand for discretionary items, which has adversely impacted GMV growth. Continued economic uncertainty, inflationary pressures, and a higher interest rate environment may further negatively impact consumer demand in future periods.
- **Increased borrowing costs:** Due to the elevated interest rate environment, our costs of borrowing have increased, resulting in higher transaction costs. Should the interest rate environment remain elevated, we may continue to experience higher transaction costs.
- **Volatile capital markets:** During fiscal 2024, capital markets have shown improvement against recent periods, which has been evidenced by substantial additions across our funding channels due to our strong loan performance. However, despite these improvements, uncertainties remain in the macroeconomic environment, especially with regard to persistent inflation and the potential for increased unemployment rates. To address these uncertainties, we leverage our diverse funding channels and counterparties, which contribute to our resilience across various macroeconomic conditions and economic cycles.

Consumer Credit Optimization and Loan Performance

We continue to optimize our underwriting and take other actions to manage consumer loan repayment, increase collections and minimize losses. For example, we offer loan modifications to borrowers experiencing financial difficulty to provide greater flexibility for consumers to repay their obligations, through payment deferrals or loan re-amortizations. These loan modification programs also impact our delinquency rates, and such impact can vary over time. As disclosed in Note 4 - "Loans Held for Investment and Allowance for Credit Losses", during the three months ended March 31, 2024, we expanded the eligibility of our loan modification programs, which resulted

in a modest benefit to delinquency rates for loans held for investment as of March 31, 2024. As we continue to evaluate the effectiveness of these programs, we may modify, expand, or contract the usage of these programs, which may impact our delinquency rates in future periods.

As of March 31, 2024, taking into account the loan modifications discussed above, our 30-day delinquency rates for monthly installment loans were comparable to our delinquency rates as of March 31, 2023. However, our allowance rates for loan losses as of March 31, 2024 increased over our allowance rates as of March 31, 2023 due primarily to adjustments in our credit criteria in light of increasing interest income generated by our loans. In future fiscal quarters, on a comparative basis, delinquency rates may vary with seasonal trends as well as due to other actions, including underwriting and profitability optimizations and the level of loan modifications implemented in the current or preceding fiscal quarters.

Regulatory Developments

We are subject to the regulatory and enforcement authority of the Consumer Financial Protection Board (the “CFPB”) as a facilitator, servicer, acquirer or originator of consumer credit. As such, the CFPB has in the past requested reports concerning our organization, business conduct, markets, and activities, and we expect that the CFPB will continue to do so from time to time in the future. In addition, we are subject to supervision by the CFPB, which enables it, among other things, to conduct comprehensive and rigorous examinations to assess our compliance with consumer financial protection laws, which in turn could result in matters requiring attention, investigations, enforcement actions, regulatory fines and mandated changes to our business products, policies and procedures.

From time to time, regulatory agencies for our bank partners may re-evaluate the information we are required to collect from consumers in order to facilitate loans through our platform. Any change in the nature or amount of personal information that we are required to collect from consumers may cause some consumers to choose not to complete their purchases — or purchase less frequently — with us, which may adversely impact our conversion rates, and, as a result, adversely impact our revenue, GMV, and other of our key operating metrics.

Key Operating Metrics

We focus on several key operating metrics to measure the performance of our business and help determine our strategic direction. In addition to revenue, net loss, and other results under U.S. GAAP, the following tables set forth key operating metrics we use to evaluate our business.

	Three Months Ended March 31,			Nine Months Ended March 31,		
	2024	2023	% Change	2024	2023	% Change
(in billions)						
Gross merchandise volume (GMV)	\$ 6.3	\$ 4.6	36 %	\$ 19.4	\$ 14.7	32 %

GMV

We measure GMV to assess the volume of transactions that take place on our platform. We define GMV as the total dollar amount of all transactions on the Affirm platform during the applicable period, net of refunds. GMV does not represent revenue earned by us; however, it is an indicator of the success of our merchants and the strength of our platform.

For the three and nine months ended March 31, 2024, GMV was \$6.3 billion and \$19.4 billion, respectively, which represented an increase of approximately 36% and 32%, respectively, as compared to the same periods in 2023. Overall, the increase in GMV was primarily driven by the expansion of our active merchant base and increases in active consumers and average transactions per consumer. The increase in GMV for the three and nine months ended March 31, 2024 also reflected increased consumer demand at our largest merchant partners by GMV and increased consumer demand in our travel and ticketing and general merchandise categories.

For the three and nine months ended March 31, 2024, our top five merchants and platform partners represented approximately 42% and 45%, respectively, of total GMV, as compared to 40% and 42%, respectively,

for the three and nine months ended March 31, 2023. GMV attributable to Amazon during the three and nine months ended March 31, 2024 represented 20% of total GMV. GMV attributable to Amazon during the three months ended March 31, 2023 represented less than 30% of total GMV.

	March 31, 2024	March 31, 2023	% Change
	(in thousands, except per consumer data)		
Active consumers	18,134	16,006	13 %
Transactions per active consumer	4.6	3.6	27 %

Active Consumers

We assess consumer adoption and engagement by the number of active consumers across our platform. Active consumers are the primary measure of the size of our network. We define an active consumer as a consumer who engages in at least one transaction on our platform during the 12 months prior to the measurement date.

As of March 31, 2024, we had approximately 18.1 million active consumers, which represented an increase of 13% compared to approximately 16.0 million active consumers as of March 31, 2023. The increase was primarily due to a high retention rate of existing consumers and the acquisition of new consumers through an expanding active merchant base, Affirm Card (our direct to consumer product) and platform partnerships.

Transactions per Active Consumer

We believe the value of our network is amplified with greater consumer engagement and repeat usage, highlighted by increased transactions per active consumer. Transactions per active consumer is defined as the average number of transactions that an active consumer has conducted on our platform during the 12 months prior to the measurement date.

As of March 31, 2024, we had approximately 4.6 transactions per active consumer, an increase of 27% compared to March 31, 2023. This was primarily due to platform growth and a higher frequency of repeat users driven by consumer engagement.

Results of Operations

The following tables set forth selected interim condensed consolidated statements of operations and comprehensive loss data for each of the periods presented:

	Three Months Ended March 31,				Nine Months Ended March 31,			
	2024	2023	\$	%	2024	2023	\$	%
	(in thousands, except percentages)							
Revenue								
Merchant network revenue	\$ 159,292	\$ 119,013	\$ 40,279	34 %	\$ 493,599	\$ 366,181	\$ 127,418	35 %
Card network revenue	35,676	29,469	6,207	21 %	108,421	85,294	23,127	27 %
Total network revenue	194,968	148,482	46,486	31 %	602,020	451,475	150,545	33 %
Interest income ⁽¹⁾	315,712	178,270	137,442	77 %	866,737	470,393	396,344	84 %
Gain on sales of loans ⁽¹⁾	40,183	32,813	7,370	22 %	127,170	156,015	(28,845)	(18)%
Servicing income	25,294	21,413	3,881	18 %	67,887	64,277	3,610	6 %
Total revenue, net	576,157	380,978	195,179	51 %	1,663,814	1,142,160	521,654	46 %
Operating expenses ⁽²⁾								
Loss on loan purchase commitment	44,143	31,224	12,919	41 %	132,639	105,256	27,383	26 %
Provision for credit losses	122,443	66,438	56,005	84 %	343,019	237,377	105,642	45 %
Funding costs	90,449	51,188	39,261	77 %	248,997	120,005	128,992	107 %
Processing and servicing	88,209	65,229	22,980	35 %	254,083	186,096	67,987	37 %
Technology and data analytics	124,828	161,792	(36,964)	(23)%	377,626	463,500	(85,874)	(19)%
Sales and marketing	132,950	140,942	(7,992)	(6)%	441,081	493,149	(52,068)	(11)%
General and administrative	128,721	139,266	(10,545)	(8)%	401,832	458,877	(57,045)	(12)%
Restructuring and other	5,203	34,934	(29,731)	(85)%	6,924	34,934	(28,010)	(80)%
Total operating expenses	736,946	691,013	45,933	7 %	2,206,201	2,099,194	107,007	5 %
Operating loss	\$ (160,789)	\$ (310,035)	\$ 149,246	(48)%	\$ (542,387)	\$ (957,034)	\$ 414,647	(43)%
Other income, net	27,743	103,522	(75,779)	(73)%	70,999	175,067	(104,068)	(59)%
Loss before income taxes	\$ (133,046)	\$ (206,513)	\$ 73,467	(36)%	\$ (471,388)	\$ (781,967)	\$ 310,579	(40)%
Income tax (benefit) expense	890	(836)	1,726	(206)%	1,233	(2,584)	3,817	(148)%
Net loss	\$ (133,936)	\$ (205,677)	\$ 71,741	(35)%	\$ (472,621)	\$ (779,383)	\$ 306,762	(39)%

⁽¹⁾ Upon purchase of a loan from our originating bank partners at a price above the fair market value of the loan or upon the origination of a loan with a par value in excess of the fair market value of the loan, a discount is included in the amortized cost basis of the loan. For loans held for investment, this discount is amortized over the life of the loan into interest income. When a loan is sold to a third-party loan buyer or off-balance sheet securitization trust, the unamortized discount is released in full at the time of sale and recognized as part of the gain or loss on sales of loans. However, the cumulative value of the loss on loan purchase commitment or loss on origination, the interest income recognized over time from the amortization of discount while retained, and the release of discount into gain on sales of loans, together net to zero over the life of the loan. The following tables detail activity for the discount, included in loans held for investment, for the periods indicated:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
	(in thousands)			
Balance at the beginning of the period	\$ 100,900	\$ 77,830	\$ 96,576	\$ 42,780
Additions from loans purchased or originated, net of refunds	69,545	58,909	200,641	201,953
Amortization of discount	(53,960)	(39,130)	(150,102)	(116,937)
Unamortized discount released on loans sold	(12,493)	(8,203)	(43,003)	(37,156)
Impact of foreign currency translation	(779)	(17)	(899)	(1,251)
Balance at the end of the period	<u>\$ 103,213</u>	<u>\$ 89,389</u>	<u>\$ 103,213</u>	<u>\$ 89,389</u>

(2) Amounts include stock-based compensation as follows:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
(in thousands)				
General and administrative	\$ 51,947	\$ 54,789	\$ 184,070	\$ 188,788
Technology and data analytics	21,105	45,040	78,808	137,002
Sales and marketing	3,858	5,840	13,628	19,517
Processing and servicing	165	1,120	3,092	3,065
Total stock-based compensation in operating expenses	77,075	106,789	279,598	348,372
Capitalized into property, equipment and software, net	30,981	19,113	99,441	62,760
Total stock-based compensation	<u>\$ 108,056</u>	<u>\$ 125,902</u>	<u>\$ 379,039</u>	<u>\$ 411,132</u>

Comparison of the Three and Nine Months Ended March 31, 2024 and 2023

Merchant network revenue

Merchant network revenue is impacted by both GMV and the mix of loans originated on our platform as merchant fees vary based on loan characteristics. In particular, merchant network revenue as a percentage of GMV typically increases with longer-term, non interest-bearing loans with higher AOVs, and decreases with shorter-term, interest-bearing loans with lower AOVs.

Merchant network revenue increased by \$40.3 million, or 34%, and \$127.4 million, or 35%, for the three and nine months ended March 31, 2024, respectively, compared to the same period in 2023. The increase is primarily attributed to an increase of \$1.7 billion and \$4.7 billion in GMV for the three and nine months ended March 31, 2024, compared to the same period in 2023. The increase in GMV is a result of continued growth of our active merchant base and consumers, reaching approximately 292 thousand and 18.1 million, respectively, as of March 31, 2024, up from approximately 246 thousand and 16.0 million, respectively, as of March 31, 2023. Additionally, the average transactions per consumer increased from 3.6 as of March 31, 2023 to 4.6 as of March 31, 2024. The increase in consumers and average transactions per consumer is partially offset by a decrease in AOVs. For the three and nine months ended March 31, 2024, AOV was \$293 and \$292, respectively, down from \$323 and \$319, respectively, for the same period in fiscal 2023. The decrease in AOV is due to the diversification of our merchant base and our initiative to drive repeat usage of our platform beyond one-time high AOV purchases.

Card network revenue

Card network revenue increased by \$6.2 million, or 21%, and \$23.1 million, or 27%, for the three and nine months ended March 31, 2024, respectively, compared to the same period in 2023. Card network revenue growth is correlated with the growth of GMV processed by our issuer processors. As such, the increase is primarily driven by

\$2.0 billion and \$5.9 billion of GMV processed through our issuer processors, an increase of 41% and 43% for the three and nine months ended March 31, 2024, respectively, as compared to the same period in 2023. This was driven by increased card activity through Affirm Card and our single use virtual debit cards, as well as growth in existing and new merchants utilizing our agreement with card-issuing partners as a means of integrating Affirm services, which grew from approximately 1,200 merchants as of March 31, 2023 to 1,700 merchants as of March 31, 2024. Card network revenue is also impacted by the mix of merchants as different merchants can have different interchange rates depending on their industry or size, among other factors.

Interest income

Interest income increased by \$137.4 million, or 77%, and \$396.3 million, or 84%, for the three and nine months ended March 31, 2024, respectively, compared to the same period in 2023. Generally, interest income is correlated with the changes in the average balance of loans held for investment, which increased by 44% to \$5.4 billion and 56% to \$4.9 billion for the three and nine months ended March 31, 2024, respectively, compared to the same period in 2023. The increase in loans held for investment on our interim consolidated balance sheet is in response to the current market environment and our ability to allocate loans to warehouse credit facilities and on balance sheet asset-backed securities transactions with better economic terms to optimize cost of funds. As a result of the increase in loans held for investment on our interim condensed consolidated balance sheet, interest income from interest-bearing loans increased from \$147.8 million and \$379.8 million for the three and nine months ended March 31, 2023, respectively, to \$273.6 million and \$748.0 million for three and nine months ended March 31, 2024, respectively. This increase was partially due to an increase in volume of interest bearing loans which increased to 72% of total GMV for both the three and nine months ended March 31, 2024, compared to 69% and 67%, respectively, of total GMV in the same period in 2023, in addition to recent pricing initiatives, including the increase of the maximum APR and merchant-subsidized low APR loans replacing previously non-interest bearing loans.

Gain on sales of loans

Gain on sales of loans increased by \$7.4 million, or 22%, for the three months ended March 31, 2024 compared to the same period in 2023. The increase was primarily driven by an increase in loan sales volume to third-party loan buyers and the initial recognition, at fair value of risk sharing assets incurred upon loan sale, and was partially offset by the impact of higher benchmark rates on pricing mechanics. We sold loans with an unpaid principal balance of \$2.1 billion for the three months ended March 31, 2024 compared to \$1.7 billion for the same period in 2023.

Gain on sales of loans decreased by \$28.8 million, or 18%, for the nine months ended March 31, 2024 compared to the same period in 2023. The decrease was driven by higher benchmark interest rates, which impacted pricing terms on loan sales during the period. The decrease was partially offset by an increase in loan sale volume to third-party loan buyers, and the initial recognition, at fair value of risk sharing assets incurred upon loan sale. We sold loans with an unpaid principal balance of \$7.3 billion for the nine months ended March 31, 2024 compared to \$5.8 billion for the same period in 2023.

Servicing income

Servicing income includes net servicing fee revenue and fair value adjustments for servicing assets and liabilities, and is recognized for loan portfolios sold to third party loan buyers and for loans held within our off balance sheet securitizations. Servicing fee revenue varies by contractual servicing fee arrangement and is earned as a percentage of the average unpaid principal balance of loans held by each counterparty where we have a servicing agreement. We reduce servicing income for certain fees we are required to pay per our contractual servicing arrangement.

With respect to fair value adjustments, we remeasure the fair value of servicing assets and liabilities each period and recognize the change in fair value in servicing income. We utilize a discounted cash flow approach to remeasure the fair value of servicing rights. Because we earn servicing income based on the outstanding principal balance of the portfolio, fair value adjustments are impacted by the timing and amount of loan repayments. As such,

over the term of each loan portfolio sold, fair value adjustments for servicing assets will decrease servicing income and fair value adjustments for servicing liabilities will increase servicing income. We discuss our valuation methodology and significant Level 3 inputs for servicing assets and liabilities within Note 13. Fair Value of Financial Assets and Liabilities.

Servicing income increased by \$3.9 million, or 18%, and \$3.6 million, or 6%, for the three and nine months ended March 31, 2024, respectively, compared to the same period in 2023. The increase was primarily due to an increase in net servicing fee revenue which is calculated as a percentage of the unpaid principal balance of loans owned by third-party loan owners. The average unpaid principal balance of loans owned by third-party loan owners increased from \$4.5 billion and \$4.6 billion during the three and nine months ended March 31, 2023, respectively, to \$5.1 billion and \$4.7 billion, respectively, during the same period in 2024, an increase of 13% and 3%, respectively. The increase was partially offset by fair value adjustments related to servicing assets and liabilities, resulting in a \$0.7 million and \$1.9 million lower gain during the three and nine months ended March 31, 2024, compared to the same period in 2023.

Loss on loan purchase commitment

We purchase certain loans from our originating bank partners that are processed through our platform and put back to us by our originating bank partners. Under the terms of the agreements with our originating bank partners, we are generally required to pay the principal amount plus accrued interest for such loans. In certain instances, our originating bank partners may originate loans with zero or below market interest rates that we are required to purchase. In these instances, we may be required to purchase the loan for a price in excess of the fair market value of such loans, which results in a loss. These losses are recognized as loss on loan purchase commitment in our interim condensed consolidated statements of operations and comprehensive loss. These costs are incurred on a per loan basis.

Loss on loan purchase commitment increased by \$12.9 million, or 41%, and \$27.4 million, or 26%, for the three and nine months ended March 31, 2024, respectively, compared to the same period in 2023. This increase was primarily due to an increase in total loans purchased. During the three and nine months ended March 31, 2024, we purchased \$5.1 billion and \$15.6 billion, respectively, of loans from our originating bank partners, compared to \$3.7 billion and \$11.7 billion, respectively, in the same period in 2023, representing an increase of 37% and 34%, respectively.

Provision for credit losses

Provision for credit losses generally represents the amount of expense required to maintain the allowance for credit losses on our interim condensed consolidated balance sheet, which represents management's estimate of future losses. In the event that our loans outperform expectation and/or we reduce our expectation of credit losses in future periods, we may release reserves and thereby reduce the allowance for credit losses, yielding income in the provision for credit losses. The provision is determined based on our estimate of expected future losses on loans originated during the period and held for investment on our balance sheet, changes in our estimate of future losses on loans outstanding as of the end of the period and the net charge-offs incurred in the period.

Provision for credit losses increased by \$56.0 million, or 85%, and \$105.6 million, or 45%, for the three and nine months ended March 31, 2024, respectively, compared to the same period in 2023, driven by growth in the volume of loans held for investment. Loans held for investment as of March 31, 2024 was \$5.5 billion, an increase of \$1.7 billion, or 45%, as compared to the same period in 2023. The allowance for credit losses as a percentage of loans held for investment was 5.3% as of March 31, 2024, 5.0% as of December 31, 2023, and 4.7% as of March 31, 2023. The increase in the allowance rate from March 31, 2023 is primarily driven by adjustments in our credit criteria in light of increasing interest income generated by our loans and changes in the loan mix, including holding a higher percentage of seasoned and longer term loans on our balance sheet as of March 31, 2024.

Funding costs

Funding costs consist of interest expense and the amortization of fees for certain borrowings collateralized by our loans including warehouse credit facilities and consolidated securitizations, sale and repurchase agreements

collateralized by our retained securitization interests, and other costs incurred in connection with funding the purchases and originations of loans. Funding costs for a given period are driven by the average outstanding balance of funding debt and notes issued by securitization trusts as well as our contractual interest rate and distribution of loans across funding facilities, net of the impact of any designated cash flow hedges.

Funding costs increased by \$39.3 million, or 77%, and \$129.0 million, or 107%, for the three and nine months ended March 31, 2024, respectively, compared to the same period in 2023. The increase was primarily due to higher benchmark interest rates and an increase of funding debt and notes issued by securitization trusts during the three and nine months ended March 31, 2024. The average total of funding debt from warehouses and securitizations for the three and nine months ended March 31, 2024 was \$4.8 billion and \$4.4 billion, respectively, compared to \$3.2 billion and \$2.8 billion during the same period in 2023, an increase of \$1.5 billion, or 46%, and \$1.6 billion, or 55%, respectively. The increase was also attributable to a larger volume of on-balance sheet loans being retained during the period. The average on-balance sheet loan balance was \$5.4 billion and \$4.9 billion for the three and nine months ended March 31, 2024, respectively, an increase of 44% and 56% compared to \$3.7 billion and \$3.2 billion during the same periods in 2023, respectively.

Processing and servicing

Processing and servicing expense consists primarily of payment processing fees, third-party customer support and collection expense, salaries and personnel-related costs of our customer care team, platform fees, and allocated overhead.

Processing and servicing expense increased by \$23.0 million, or 35%, and \$68.0 million, or 37%, for the three and nine months ended March 31, 2024, respectively, compared to the same period in 2023. This increase was driven primarily by an increase in payment processing fees of \$16.7 million, or 47%, and \$41.4 million, or 42%, for the three and nine months ended March 31, 2024, respectively, related to increased payment volume. Additionally, during the three and nine months ended March 31, 2024, our platform fees increased by \$9.7 million, or 107%, and \$30.1 million, or 111%, respectively, due to an increase in volume with a large enterprise partner. The increase was partially offset by a \$2.9 million, or 50%, and \$4.0 million, or 23%, decrease in personnel-related costs, for the three and nine months ended March 31, 2024, respectively, compared to the same period in 2023 as a result of our reduction in force and cost management plans.

Technology and data analytics

Technology and data analytics expense consists primarily of the salaries, stock-based compensation, and personnel-related costs of our engineering, product, and credit and analytics employees, as well as the amortization of internally-developed software and technology intangible assets, and our infrastructure and hosting costs.

Technology and data analytics expense decreased by \$37.0 million, or 23%, and \$85.9 million, or 19%, for the three and nine months ended March 31, 2024, respectively, compared to the same period in 2023. The decrease is primarily driven by a decrease of \$40.4 million, or 44%, and \$102.4 million, or 38%, in stock-based compensation and payroll and personnel-related costs for the three and nine months ended March 31, 2024, respectively, compared to the same period in 2023, due to higher capitalized compensation costs related to internally-developed software and a reduction in headcount. Additionally, data infrastructure and hosting costs decreased by \$6.0 million, or 23%, and \$25.7 million, or 28%, for the three and nine months ended March 31, 2024, respectively, compared to the same period in 2023, due to cost optimization initiatives as a result of improved contractual terms with several key vendors. The decrease is partially offset by amortization of internally-developed software which increased by \$7.0 million, or 19%, and \$36.0 million, or 48%, for the three and nine months ended March 31, 2024, respectively, compared to the same period in 2023, as a result of an increase in the number of capitalized projects. Capitalized projects grew by 86% from approximately 470 projects as of March 31, 2023 to 880 projects as of March 31, 2024.

Sales and marketing

Sales and marketing costs consist of the expense related to warrants and other share-based payments granted to our enterprise partners, salaries and personnel-related costs, as well as costs of general marketing and promotional activities, promotional event programs, sponsorships, and allocated overhead.

Sales and marketing expense decreased by \$8.0 million, or 6%, and \$52.1 million, or 11% during the three and nine months ended March 31, 2024 compared to the same period in 2023. The decrease was primarily driven by a decrease of \$4.4 million, or 28%, and \$22.2 million, or 39%, in payroll and personnel-related costs during the three and nine months ended March 31, 2024, respectively, compared to the same period in 2023, as a result of our reduction in force and cost management plans. Amazon warrant expense decreased by \$1.2 million, or 1%, and \$27.4 million, or 8%, during the three and nine months ended March 31, 2024, respectively, compared to the same period in 2023. The decrease is primarily due to the renewal of the commercial partnership agreement in February 2024, which extended the amortization of the commercial agreement asset, as well as a decrease in the number of new users to the Amazon program in the current period, which is the basis for a portion of the warrant expense. Additionally, amortization of intangible assets decreased by \$5.2 million, or 90%, and \$1.0 million, or 10%, respectively, for the three and nine months ended March 31, 2024, compared to the same period in 2023, as a result of one-time acceleration of amortization of Returnly's intangibles assets related to the wind down of our returns management platform during the three months ended March 31, 2023.

General and administrative

General and administrative expenses consist primarily of expenses related to our finance, legal, risk operations, human resources, and administrative personnel. General and administrative expenses also include costs related to fees paid for professional services, including legal, tax and accounting services, allocated overhead, and certain discretionary expenses incurred from operating our technology platform.

General and administrative expense decreased by \$10.5 million, or 8%, and \$57.0 million, or 12%, during the three and nine months ended March 31, 2024, respectively, compared to the same period in 2023. The decrease was primarily due to a \$5.6 million, or 5%, and \$20.7 million, or 6%, decrease in payroll and personnel-related costs during the three and nine months ended March 31, 2024, respectively, compared to the same period in 2023, as a result of our reduction in force and cost management plans. Additionally insurance expense decreased by \$2.0 million, or 40%, and \$6.4 million, or 41%, driven by a rate reduction during policy contract renewals for the three and nine months ended March 31, 2024, respectively, compared to the same period in 2023. Software subscription and license costs decreased by \$1.9 million, or 20%, and \$4.0 million, or 14%, during the three and nine months ended March 31, 2024, respectively, and development service costs decreased by \$3.9 million, or 50%, during the nine months ended March 31, 2024 compared to the same period in 2023, primarily as a result of efficiency improvements, contract renegotiations, and discontinuance of some software and subscriptions.

Restructuring and other

Restructuring and other for the three and nine months ended March 31, 2024 decreased by \$29.7 million and \$28.0 million, respectively, compared to the same period in 2023. The restructuring and other expenses during the three and nine months ended March 31, 2024 included employee severance and related costs as a result of certain exit and disposal activities. The restructuring and other expenses during the three and nine months ended March 31, 2023 primarily related to the February 2023 Plan, which is complete. We do not expect future costs or payments related to the plan.

Other (expense) income, net

Other income, net includes interest earned on our money market funds included in cash and cash equivalents and restricted cash, interest earned on securities available for sale, impairment or other adjustments to the cost basis of non-marketable equity securities held as cost, gains and losses on derivative agreements not designated within a hedging relationship, amortization of convertible debt issuance cost as well as gains (losses) on extinguishment, revolving credit facility issuance costs, fair value adjustments related to contingent liabilities, and other income or expense arising from activities that are unrelated to our primary business.

Other income, net, decreased by \$75.8 million, or 73%, and \$104.1 million, or 59%, during the three and nine months ended March 31, 2024 compared to the same period in 2023. The decrease was primarily driven by a decrease in our convertible note repurchases. We repurchased convertible notes with a principal balance of \$30.9 million and \$299.1 million as of March 31, 2024 and 2023, respectively, resulting in a gain on the early extinguishment of our convertible debt of \$5.4 million and \$89.8 million, respectively, a reduction of \$84.4 million year-over-year. Additionally, derivative instruments not designated in a hedge accounting relationship generated gains of \$4.7 million and \$2.9 million for the three and nine months ended March 31, 2024, compared to losses of \$3.7 million and gains of \$33.8 million for the same period in 2023. The decrease was partially offset by other income of \$10.5 million during the nine months ended March 31, 2024, primarily related to the wind-down of the Returnly business and our partnership with a third-party return provider.

Liquidity and Capital Resources

Sources and Uses of Funds

We maintain a capital-efficient model through a diverse set of funding sources. When we originate a loan directly or purchase a loan originated by our originating bank partners, we often utilize warehouse credit facilities with certain lenders to finance our lending activities or loan purchases. We sell the loans we originate or purchase from our originating bank partners to whole loan buyers and securitization investors through forward flow arrangements and securitization transactions, and earn servicing fees from continuing to act as the servicer on the loans. We proactively manage the allocation of loans on our platform across various funding channels based on several factors including, but not limited to, internal risk limits and policies, capital market conditions and channel economics. With high interest rates and inflation, our excess funding capacity and committed and long-term relationships with a diverse group of existing funding partners help provide flexibility as we optimize our funding to support the growth in loan volume.

Our principal sources of liquidity are cash and cash equivalents, available for sale securities, available capacity from warehouse and revolving credit facilities, revolving securitizations, forward flow loan sale arrangements, and certain cash flows from our operations. As of March 31, 2024, we had \$2.1 billion in cash and cash equivalents and available for sale securities, \$4.0 billion in available funding debt capacity, excluding our purchase commitments from third party loan buyers, and \$205.0 million in borrowing capacity available under our revolving credit facility. We believe our principal sources of liquidity are sufficient to meet both our existing operating, working capital, and capital expenditure requirements and our currently planned growth for at least the next 12 months.

The following table summarizes our cash, cash equivalents and investments in debt securities (in thousands):

	March 31, 2024	June 30, 2023
Cash and cash equivalents ⁽¹⁾	\$ 1,272,760	\$ 892,027
Investments in short-term debt securities ⁽²⁾	547,385	915,003
Investments in long-term debt securities ⁽²⁾	234,017	259,650
Cash, cash equivalent and investments in debt securities	\$ 2,054,162	\$ 2,066,680

⁽¹⁾ Cash and cash equivalents consist of checking, money market and savings accounts held at financial institutions and short term highly liquid marketable securities, including money market funds, government bonds, and other corporate securities purchased with an original maturity of three months or less.

⁽²⁾ Securities available for sale at fair value primarily consist of certificates of deposits, corporate bonds, commercial paper, and government bonds. Short-term securities have maturities less than or equal to one year, and long-term securities range from greater than one year to less than five years.

Funding Debt

Funding debt as of March 31, 2024 primarily includes our warehouse credit facilities. A detailed description of each of our borrowing arrangements is included in Note 9. Debt in the notes to the interim condensed consolidated financial statements. The following table summarizes our funding debt facilities as of March 31, 2024.

Maturity Fiscal Year	Borrowing Capacity	Principal Outstanding
	(in thousands)	
2024	\$ 200,000	\$ —
2025	1,000,000	297,777
2026	3,070,362	1,003,628
2027	—	—
2028	12,038	12,038
Thereafter	1,382,573	315,351
Total	\$ 5,664,973	\$ 1,628,794

U.S.

Our warehouse credit facilities allow us to borrow up to an aggregate of \$5.1 billion, mature between 2025 and 2031 and subject to covenant compliance, generally permit borrowings up to 12 months prior to the final maturity date. As of March 31, 2024, we have drawn an aggregate of \$1.2 billion on our warehouse credit facilities. As of March 31, 2024, we were in compliance with all applicable covenants in the agreements.

International

We use various credit facilities to finance the origination of loan receivables in Canada. Similar to our U.S. warehouse credit facilities, borrowings under these agreements are referred to as funding debt, and proceeds from the borrowings may only be used for the purposes of facilitating loan funding and origination. These facilities are secured by Canadian loan receivables pledged to the respective facility as collateral, mature between 2026 and 2030. As of March 31, 2024, the aggregate commitment amount of these facilities was \$590.0 million on a revolving basis, of which \$385.2 million was drawn.

Sale and Repurchase Agreements

We entered into various sale and repurchase agreements pursuant to our retained interests in our off-balance sheet securitizations where we have sold these securities to a counterparty with an obligation to repurchase at a future date and price. These agreements have an initial term of three months and subject to mutual agreement by Affirm and the counterparty, we may enter into one or more repurchase date extensions, each for an additional three month term at market interest rates on such extension date. As of March 31, 2024, the obligation under the sales and repurchase agreements was fully paid down and no securities were pledged as collateral. We had \$11.0 million in debt outstanding under our sale and repurchase agreements disclosed within funding debt on the interim consolidated balance sheets as of June 30, 2023.

Other Funding Sources**Securitizations**

In connection with asset-backed securitizations, we sponsor and establish trusts (deemed to be VIEs) to ultimately purchase loans facilitated by our platform. Securities issued from our asset-backed securitizations are senior or subordinated, based on the waterfall criteria of loan payments to each security class. The subordinated residual interests issued from these transactions are first to absorb credit losses in accordance with the waterfall criteria. We consolidate securitization VIEs when we are deemed to be the primary beneficiary and therefore have the power to direct the activities that most significantly affect the VIEs' economic performance and a variable

interest that could potentially be significant to the VIE. Where we consolidate the securitization trusts, the loans held in the securitization trusts are included in loans held for investment, and the notes sold to third-party investors are recorded in notes issued by securitization trusts in the interim condensed consolidated balance sheets. Refer to Note 10. Securitization and Variable Interest Entities in the notes to the interim condensed consolidated financial statements for further details.

Revolving Credit Facility

In February 2022, we entered into a revolving credit agreement for a \$165.0 million unsecured revolving credit facility, maturing on February 4, 2025, which was subsequently amended to increase the unsecured revolving commitments to \$205.0 million. As of March 31, 2024, there were no borrowings outstanding under the facility. The facility contains certain covenants and restrictions, including certain financial maintenance covenants. As of March 31, 2024, we were in compliance with all applicable covenants in the agreements. Refer to Note 9. Debt in the notes to the interim condensed consolidated financial statements for further details on our revolving credit facility.

Forward Flow Loan Sale Arrangements

We have forward flow loan sale arrangements that facilitate the sale of whole loans across a diverse third party investor base. Forward flow arrangements are generally fixed term in nature, with term lengths ranging between one to three years, during which we periodically sell loans to each counterparty based on the terms of our negotiated agreement.

Cash Flow Analysis

The following table provides a summary of cash flow data during the periods indicated:

	Nine Months Ended March 31,	
	2024	2023
	(in thousands)	
Net cash provided by (used in) operating activities	381,375	(31,608)
Net cash used in investing activities	(787,516)	(875,896)
Net cash provided by financing activities	767,180	740,396

Cash Flows from Operating Activities

Our largest sources of operating cash are fees charged to merchant partners on transactions processed through our platform and interest income from consumers' loans. Our primary uses of cash from operating activities are for general and administrative, technology and data analytics, funding costs, processing and servicing, and sales and marketing expenses.

Net cash provided by operating activities was \$381.4 million for the nine months ended March 31, 2024. Net loss of \$472.6 million was adjusted for the add back of net non-cash items of \$826.8 million, and net changes in our operating assets and liabilities of \$27.2 million. The net changes in operating assets and liabilities decreased compared to prior period primarily related to \$91.8 million decrease in net purchase and sale of loans held for sale, a \$104.0 million decrease in accounts receivable, partially offset by \$61.5 million increase in other assets, a \$10.2 million increase in accounts payable, and a \$103.1 million increase in payable to third-party loan owners.

Net cash used in operating activities was \$31.6 million for the nine months ended March 31, 2023. Net loss of \$779.4 million was adjusted for the add back of net non-cash items of \$702.5 million, and net changes in our operating assets net of operating liabilities of \$45.3 million. The net changes in operating assets net of operating liabilities increased compared to prior period primarily related to \$118.9 million increase in net purchase and sale of loans held, and a \$40.7 million increase in accounts receivable, partially offset by \$31.3 million decrease in other assets, a \$73.8 million decrease in accrued expenses and other liabilities, and a \$13.1 million decrease in payable to third-party loan owners.

Cash Flows from Investing Activities

Net cash used in investing activities was \$787.5 million for the nine months ended March 31, 2024, which consisted of outflows related to \$15.6 billion of purchases and origination of loans held for investment, including originated and purchased loans of \$3.2 billion and \$12.4 billion, respectively, during the period, \$461.2 million of purchases of securities available for sale, and \$121.0 million of our investment in purchases of property, equipment and software. Inflows related to \$10.3 billion of principal repayments of loans, \$4.2 billion of proceeds from sale of loans held for investment, and \$891.9 million of proceeds from maturities of securities available for sale.

Net cash used in investing activities was \$875.9 million for the nine months ended March 31, 2023, which consisted of outflows related to \$9.6 billion of purchases and origination of loans held for investment, including originated and purchased loans of \$2.7 billion and \$6.9 billion, respectively, during the period, \$566.3 million of purchases of securities available for sale, and \$95.9 million of our investment in purchases of property, equipment and software of. Inflows related to \$7.2 billion of principal repayments of loans, \$1.1 billion of proceeds from sale of loans, and \$1.1 billion of proceeds from maturities and repayments of securities available for sale.

Cash Flows from Financing Activities

Net cash provided by financing activities was \$767.2 million for the nine months ended March 31, 2024, primarily consisted of net cash inflows of \$1.1 billion from the new issuance and repayment of notes and residual trust certificates issued by securitization trusts. This was partially offset by net cash outflows of \$158.9 million related to borrowing and repayment of funding debt.

Net cash provided by financing activities was \$740.4 million for the nine months ended March 31, 2023, primarily consisted of net cash inflows of \$165.4 million from the new issuance and repayment of notes and residual trust certificates issued by securitization trusts and by net cash inflows of \$836.3 million related to borrowing and repayment of funding debt. This was partially offset by net cash outflows of \$206.6 million related to the extinguishment of a portion of our 2026 Notes.

Contractual Obligations

There were no material changes outside of the ordinary course of business in our commitments and contractual obligations for the three and nine months ended March 31, 2024 from the commitments and contractual obligations disclosed in the section titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Contractual Obligations*," set forth in our Annual Report on Form 10-K for the fiscal year ended June 30, 2023, which was filed with the SEC on August 25, 2023.

Off-Balance Sheet Arrangements

In the ordinary course of business, we engage in activities that are not reflected on our interim condensed consolidated balance sheets, generally referred to as off-balance sheet arrangements. These activities involve transactions with unconsolidated VIEs, including our sponsored securitization transactions, which we contractually service.

For off-balance sheet loan sales where servicing is the only form of continuing involvement, we could experience a loss if we were required to repurchase a loan due to a breach in representations and warranties associated with our loan sale or servicing contracts.

For unconsolidated securitization transactions where Affirm is the sponsor and risk retention holder, Affirm could experience a loss of up to 5% of both the senior notes and residual trust certificates. In the unlikely event principal payments on the loans backing any off-balance sheet securitization are insufficient to pay holders of senior notes and residual trust certificates, including any retained interests held by Affirm, then any amounts we contributed to the securitization reserve accounts may be depleted. Refer to Note 10. Securitization and Variable Interest Entities in the notes to the interim condensed consolidated financial statements for further details.

As of March 31, 2024, the aggregate outstanding balance of loans held by third-party investors and off balance sheet securitizations was \$4.7 billion.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with U.S. GAAP and requires us to make certain estimates and judgments that affect the amounts reported in our consolidated financial statements. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Because certain of these accounting policies require significant judgment, our actual results may differ materially from our estimates. To the extent that there are differences between our estimates and actual results, our future consolidated financial statement presentation, financial condition, results of operations, and cash flows may be affected. We evaluate our critical accounting policies and estimates on an ongoing basis and update them as necessary based on changes in market conditions or factors specific to us. There have been no material changes in our significant accounting policies or critical accounting estimates during the three and nine months ended March 31, 2024.

For a complete discussion of our significant accounting policies and critical accounting estimates, refer to our Annual Report on Form 10-K for the year ended June 30, 2023 within Note 2 to the Notes to Consolidated Financial Statements and "*Management's Discussion and Analysis of Financial Condition and Results of Operations— Critical Accounting Policies and Estimates*".

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have operations within the United States and Canada, and we are exposed to market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and interest rates. Our market risk exposure is primarily the result of fluctuations in interest rates. Foreign currency exchange rates do not pose a material market risk exposure, as our current operations are primarily in the U.S.

Interest Rate Risk

Our securities available for sale at fair value as of March 31, 2024 included \$781.4 million of marketable debt securities with maturities greater than three months. An increase in interest rates would have an adverse impact on the fair market value of our fixed rate securities while floating rate securities would produce less income than expected if interest rates were to decrease. Because our investment policy is to invest in conservative, liquid investments and because our business strategy does not rely on generating material returns from our investment portfolio, we do not expect our market risk exposure on marketable debt securities to be significant.

Continued volatility in interest rates and inflation, which may persist longer than previously expected, may adversely impact our customers' spending levels and ability and willingness to pay outstanding amounts owed to us. Higher interest rates may lead to higher payment obligations on our future credit products but also for consumers' other financial commitments, including their mortgages, credit cards, and other types of loans. Therefore, prolonged higher interest rates may lead to increased delinquencies, charge-offs, and allowances for loans and interest receivable, which could have an adverse effect on our operating results.

We rely on a variety of funding sources with varying degrees of interest rate sensitivities. Certain of our funding arrangements bear a variable interest rate. Given the fixed interest rates charged on the loans that we purchase from our originating bank partners or originate ourselves, a rising variable interest rate would reduce our interest margin earned in these funding arrangements. Additionally, certain of our loan sale agreements are repriced on a recurring basis using a mechanism tied to interest rates as well as loan performance. Increases in interest rates could reduce our loan sale economics. We also rely on securitization transactions, with notes typically bearing a fixed coupon. For future securitization issuances, higher interest rates could have several outcomes. For consolidated securitizations, higher interest rates may result in higher coupons paid and therefore higher funding costs. For transactions that are not consolidated, higher interest rates may impact overall deal economics which are a function of numerous transaction terms.

We maintain an interest rate risk management program which measures and manages the potential volatility of earnings that may arise from changes in interest rates. We use interest rate derivatives to mitigate the effects of changes in interest rates on our variable rate debt which eliminates some, but not all, of the interest rate risk. Some of these contracts are designated as cash flow hedges for accounting purposes. For those contracts designated as cash flow hedges, the effective portion of the gain or loss on the derivatives is recorded in other comprehensive income (loss) and is reclassified into funding costs in the same period the hedged transaction affects earnings. Factoring in the interest rate risk management program and the repricing of investment securities, as of March 31, 2024, we estimate that a hypothetical instantaneous 100 basis point upward parallel shock to interest rates would have a less than \$45.0 million adverse impact on our cash flows associated with our market risk sensitive instruments over the next 12 months. This measure projects the changes in cash flows associated with all assets and liabilities, including derivatives, based on contractual market rate-based repricing conditions over a twelve-month time horizon. It considers forecasted business growth and anticipated future funding mix.

Credit Risk

We have credit risk primarily related to our consumer loans held for investment. We are exposed to default risk on both loan receivables purchased from our originating bank partners and loan receivables that are directly originated. The ultimate collectability of a substantial portion of the loan portfolio is susceptible to changes in economic and market conditions. To manage this risk, we utilize our proprietary underwriting models to make lending decisions, score, and price loans in a manner that we believe is reflective of the credit risk. Other credit levers, such as user limits and/or down payment requirements, are used to determine the likelihood of a consumer being able to pay.

To monitor portfolio performance, we utilize a wide range of internal and external metrics to review user and loan populations. Each week, management reviews performance for each customer segment, typically split by ITACs model score, financial product originated, age of loan, and delinquency status. Internal performance trendlines are measured against external factors such as unemployment, CPI, and consumer sentiment to determine what changes, if any, in risk strategy is warranted.

As of March 31, 2024 and June 30, 2023, we were exposed to credit risk on \$5.5 billion and \$4.4 billion, respectively, of loans held on our interim condensed consolidated balance sheet. Loan receivables are diversified geographically. As of both March 31, 2024 and June 30, 2023, approximately 11% of loan receivables related to customers residing in the state of California. No other states or provinces exceeded 10%.

We are also exposed to credit risk in the event of nonperformance by the financial institutions holding our cash and the issuers of our cash equivalents and available for sale securities. We maintain our cash deposits and cash equivalents in highly-rated, federally-insured financial institutions in excess of federally insured limits. We manage this risk by conducting business with well-established financial institutions, diversifying our counterparties and having guidelines regarding credit rating and investment maturities to safeguard liquidity. Although, we are not substantially dependent on a single financing source and have not historically experienced any credit losses related to these financial institutions, recently there has been instability at certain financial institutions and there can be no assurances that such instability may not continue or become more widespread in the future. If multiple financing sources were to be unable to fulfill their funding obligations to us, it could have a material adverse effect on our financial condition, results of operations and cash flows.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer ("CEO") and our Chief Financial Officer ("CFO"), has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, our CEO and CFO concluded that such disclosure controls and procedures were effective as of the end of the period covered by this Quarterly Report on Form 10-Q and designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the requisite time periods specified in the applicable rules and forms and is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitation on the Effectiveness of Internal Control

The effectiveness of any system of internal control over financial reporting is subject to inherent limitations, including the exercise of judgment in designing, implementing, operating, and evaluating the controls and procedures, and the inability to eliminate misconduct completely. Accordingly, any system of internal control over financial reporting, no matter how well designed and operated, can only provide reasonable, not absolute assurance that its objectives will be met. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. We intend to continue to monitor and upgrade our internal controls as necessary or appropriate for our business but such improvements will be subject to the same inherent limitations outlined in this section.

Part II - Other Information

Item 1. Legal Proceedings

Please refer to Note 8, "Commitments and Contingencies" of the accompanying notes to our interim condensed consolidated financial statements.

From time to time, we may be subject to other legal proceedings and claims in the ordinary course of business. We are not presently a party to any such other legal proceedings that, if determined adversely to us, would individually or taken together have a material adverse effect on our business, results of operations, financial condition, or cash flows. The results of any current or future litigation cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors.

Item 1A. Risk Factors

The risks described under the heading "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended June 30, 2023 could materially and adversely affect our business, financial condition, results of operations, cash flows, future prospects, and the trading price of our Class A common stock. The risks and uncertainties described therein are not the only ones we face. Additional risks and uncertainties that we are unaware of or that we currently deem immaterial may also become important factors that adversely affect our business.

You should carefully read and consider such risks, together with all of the other information in our Annual Report on Form 10-K for the fiscal year ended June 30, 2023, in this Quarterly Report on Form 10-Q (including the disclosures in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in our interim condensed consolidated financial statements and related notes), and in the other documents that we file with the SEC.

There have been no material changes from the risk factors previously disclosed under the heading "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended June 30, 2023.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Rule 10b5-1 Trading Plans

During the quarter ended March 31, 2024, no directors and officers, as defined in Rule 16a-1(f) of the Exchange Act, adopted and/or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as defined in Regulation S-K Item 408.

[Table of Contents](#)

Item 6. Exhibits

Exhibit Number	Description	Incorporated by Reference					Filed Herewith
		Form	File No.	Exhibit	Filing Date		
10.1	Second Amendment to Amended and Restated Installment Financing Services Agreement, dated as of February 2, 2024, by and between Affirm, Inc., Amazon.com Services LLC and Amazon Payments, Inc.*					X	
10.2	Amended and Restated Customer Installment Program Agreement, dated March 18, 2024, by and between Shopify Inc. and Affirm, Inc.*					X	
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X	
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X	
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X	
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X	
101.INS	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document					X	
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X	
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X	
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X	
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X	
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X	
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)					X	

* Portions of the exhibit have been omitted as the Company has determined that: (i) the omitted information is not material; and (ii) the Company customarily and actually treats the omitted information as private or confidential.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized,

AFFIRM HOLDINGS, INC.

Date: May 8, 2024

By: /s/ Max Levchin

Max Levchin

Chief Executive Officer

(Principal Executive Officer)

By: /s/ Michael Linford

Michael Linford

Chief Financial Officer

(Principal Financial Officer)

Certain identified information in this document has been excluded because it is both (i) not material and (ii) is the type of information that the Company customarily and actually treats as private or confidential. This document has been marked with "[***]" to indicate where omissions have been made. Additionally, pursuant to Item 601(a)(5) of Regulation S-K, Exhibits G through K have been omitted in their entirety.

Second Amendment to Amended and Restated Installment Financing Services Agreement

This Second Amendment to the Amended and Restated Installment Financing Services Agreement (the "Second Amendment") is made as of Feb 2, 2024 (the "Amendment Effective Date") by and between (a) Affirm, Inc. ("Affirm"), (b) Amazon.com Services LLC ("Amazon Services") and (c) Amazon Payments, Inc. ("Amazon Payments"), and hereby amends and modifies the Amended and Restated Installment Financing Services Agreement between Amazon and Affirm dated November 10, 2021 (as amended, restated, supplemented or otherwise modified from time to time, the "Agreement"). Amazon Services and Amazon Payments may also be referred to herein individually as "Amazon". Amazon and Affirm may sometimes be referred to herein together as the "Parties" or singularly as a "Party". Unless otherwise defined herein, capitalized terms shall have the meanings ascribed to such terms in the Agreement.

WHEREAS, Amazon and Affirm are parties to the Agreement;

WHEREAS, Amazon and Affirm wish to amend the Agreement as set forth in this Second Amendment;

NOW, THEREFORE, in consideration of the mutual covenants and promises herein, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Amazon and Affirm agree as follows:

- 1. Split Capture.** In the case of any purchase made on a Processed Merchant Site, Amazon Payments desires to be able to receive settlement loan proceeds or capture portions of a single Basket at different points in time when fulfilling different parts of a multi-item order in the United States ("Split Capture").
 - a.** Amazon Payments acknowledges and understands that any loan proceeds received by Amazon Payments has been transmitted by an entity that is either: (a) licensed as a money transmitter and registered as a money services business with the federal Financial Crimes Enforcement Network, or (b) otherwise exempt from such licensure and registration.
 - b.** Amazon Payments authorizes Affirm, its subsidiaries, affiliates, and bank partners, to verify, receive, and transmit payment instructions on behalf of Amazon Payments as necessary to effectuate the transmission funds for purposes of a Split Capture. Amazon Payments agrees to execute any ACH authorization forms or provide other authorizations as reasonably requested by Affirm which will permit the initiation of ACH debits and/or credits to Amazon Payments.
- 2. Section 2.2 (B), Display and Availability.** Section 2.2(B), Display and Availability of the Agreement is modified to include the contents of Exhibit A attached hereto to the end of Section 2.2(B).
- 3. Section 2.4, Design and Printing of Statements and Other Materials.** The first sentence of Section 2.4, Design and Printing of Statements and Other Materials of the Agreement is hereby amended its entirety and replaced with the contents of Exhibit B attached hereto.

- 4. Section 2.5, Underwriting.** Section 2.5(A) of the Agreement is hereby amended in its entirety and replaced with the contents of Exhibit C attached hereto.
- 5. Section 3(G), Marketing and Program Support.** Section 3(G), Marketing and Program Support of the Agreement is hereby modified by adding the contents of Exhibit D attached hereto to the end of Section 3(G).
- 6. Section 6.10(E), Settlement of Program Credit Proceeds.** Section 6.10(E) of the Agreement is hereby amended in its entirety and replaced with the contents of Exhibit E attached hereto.
- 7. Article 3, Program Application Procedures.** Section 3.1 and 3.2 of Article 3, Program Application Procedures are hereby amended in its entirety and replaced with the contents of Exhibit F attached hereto.

8. Schedule 1.1, Definitions.

- a.** The following definitions are hereby added to Schedule 1.1, Definitions:

“Custom Rev Share” means the product of the Custom Rev Share Rate and the applicable Program Credit.

“Custom Rev Share Rate” means the applicable rate, expressed as a percentage which the Parties may mutually agree to from time to time in writing (email sufficient) for an applicable Processed Merchant or Processed Merchants and for a specified amount of time. Any Custom Rev Share agreed to by the Parties in writing (email sufficient) will supersede the Pricing Options in Section 2.1 of Schedule 2.3(A)(2).

[***]

“Partial Payment” has the meaning set forth in Section 6.10(E). Solely with respect to purchases at an Amazon Site that are made with the Splitpay Product, an Approved Customer will not be able to make a Partial Payment for Program Credit until the Parties agree upon and implement a solution in compliance with Applicable Law to enable the offering of such Partial Payments. The Parties agree that the amount of a Partial Payment will not exceed [***] of an Approved Customer’s Requested Loan Amount.

[***]

[***]

[***]

[***]

- b.** The following definitions set forth in Schedule 1.1, Definitions of the Agreement are hereby amended by deleting such definitions in their entirety and restating them as follows:

“Aggregate Data” means the aggregate, statistical or other non-personally identifiable information provided by Affirm to Amazon Services regarding Program Credit, [***] and Approved Customers under this Agreement.

"Amazon Customer Information" means for each Amazon Customer submitting a [***] or applying for Program Credit, as applicable, (i) any Additional Amazon Data pertaining to such Amazon Customer; (ii) [***], (iii) the product categories of the Purchased Goods and (iv) such other information collected or assembled by any Amazon Party regarding Amazon Customers on or through the Participating Site.

"Eligible Applicant" means an Amazon Customer with a Verified Address in the Territory over 18 years of age who completes and submits an application for [***] or Program Credit, as applicable, and meets Affirm's or Bank's underwriting criteria pursuant to the applicable Credit Underwriting Policy.

"Program" means, unless otherwise stated, the program that is operated in accordance with the terms of this Agreement under which Affirm determines [***], and/or issues Program Credit to Eligible Applicants and administers such Program Credit, and Affirm and the Amazon Parties market and promote the use of such program.

[***]

"Required Application Fields" means an applicant's phone number, name, email address, date of birth, annual personal income and last four digits of social security number. [***]

"Result Data" means, (i) a unique identifier created by Affirm identifying each transaction, (ii) a unique identifier created by Affirm identifying each [***] or Program Credit (with respect to the Program Application for Program Credit), and (iii) Affirm's credit decision with respect to each Program Application, which will be either "Approved" "Declined" or "Pending".

"Shared Information" means [***] with respect to [***], and each application for or use of, Program Credit, as applicable, including information contained in any report set forth in Schedule 13.1.

9. Schedule 2.5(B), Program Performance Targets. The following definitions in Schedule 2.5(B), Program Performance Targets of the Agreement are hereby amended in its entirety and replaced with the contents of Exhibit G attached hereto.

10. Schedule 2.3(A)(1), Program Credit Features. Section 3.1 of Schedule 2.3(A)(1), Program Credit Features of the Agreement is hereby amended in its entirety and replaced with the contents of Exhibit H attached hereto.

11. Schedule 3.1, Application Process–Selected Features. Schedule 3.1. Application Process– Selected Features of the Agreement is hereby modified in accordance with Exhibit I attached hereto.

12. Schedule 4.1, Performance Standards. Schedule 4.1, Performance Standards of the Agreement is hereby modified by adding the contents of Exhibit J attached hereto.

13. Schedule 13.1, Reports. The first table immediately following Section A (Commercial Reporting Pack) in Schedule 13.1 is hereby modified by adding the contents of Exhibit K attached hereto to the table.

14. Governing Law and Forum. This Second Amendment is governed by the laws of the State of Washington, without reference to its conflict of law rules. Each Party agrees to exclusive personal jurisdiction and venue in the federal and state courts in King County, Washington for any dispute arising out of this Agreement. With respect to any proceeding or action arising out of or in any way relating to this Agreement (whether in contract, tort, equity or otherwise), the Parties knowingly, intentionally and irrevocably waive their right to trial by jury.

15. Effectiveness; No other Modification. This Amendment is effective as of the Second Amendment Effective Date. Except as modified in this Second Amendment, all of the terms and conditions of the Agreement remain unchanged and in full force and effect. In the event of any conflict between the terms of the Agreement and those in this Second Amendment, the terms of this Second Amendment shall govern with respect to the subject matter hereof.

16. Counterparts. This Amendment may be executed simultaneously in any number of counterparts, each of which may be deemed an original but all of which together constitute one and the same agreement. The Parties may execute and deliver signatures to this Amendment electronically, including by facsimile or portable document format (PDF) file.

[SIGNATURE BLOCK ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Second Amendment as of the date written above.

AFFIRM, INC.

By: /s/ Pat Suh
Name: Pat Suh
Title: SVP Revenue

AMAZON.COM SERVICES LLC

By: /s/ David Williams
Name: David Williams
Title: VP Payment Products

AMAZON PAYMENTS, INC.

By: /s/ Pat Suh
Name: Pat Suh
Title: SVP Revenue

EXHIBIT A

[***]

EXHIBIT B

2.4. Affirm will design Program Credit statements and any other general or regulatory related mailings or communications sent to declined applicants for Program Credit [***], Eligible Applicants, [***], Approved Customers in the ordinary course of administering the Program (collectively, "Program Credit Materials"), including certain communications related to pre-charge-off delinquency, in each case subject to Applicable Law.

EXHIBIT C

2.5 (A) General. Affirm will, in conjunction with Bank, as applicable, upon receipt of Application Data from an applicant for [**] or Program Credit, as applicable, review and process the Program Application. Upon Affirm's or Bank's determination to approve, pend, or decline a Program Application under the Application Process as set forth in Schedule 3.1, and in compliance with Applicable Law, Affirm will relay such determination to Amazon Services. [**] For each application for Program Credits that is approved, Affirm or Bank, as applicable, will issue Program Credit for use by the Approved Customer to finance the purchase of the applicable Basket. [**]

EXHIBIT D

(G). From time to time, Affirm may agree to reimburse additional incremental Marketing Funds to Amazon, such amounts and any conditions set forth to be agreed to by the Parties in writing (email sufficient).

EXHIBIT E

6.10 (E) Settlement of Program Credit Proceeds. (1) In the case of any purchase made on a Participating Site other than a Processed Merchant Site, upon Affirm's receipt of confirmation from Amazon that the last Purchased Good in a Basket has shipped, or (2) in the case of any purchase made on a Processed Merchant Site, [***], Affirm will initiate payment to Amazon Services or Amazon Payments, as the case may be, [***], of an amount equal to the entire loan proceeds under the Installment Credit Agreement approved for that Basket, which amount will equal the sum of the Basket Amount due from Affirm to Amazon, less any (i) Subsidy (as applicable) with respect to that Installment Credit Agreement, (ii) in the case of payments made to Amazon Payments, Affirm MDR, (iii) Processed Merchant Losses, and (iv) the Buy Rate Amount (the "Settled Loan Proceeds"). Thirty days following the end of each month during the Term, Affirm will also pay to Amazon Payments the aggregate amount of Rev Share in respect of Program Credits relating to all transactions processed through the Amazon Pay Widget on Processed Merchant Sites during the immediately preceding month in accordance with Section 4.7 of Schedule 2.3(A)(2) less any Rev Share previously paid to Amazon Payments that corresponds to Full Order Cancellations, Partial Order Cancellations, Warranty Partial Order Cancellations or Amazon Concessions processed during such month. Notwithstanding the foregoing, solely with respect to purchases made on a Participating Site other than a Processed Merchant Site, if any item in a Basket has not shipped (a "Delayed Item") by the Settlement Cutoff Date then (x) Affirm will, in conjunction with Bank, as applicable, reduce the principal amount of the corresponding Program Credit as if the applicable Approved Customer had initiated a Partial Order Cancellation with respect to such Delayed Item in accordance with Section 6.11(C), and (y) by the first Business Day to occur after the Settlement Cutoff Date, Affirm will initiate payment to Amazon Services of an amount equal to the loan proceeds under the Installment Credit Agreement approved for that Basket (for the avoidance of doubt, after giving effect to the principal reduction described in the immediately preceding clause (x)). The "Settlement Cutoff Date" means the date that is one hundred twenty (120) days (if Affirm receives one-time, prior Bank approval), or otherwise sixty (60) days, after the entire loan proceeds under the Installment Credit Agreement were approved for a Basket. The Parties will mutually agree upon communications to Approved Customers relating to a Partial Order Cancellation for a Delayed Item. Affirm may not otherwise reduce or set off against the Settled Loan Proceeds, except for (i) any Subsidy due to Affirm with respect to that Installment Credit Agreement as set forth in Schedule 2.3(A)(1) or Schedule 2.3(A)(2), as applicable, (ii) refunds arising from Full Order Cancellations, Partial Order Cancellations, Warranty Partial Order Cancellations or Amazon Concessions, in each case communicated to Affirm by Amazon as set forth in Section 6.11; or (iii) Processed Merchant Losses. Affirm will transmit Settled Loan Proceeds to one or more accounts of Amazon Services or its Affiliates specified by Amazon Services. An Approved Customer's initial, one-time partial payment of the applicable purchase price (i.e., down payments) that is collected by Affirm on behalf of Amazon (in connection with a transaction made on a Participating Site other a Processed Merchant Site) or a Processed Merchant (in connection with a transaction made on a Processed Merchant Site) under this Agreement (each a "Partial Payment") will be considered the same as a payment made directly to Amazon (in connection with a transaction made on a Participating Site other a Processed Merchant Site) or the application Processed Merchant (in connection with a transaction made the applicable Processed Merchant Site). Until or unless Affirm Loan Services, LLC obtains its own money transmission license(s) as applicable, Affirm Loan Services, LLC may collect an Approved Customer's Partial Payment on behalf of a Processed Merchant through the Amazon Pay Widget in connection with a transaction made on a Processed Merchant Site under this Agreement. Each payment by an Approved Customer to Affirm Loan Services, LLC will be considered the same as a payment made directly to the applicable Processed Merchant. Amazon Payments understands that Affirm Loan Services, LLC's obligation to transmit a Partial Payment to Amazon Payments in accordance with Affirm's terms and conditions with the applicable Processed Merchant is subject to and conditional upon successful receipt of the associated Partial Payment from Customer. For the avoidance of doubt, with respect to Program Credits originated by Bank, Bank will disburse the Settled Loan Proceeds to Amazon; and with respect to Program Credits originated by Affirm's Affiliate, Affirm Loan Services, LLC, such Affirm Affiliate will disburse the Settled Loan Proceeds to Amazon. With respect to Program Credits relating to

transactions processed through the Amazon Pay Widget on Processed Merchant Sites, Settled Loan Proceeds will be disbursed to Amazon Payments. With respect to Program Credits relating to transactions processed through Participating Sites that do not include Processed Merchant Sites, Settled Loan Proceeds will be disbursed to Amazon Services or the applicable Covered Affiliate.

EXHIBIT F

3.1 General. Amazon Services and Affirm will implement an online application procedure for [***] and Program Credit, as applicable (“Application Process”), as more fully described in Schedule 3.1. Either Party may propose updates to the contents of the Program Application, which updates will be subject to the other Party’s Prior Approval; provided, that Affirm will have sole discretion over any such updates required by Applicable Law. Amazon Services will have sole discretion regarding the design (*i.e.*, look and feel) of the Program Application, other than any aspect of such design that is specifically required by Applicable Law, which will require Affirm’s Prior Approval. Affirm will create and maintain necessary tools in order to (A) provide the Affirm Program Application Hosting Services on the Affirm Site; (B) receive Application Data; (C) transmit to Amazon Services the Result Data; (D) provide a methodology for Amazon Services to simulate and display to Amazon Customers the payment details on each Participating Site; and (E) permit Approved Customers to access information pertaining to their Program Credit on the Affirm Site in accordance with Section 4.2(A).

3.2 Application Features. Without limiting the foregoing, the Application Process will include (in each case, to Amazon Services’ reasonable satisfaction) (1) [***]; (2) with respect to Program Application that relates to applying for Program Credit, (A) a credit decision and real-time notification for Program Applications subject to the Performance Standards set forth in Schedule 4.1; (B) immediate access to approved Program Credit to purchase a Basket on or through any Participating Site; (C) application requirements that are required under Applicable Law; and (D) real-time identification of the applicant to comply with Applicable Law.

[***]

Certain identified information in this document has been excluded because it is both (i) not material and (ii) is the type of information that the Company customarily and actually treats as private or confidential. This document has been marked with "[***]" to indicate where omissions have been made.

**AMENDED AND RESTATED
CUSTOMER INSTALLMENT PROGRAM AGREEMENT**

This Amended and Restated Customer Installment Program Agreement ("Agreement") is entered into as of March 18 2024 (the "Effective Date") by and between Shopify Inc., a Canadian corporation ("Shopify"), and Affirm, Inc., a Delaware corporation ("Affirm"). Shopify and Affirm may be referred to collectively as the 'Parties' or individually as a 'Party.'

WHEREAS, the Parties entered into that certain Customer Installment Program Agreement on July 16, 2020 (as amended, the "Previous Agreement"); and

WHEREAS, the Parties desire to amend and restate the Previous Agreement in its entirety pursuant to the terms hereof.

NOW, THEREFORE, in consideration of the mutual agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby to the terms of this Agreement.

The Agreement is made up of the attached Terms and Conditions applicable to the Program and services as well as any schedules, addenda, and exhibits that are attached. The additional specifics of the Program and services to be provided under this Agreement are included in an exhibit, and the Parties may amend this Agreement through an additional exhibit, addendum or other amendment to this Agreement that is mutually agreed upon by the Parties.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their authorized representatives below.

Shopify Inc.	Affirm, Inc.
Signature:	Signature:
Name:	Name:
Title:	Title:
Date:	Date:
<u>Notices.</u> Notices required under this Agreement shall be delivered pursuant to Section 23 (Notice), and addressed as set forth below:	
<u>If to Shopify:</u>	<u>If to Affirm:</u>

Shopify
150 Elgin Street, 8th Floor
Ottawa, ON
K2P 1L4
Canada
[***]

Affirm, Inc.
650 California Street, 12th Floor
San Francisco, CA 94108
Attention: Chief Legal Officer
[***]

TERMS AND CONDITIONS

1. Introduction. Affirm offers, administers and/or provides access to certain consumer/buyer installment financial products and services issued or originated in a manner that complies with Applicable Law. Affirm and Shopify are entering into this Agreement for Affirm to make the Financial Product available to Customers and Eligible Merchants. The purpose of this Agreement is to establish the framework and Program pursuant to which the Financial Product is developed, marketed and implemented for use on the Shopify Platform for the benefit of Shopify Merchants and their customers.

2. Definitions. All capitalized terms used in this Agreement and not otherwise defined shall have the meaning as set forth below.

2.1 **“Affiliates”** means any entity that directly or indirectly controls, is controlled by or is under common control with a Party.

2.2 **“Affirm Materials”** means any content, information, materials and items provided or made accessible by Affirm pursuant to this Agreement, including the Affirm API, links, text, images, audio, video and other copyright works, and software, tools, technologies and other functional items.

2.3 **“Affirm Pre-Existing IP”** means Affirm’s concepts, data, designs, developments, documentation, drawings, hardware, improvements, information, inventions, processes, software, techniques, technology, tools, and any other Intellectual Property Rights, and any third-party licenses or other rights to use any of the foregoing, that are developed entirely independently by Affirm (or a third party, as applicable), at any time without any use of Shopify’s Confidential Information.

2.4 **“Affirm’s Systems”** means Affirm’s hardware, network, computing environment and/or systems.

2.5 **“Applicable Law”** means all federal, state, and local laws and regulations, directives and any other relevant authorities, guidance and requirements, including those of Regulatory Authorities or payment networks, applicable to the Parties’ performance under this Agreement or the Program, including, but not limited to, as may be applicable, compliance with the Gramm-Leach-Bliley Act (“**GLBA**”) (including privacy and safeguarding of Customer Information), fair lending and any other applicable consumer protection laws and regulations, and any amendments and regulations promulgated therefrom, privacy and data protection laws and regulations, Bank Secrecy Act (“**BSA**”)/anti-money laundering (“**AML**”), Office of Foreign Assets Control (“**OFAC**”), and applicable anti-bribery and anti-corruption laws including the Foreign Corrupt Practices Act.

2.6 **“Application”** means the action or document by which a Customer requests or applies for a Financial Product from Affirm in connection with the Program.

2.7 **“Application Processing”** means those services necessary, in connection with an Application, to originate and establish a Financial Product in accordance with Applicable Law and the terms of the Program and Program Outline. Such services shall include but are not to be limited to: application of Affirm’s underwriting standards to incoming Applications, OFAC screening, customer service, statement preparation and issuance, regulatory compliance, security and fraud control, and activity reporting.

2.8 **“Confidential Information”** of the Disclosing Party means all data and information, regardless of the form or media, relating to the Disclosing Party of which the Receiving Party becomes

aware as a consequence of, or in relation to, the performance of its obligations or rights under this Agreement, which (i) is not generally known by the public, and (ii) is reasonably identified as confidential at the time of disclosure or which, under the circumstances surrounding disclosure, ought to be reasonably considered as confidential. Confidential Information includes (a) any information about Disclosing Party's and its Affiliates' (1) employees, (2) business plans, methods and practices, (3) marketing plans, method and practices, including data flows, product processes and security features, (4) financial information, (5) price lists and pricing policies, (6) contracts and contractual relations with customers, (7) customer names and lists, and (8) personally identifiable information (as defined under Applicable Law); (b) technical information and requirements, drawings, engineering data, performance specifications; (c) the existence and terms and conditions of this Agreement; and (d) confidential information of third parties. In addition to the above, Confidential Information of Shopify includes Merchant Information and Program Information. For the avoidance of doubt, GLBA NPI, as defined in Section 14.2, shall not include Customer Information or Confidential Information that Shopify has or collects for any purposes other than for an Eligible Merchant to participate in the Program or to make the Financial Product available to Customers.

2.9 **“Conflict”** means any dispute, controversy, or claim arising out of or relating to this Agreement, the Program Outline or the Warrant Agreement.

2.10 **“Customer”** or **“Buyer”** means any third party that applies for, accesses or receives a Financial Product from an Eligible Merchant pursuant to the Program

2.11 **“Customer Information”** means all information provided by a Customer, whether personally identifiable or in aggregate, that is submitted and/or obtained by or on behalf of Affirm or Shopify about a Customer or an Application (whether or not completed) for products or services offered pursuant to the Program, including demographic data, and transaction data. “Customer Information” does not include information about a Customer provided by a non-Customer third party to Affirm or Shopify, including but not limited to consumer reports about Customers provided by credit bureaus. For the avoidance of doubt, GLBA NPI shall not include Customer Information or Confidential Information that Shopify has or collects for any purposes other than for an Eligible Merchant to participate in the Program or to make the Financial Product available to Customers.

2.12 **“Customer Losses”** means any amounts or losses resulting from (i) Customer fraud; or (ii) Customer failure to make loan payments or meet any other obligation to Affirm in accordance with any applicable Customer Agreement, as defined in Section 5.2.

2.13 **“Disclosing Party”** means the Party providing Confidential Information to the other Party directly or indirectly (via one or more third parties acting on behalf of and at the direction of the Disclosing Party).

2.14 **“Eligible Merchant”** means any Merchant approved by Shopify and Affirm (in compliance with this Agreement) to participate in the Program and makes the Financial Product available to Customers.

2.15 **“Excluded Customer”** means any customer of Affirm who has obtained a product or service from Affirm outside of or unrelated to the Program.

2.16 **“Excluded Customer Information”** means all information, whether personally identifiable or in aggregate, obtained by Affirm about an Excluded Customer independently of the Program.

2.17 “**Excluded Merchant**” means any Merchant who, both prior to the applicable Program launch and independent of the Program, has obtained a product or service from Affirm and who Affirm has not migrated to the Program in accordance with the applicable Program Outline and Program Agreement.

2.18 “**Excluded Merchant Information**” means all information, whether personally identifiable or in aggregate, obtained by Affirm about an Excluded Merchant.

2.19 “**Financial Product**” means a consumer/buyer installments financial product or service offered by Affirm to Customers pursuant to or in connection with the Program and as further described in a Program Outline.

2.20 “**Force Majeure Event**” as used in this Agreement will mean an unanticipated event that is not reasonably within the control of the affected Party or its subcontractors, such as (i) acts of God, fire, flood, explosion, earthquake, or other natural forces, war, civil unrest, (ii) unforeseeable pandemics or epidemics that are officially declared by the U.S. Centers for Disease Control or the World Health Organization, combined with labor force quarantines that are officially declared as such by an applicable governmental authority, as a result of such U.S. Centers for Disease Control or World Health Organization declaration, or (iii) any other event similar to those enumerated above and which by exercise of reasonable due diligence, such affected Party or its subcontractors could not reasonably have been expected to avoid, overcome or obtain, or cause to be obtained, a commercially reasonable substitute therefore. For the avoidance of doubt, the current COVID-19 pandemic is expressly carved out of this Force Majeure Event and neither party expresses a position whether it would meet the criteria set forth in subclause (ii) above.

2.21 “**Intellectual Property Rights**” means (i) inventions, improvements, patents (including all reissues, continuations, continuations-in-part, revisions, extensions, and reexaminations thereof) and patent applications, (ii) trademarks, service marks, trade names and trade dress, together with the goodwill associated therewith, (iii) works of authorship and copyrights, including copyrights in computer software, databases and television programming and all rights related thereto, (iv) confidential and proprietary information, including trade secrets and know-how, (v) processes, methods, procedures and materials, (vi) data, databases and information, (vii) software, tools and machine-readable texts and files, (viii) literary work or other work of authorship, including documentation, reports, drawings, charts, graphics, and other written documentation, together with all copyrights and moral rights, (ix) all other intellectual property or proprietary rights, and (x) all registrations and applications for registration and other rights in or appurtenant to the foregoing items described in clauses (i) through (ix) above.

2.22 “Internal Revenue Code” means the United States Internal Revenue Code of 1986, as amended.

2.23 “**Materials**” or “**Program Materials**” means, individually and collectively, Affirm Materials and/or Shopify Materials.

2.24 “**Merchant**” means any Shopify customer on the Shopify platform that is in the business of selling goods and/or services unless otherwise expressly excluded from this definition as mutually agreed by the Parties.

2.25 “**Merchant Information**” means any information or data obtained during the Term about Merchants specifically including, but not limited to, the following: the fact that someone is a Merchant; all lists of Merchants; and all information relating to and identified with such Merchants or its owners.

“Merchant Information” does not include (i) information about a Merchant provided by a non-Merchant third party to Affirm or Shopify, including but not limited to credit reports about Merchants provided by credit bureaus or a similar reporting agency; or (ii) Excluded Merchant Information.

2.26 [***] means [***] (i) [***]; (ii) [***]; or (iii) [***] set forth in the applicable Merchant Agreement, as defined in Section 5.2.

2.27 **“Migrated Merchant”** means any Eligible Merchant that has participated in an Affirm product prior to the date of the migration as described in the applicable Program Outline Agreement and has moved over to the Program in accordance with the applicable Program Outline.

2.28 **“Non-Employee Personnel”** means any person, whether legal or natural, who is not an employee of a Party, but who may act on behalf of, or otherwise represent, such Party.

2.29 **“Person”** means any natural or legal person, including any individual, corporation, partnership, limited liability company, trust or unincorporated association, or other entity.

2.30 **“Personnel”** means a Party’s employees, representatives, agents, subcontractors, consultants, third-party advisors, Non-Employee Personnel or any other persons, whether legal or natural, who may act on behalf of, or otherwise represent, a Party.

2.31 **“Program”** means the system of services under which Affirm shall make the Financial Product available to Eligible Merchants and Customers pursuant to the applicable Program Outline as set forth herein.

2.32 **“Program Information”** means any information and data related to the Program or any information or data provided by or on behalf of Shopify or its Eligible Merchants (including any Migrated Merchants) to Affirm in connection with the Program that is not considered to be Merchant Information or Customer Information; provided that “Program Information” shall not include (i) GLBA NPI, (ii) Affirm Confidential Information, (iii) Affirm Materials, (iv) Affirm Pre-Existing IP, (v) Intellectual Property Rights that Affirm or its Affiliates solely create, author, develop or otherwise acquire (as further described in Section 8.4), (vi) Intellectual Property Rights that the Parties jointly create, author or develop (as further described in Section 8.4), or (vii) information or data related to the Program that is not unique to the Program or that was created, authored or developed by Affirm for use outside of the Program (e.g., existing Affirm products that are similar to the Financial Product).

2.33 **“Program Outline”** means, collectively, the program outlines agreed to by the Parties outlining each component of the Programs attached hereto as Exhibits C-1, C-2, C-3 and any subsequent additions as the Parties may determine.

2.34 **“Protected Information”** means any one or more of the following categories of information or data: (i) Customer Information; (ii) Application data; (iii) any other information or data covered by Applicable Law, including applicable privacy laws; (iv) all information about a Party’s information security and its applied information security measures; and (v) any information designated as Protected Information under this Agreement.

2.35 **“Receiving Party”** means the Party receiving Confidential Information from the Disclosing Party directly or indirectly (via one or more third parties acting on behalf of and at the direction of the Disclosing Party).

2.36 “**Regulatory Authority**” means any federal, state or local regulatory agency or other governmental agency or authority having jurisdiction over Affirm or Shopify.

2.37 “**Sanctions Requirements**” means the obligations and restrictions imposed by Applicable Laws, regulations, or governmental authorities regarding economic sanctions. Including but not limited to the processing, facilitation, and handling of financial transactions on the platform and adhering to reporting obligations, conducting due diligence on Customers and transactions, and implementing necessary measures to prevent unauthorized or prohibited payments involving sanctioned entities or jurisdictions.

2.38 “**Security Breach**” means any act or omission that materially compromises either the security, confidentiality or integrity of data or the physical, technical, administrative or organizational safeguards put in place by a Party or a third-party service provider that relate to the protection of the security, confidentiality or integrity of data relating to the Program. Without limiting the foregoing, a material compromise shall include any unauthorized access to, unauthorized disclosure of or unauthorized acquisition of nonpublic personal information or Customer Information, and, in the case of Affirm, Merchant Information.

2.39 “**Security Complaint**” means receipt of a credible complaint in relation to privacy and data security practices of the applicable Party or the applicable Party’s third-party service provider of a material breach or alleged material breach of this Agreement relating to such privacy and data security practices.

2.40 “**Security Breach Costs**” means (a) costs, expenses (including reasonable attorney and expert witness fees), damage awards, fines and penalties resulting from claims, investigations, litigation, arbitration and mediation arising from or related to a Security Breach; (b) Merchant Losses or Customer Losses arising from or related to such Security Breach; (c) costs and expenses of responding to the Security Breach (for example, the cost of notifying Customers, Regulatory Authorities and others affected directly by the Security Breach); and (d) costs and expenses of mitigation and remediation of the Security Breach, including the provision of monitoring service, credit protection service, credit fraud alert and/or similar services that the non-breached Party deems reasonably necessary to protect itself or its affected Customers in light of risks posed by the actual or potential Security Breach.

2.41 “**Shopify Materials**” means any content, information, materials and items provided or made accessible by Shopify pursuant to this Agreement, including the Shopify API, links, text, images, audio, video and other copyright works, and software, tools, technologies and other functional items.

2.42 “**Shopify Pre-Existing IP**” means Shopify’s concepts, data, designs, developments, documentation, drawings, hardware, improvements, information, inventions, processes, software, techniques, technology, tools, and any other Intellectual Property Rights, and any third-party licenses or other rights to use any of the foregoing, that are developed entirely independently by Shopify (or a third party, as applicable), at any time without any use of Affirm’s Confidential Information.

2.43 “**Shopify’s Systems**” means Shopify’s hardware, network, computing environment and/or systems.

2.44 “**Specifications**” means the criteria, requirements, applicable performance capabilities, characteristics, and other descriptions and standards for each Party’s services and deliverables set forth in this Agreement or the Program Outline.

- 2.45 “**Strategic Operating Committee**” means the Committee formed by the Parties as set forth in Section 7.2.
- 2.46 “**Warrant Agreement**” means warrant agreement attached hereto as Exhibit F.
- 2.47 “**Treasury Regulations**” means United States Treasury regulations issued under Internal Revenue Code.

3. Scope of Arrangement.

3.1 This Agreement contains the sole and exclusive terms and conditions between the Parties with respect to the subject matter hereof. The Parties agree that this Agreement is not intended to create an exclusive relationship of any type between the Parties except where and to the extent specifically indicated herein.

3.2 For the purposes of this Agreement, the term “Affirm” is used in connection with any indemnity, obligation, representation, warranty, covenant or undertaking of Affirm, irrespective of whether such item is or must be supported or fulfilled in whole or part for Affirm or other third party financial institution with whom Affirm has contracted as determined by Affirm. For the avoidance of doubt and without limiting the generality of the foregoing, any failure by Affirm to include such third party financial institution in connection with its undertakings under this Agreement is Affirm’s obligation and it bears the sole risk for failure to do so. Shopify will look solely to Affirm to enforce the performance of the duties and obligations of any third party financial institution that has partnered with Affirm.

4. Shopify Obligations.

4.1 Shopify shall, for the term of this Agreement, as directed by Affirm as the Customer underwriter and servicer of the Program(s), host the user experience/interface for Eligible Merchants and Customers (the “Platform”) and the customer portal through Shopify’s website and/or mobile application (the “SHOP App”). Shopify’s role will be limited to developing and maintaining the Platform and SHOP App and providing the Platform/SHOP App to its Eligible Merchants and Customers for Affirm to offer the Financial Product to Customers through the Platform and SHOP App and as otherwise stated in this Article 4. Shopify agrees to configure and maintain the Platform and SHOP App in a manner that will allow Affirm to perform its obligations in a legally compliant manner through the Platform and SHOP App, including without limitation, distribution of Customer Agreements and servicing of loans. Shopify shall enable Affirm to distribute, or shall distribute in accordance with requirements from Affirm, the Customer Agreements, disclosures, amendments and Customer communications referenced in Sections 5.2 and 5.4.

4.2 Shopify, at its sole expense, may from time-to-time market the Program and Financial Products to Merchants in accordance with this Agreement; such requirements may be modified if required to ensure continued compliance with Applicable Law or if required in writing by a Regulatory Authority. Shopify agrees to work in good faith with Affirm on all marketing-related activities and mutually agree where possible on marketing programs and practices. Shopify further agrees to work in good faith with Affirm to modify marketing materials if Affirm believes such modification is necessary or advisable to avoid reputational damage to Affirm or Shopify or to reduce risk to Affirm or Shopify.

4.3 Merchant underwriting and Know Your Customer (KYC) compliance reviews will be performed as set forth in the Program Outline.

4.4 Shopify shall execute (or cause to be executed, in the case of an agreement between an Eligible Merchant and Affirm) any and all necessary agreements with Eligible Merchants that will be participating in the Program. Shopify will collect evidence (i.e., name of Eligible Merchant and Eligible Merchant URL) of an Eligible Merchant's acceptance of Affirm's terms and conditions for Affirm's record keeping and will promptly provide such evidence to Affirm upon activation of an Eligible Merchant account. Shopify will provide the timestamp of an Eligible Merchant's termination of Affirm's terms and conditions within one day of such termination or as otherwise mutually agreed by the Parties. Upon reasonable request, Shopify will provide the following data related to an Eligible Merchant's agreement to Affirm's terms and conditions: agreement version, and name and email of the authorized signatory. Shopify will monitor Eligible Merchants and use commercially reasonable efforts to ensure that Eligible Merchants are not engaged in prohibited businesses, as set forth in [***], or such other URL as Affirm may agree (the "Prohibited Business Policy"), which may be updated by Affirm from time to time in consultation with Shopify. The Parties will make good faith efforts to mutually agree upon controls to block or prohibit instances of Prohibited Business Policy violations. If Shopify becomes aware of a Merchant's violation of Applicable Law or its violation of the Prohibited Business Policy, Shopify will [***] notify Affirm of any such violation as soon as practicable but no later than within [***]. Shopify will work in good faith with Affirm to come to a mutually agreeable arrangement regarding how to communicate and provide notification as needed regarding material violations of the Prohibited Business Policy as well as ensure that the necessary agreements with Eligible Merchants address any marketing restrictions required by Affirm based on Applicable Law.

4.5 Shopify agrees to work with Affirm in good faith to [***] as soon as commercially reasonable and as discussed and mutually agreed by the Parties, including any Program Outline.

4.6 Shopify shall provide Eligible Merchants all reasonably requested support and documentation related to the Program, subject to Section 5 (Affirm Obligations).

4.7 Shopify shall require Eligible Merchants to furnish to Shopify any information reasonably requested by Affirm or any information required to be provided by or to any applicable Regulatory Authority.

4.8 [***].

4.9 Unless otherwise prohibited by Applicable Law, Shopify will promptly forward to Affirm any complaints, including supporting documentation as necessary, received from a Customer or Eligible Merchant pertaining to: (a) Affirm's performance; (b) claims or allegations about the Parties' violations of Applicable Laws with respect to the Program; (c) material threats of lawsuits relating to the Program; or (d) the Financial Product (collectively, "**Complaints**"). Shopify shall maintain a record and log of all such Complaints and provide such log to Affirm on a monthly basis at its request.

4.10 The Parties agree to work with in good faith to make commercially reasonable efforts to:

4.10.1. Develop and implement improvements to Program functionality to better serve both Merchants and Customers and to [***].

4.10.2. Cooperate and prioritize changes to the Platform and SHOP App if such changes are deemed necessary (i) to prevent a violation of Applicable Law or to comply with a directive from a Regulatory Authority; (ii) to avoid a material risk to Affirm or the Program; or (iii) to avoid a material adverse impact to Customers or prospective Customers.

4.10.3. Help respond and/or resolve any complaints related to the Program.

4.11 When permitted by Applicable Law, Shopify may, with Affirm's support and in accordance with Affirm's instructions, (a) provide post-purchase Customers with access to information about the Customer's Financial Product; and (b) perform certain post-purchase functions (which may include, without limitation, account maintenance and sending push notifications to Customers) for Customers in connection with the Financial Product, as mutually agreed upon by [***] (the "Customer Engagement Functionality"). For the avoidance of doubt, Customer Engagement Functionality applies only to Customer post-purchase activity regarding the Financial Product on the SHOP App and not the SHOP App in its entirety.

4.11.1. Affirm will provide Shopify with an API key and content, including disclosures (as applicable), for the sole purpose of enabling Shopify to provide and maintain the Customer Engagement Functionality during the Term. The API key(s) and any content provided by Affirm to Shopify in connection with the Customer Engagement Functionality are Affirm Materials and subject to, without limitation, Section 8.2.

4.11.2. Each Party shall at all times comply with Applicable Law and requirements of Regulatory Authorities with respect to the Customer Engagement Functionality. In order for Affirm to fulfill its obligations as a servicer of the Financial Product, Shopify shall comply with all instructions and guidance from Affirm related to the Customer Engagement Functionality, as may be modified from time to time in Affirm's sole discretion in order to comply with Applicable Law. Shopify shall design the Customer Engagement Functionality in consultation with Affirm, provided that Affirm shall have the final right of approval over the Customer Engagement Functionality design, functionality, features, and content. Shopify agrees to notify Affirm in writing in advance of any changes to the Customer Engagement Functionality and to consult with Affirm about such changes, provided that Affirm shall have the final right of approval over any such change. In addition, Affirm shall have the right to request reasonable reporting and a reasonable review of Shopify's performance of the Customer Engagement Functionality, including any communications to Customers related to the Customer Engagement Functionality. Any deficiencies identified by Affirm shall be [***] addressed by Shopify. Affirm shall have the right to require that Shopify suspend the Customer Engagement Functionality with respect to the Program (with costs to be paid by Shopify) if Affirm determines, in good faith and based on the advice of counsel, that [***].

4.11.3. Notwithstanding Exhibit B (Branding Standards) and in a manner mutually agreed by the Parties and approved by Affirm, each page related to servicing in the Customer Engagement Functionality where Shop Pay branding is present, and at a minimum on the first page related to servicing, shall display (i) Affirm Marks; and (ii) a hyperlink to an in- SHOP App browser to Affirm's customer portal. Affirm shall display (i) Shopify Marks; and (ii) a hyperlink to the SHOP App in the loan detail section of Affirm's customer portal for each Financial Product.

4.11.4. In addition to the Customer Engagement Functionality on the SHOP App, all Customer Financial Product and account information will be viewable and accessible by the Customer on Affirm's website and/or mobile application with certain functionality as mutually agreed by the Parties in writing. For avoidance of doubt, Affirm financial products that are unrelated to the Program will not be viewable or accessible in the SHOP App.

4.11.5. Shopify agrees that it shall not send a push notification to a Customer who is delinquent in repayment of a Financial Product.

4.11.6. Except to the extent Affirm directly causes the act or omission, Shopify shall be liable for its acts or omissions, and the acts or omissions of a third party acting on Shopify's behalf, with respect to its obligations under this Section 4.11.

5. Affirm Obligations.

5.1 Affirm, at its sole expense, shall be responsible for all Customer eligibility for the Program. Affirm shall be responsible for all Application Processing, for all Customer underwriting, accepting, and processing Applications in accordance with Applicable Law. Affirm's Customer AML/CFT compliance program shall at all times comply with Applicable Law, including, but not limited to, Sanctions Requirements and identity verification requirements. Affirm is responsible for determining and modifying underwriting criteria in its sole discretion in compliance with Applicable Laws. Notwithstanding the foregoing, Affirm agrees in good faith where possible to notify Shopify in advance of any material changes to its underwriting criteria that could have the impact of reducing the number of Customers and to consult with Shopify about such changes.

5.2 Affirm, at its sole expense and in consultation with Shopify, shall: (i) develop all Customer agreements and disclosures governing or related to the Financial Product(s) as provided by Affirm to Shopify ("Customer Agreements") and will notify Shopify of any material updates or modifications thereto that constitute a significant change to the rights, obligations or expectations of Affirm or the Customers that are parties thereto; (ii) develop all Merchant agreements governing or related to the Financial Product ("Merchant Agreements"); and (iii) be responsible for ensuring Customer Agreements comply with Applicable Law. At Program Launch, the Parties shall distribute Customer Agreements and Merchant Agreements that are substantially similar to, and no less protective than, those referenced above. The terms and conditions of the Customer Agreements must set forth, at a minimum, the following terms: (a) the contracting party under each Customer Agreement; (b) the lender or provider of the Financial Product; and (c) all disclosures required by Applicable Law. All Customer Agreements shall be drafted in consultation with Shopify, provided that to the extent such Customer Agreement contains language required by Applicable Law or Regulatory Authority, such language shall not be subject to negotiation; and provided further that, Affirm shall have the final right of approval over any such Customer Agreements. The relationship with each Customer in connection with the Program shall be jointly owned by Affirm and Shopify. The Parties acknowledge and agree that the content of all Customer communications provided or developed by Affirm, as mutually agreed by the Parties in connection with the Program, including, without limitation, any statements or disclosures and Customer Agreement, to the extent unmodified by Shopify or a third party on Shopify's behalf without Affirm's express prior written consent, shall be the responsibility of Affirm, and shall include each Party's Marks (use of Shopify's Marks shall be subject to Shopify's approval). For the avoidance of doubt, Affirm shall be responsible for ensuring all Program Materials and Customer communications provided or developed by Affirm, to the extent unmodified by Shopify or a third party on Shopify's behalf without Affirm's express prior written consent, including, without limitation, any statements or disclosures and Customer Agreements, comply with Applicable Law and any policies and procedures required by Regulatory Authority. The channel and means of distributing Customer Agreements shall be via email, on Shopify's Platform, through Shopify's SHOP App, or as otherwise required pursuant to Applicable Law; provided that, if Shopify fails to distribute Customer Agreements, Affirm shall have a right to do so using any means available under Applicable Law.

5.3 Affirm, at its sole expense (but subject to each applicable Program Outline), shall provide for fund settlement from Customers, collection of payments due from Customers, processing of any Customer transaction related to the Financial Product or contemplated by the Customer Agreement, and

distribution of funds to or from a Customer in connection with a Financial Product, in each case, as outlined in the applicable Program Outline. Affirm acknowledges and agrees that it is responsible for Customer Losses.

5.4 Except as stated in this Agreement and to the extent certain functionality is provided in the SHOP App (in which case Shopify shall be responsible for such functionality and communications provided to Customers by Shopify at Affirm's direction), Affirm shall be responsible for all customer service and communications that it provides to Customers, as agreed by the Parties, including in connection with any Customer-related complaints, questions or requests it receives. Affirm shall develop, in consultation with Shopify, standardized communications to Customers for servicing of the Financial Product (which may include, for example, push notifications sent by Shopify on behalf of Affirm); provided that to the extent such communications contain language required by Applicable Law, such language shall not be subject to negotiation; and provided further that Affirm shall have the final right of approval over any such communications. Affirm shall develop and maintain an internet website or portal that performs customer service functions, such as taking payments and account maintenance, for Customers in connection with the Financial Product, to be branded with the marks of Affirm and Shopify. Affirm will provide Shopify with its complaint policy and procedure documents (the "**Complaint Policy**"). Affirm agrees to notify Shopify of any material updates to such Complaint Policy. The Complaint Policy will include provisions for tracking and reporting Customers' complaints from initial contact to resolution, regardless of the recipient of the complaint (i.e., complaint received by Affirm or by Shopify). Affirm shall promptly (within [***] business days) notify Shopify when Affirm receives a written or verbal Customer complaint that is directed or referred to any state attorney general, Regulatory Authority, or governmental figure (including a state or federal legislator) relating to the Program and that specifically refers to the actions or inactions of Shopify. Shopify shall promptly (within [***] business days) notify Affirm when Shopify receives a written or verbal Customer complaint that is directed or referred to any state attorney general, Regulatory Authority, or governmental figure (including a state or federal legislator) relating to the Program and that refers to the actions or inactions of Affirm or the Customer Engagement Functionality. Each Party shall maintain a record and log of all such Customer-related complaints, questions, or requests and, unless otherwise prohibited by Applicable Law and provide such log to the other Party on a monthly basis at its request.

5.5 Affirm shall have the right to terminate or suspend any Eligible Merchant's participation in the Program in accordance with terms of the applicable Merchant Agreement, including, but not limited to, the right to terminate or suspend such Eligible Merchant in connection with elevated fraud or loss activity; provided that Affirm shall use commercially reasonable efforts to provide Shopify with at least [**] notice of such termination or suspension, so that Shopify can communicate directly with the Merchant. Any such termination or suspension shall be effectuated by Shopify promptly in accordance with the SLAs set forth in this Agreement.

6. Service Level Agreement (SLA) Standards.

6.1 Each Party shall provide all services contemplated by this Agreement with promptness and diligence and in a professional and workmanlike manner (unless some other time frame or manner is set forth herein, in which case such other time frame or manner shall apply). As applicable, each Party shall provide services contemplated by this Agreement in accordance with the service levels set forth in Exhibit D (Service Level Agreement (SLA) Standards) (each, an "**SLA**"). Affirm and Shopify shall periodically review and measure overall performance against the SLAs to ensure consistency with the goals and objectives of this Agreement, and the Parties shall reasonably cooperate to update such SLAs as necessary.

6.2 If any services are not provided in accordance with the SLAs (each instance, a “**Failed SLA**”), for each Failed SLA: (i) the failing Party shall promptly investigate and report to the non-failing Party on the causes of the problem; (ii) the failing Party shall provide a root-cause analysis of such failure as soon as practicable after such failure or non-failing Party’s request; (iii) the Parties shall undertake the mutual support obligations set forth in the SLAs for the Program Outline initiate remedial action to correct the Failed SLA and resume meeting the relevant SLA(s) as soon as practicable but, in the event of a P0 or P1 incident, within [***] business days of the date of the occurrence of the Failed SLA; and (iv) advise the non-failing party, as and to the extent requested, of the status of remedial efforts being undertaken with respect to such problem and, within [***] business days, provide the non-failing party reasonable evidence that the causes of such problem will be corrected on a permanent basis (such steps, an “**SLA Corrective Action Plan**”), using commercially reasonable efforts; provided, that any SLAs related to Customer operations as set forth in Sections 10-13 of Exhibit D will be delivered at the end of following month when such Failed SLA occurred unless otherwise agreed to by the Parties. A Party’s failure to provide services in accordance with its SLAs shall not be deemed a Failed SLA if such Party’s failure resulted from (a) a breach of the other Party’s obligations under this Agreement or (b) the inability to prepare adequate resources to meet its SLAs because of materially inaccurate reports or forecasts provided by the other Party.

6.3 For any given month in which a Party suffers any Failed SLA, such month shall be considered to be a “**Failed Month**.” If there are [***] consecutive Failed Months or [***] Failed Months during any [***] period, the non-failing party may, at its option, either terminate the specific subject service(s) or terminate this Agreement in its entirety by giving written notice of termination to the failing party, in which case the date of termination shall be as set forth in such notice. With respect to API Latency (as defined in Section 1(z) of Exhibit D), if Shopify determines there is a Failed SLA, Shopify will provide Affirm with an SLA Report detailing the Failed SLA.

6.4 Each Party shall implement measurement and monitoring tools and metrics as well as standard reporting procedures to measure and report such Party’s performance of the services against the applicable SLAs and shall provide the other Party with monthly reports detailing service standards performance unless the Parties agree to otherwise (each, an “**SLA Report**”). Each Party shall also provide the other Party with information for purposes of audit verification.

6.5 Each Party may schedule planned outages of its services upon not less than [***] business days’ prior written notice to the other Party, and during such planned outage, the affected services shall be exempt from being deemed a Failed SLA for purposes of the calculations for the time period of the outage identified by the first Party in the prior written notification to the other Party. In no event shall such planned outages occur except between the hours of [***] (Pacific Standard Time or such other time set forth herein). Each Party shall use commercially reasonable efforts to minimize any adverse impact to the Program and the Customers as a result of any such planned outages.

7. Relationship Management.

7.1 **Relationship Manager.** Each Party will designate a “**Relationship Manager**” to act on its behalf in matters arising under this Agreement; provided, however, that the Relationship Managers may not alter or amend any term, condition or provision of this Agreement. Either Party may change its Relationship Manager at any time by providing the other Party with written notice. Each Party reserves the right to request to change its Relationship Manager if the Party determines in good faith that the current Relationship Manager is not working effectively with one another or such Relationship Manager

is otherwise detrimental to the Program. Each Party shall reasonably consider all such requests based on the facts and circumstances and make reasonable efforts to comply with any request to change.

7.2 Committees.

7.2.1. Establishment of Strategic Operating Committee. The Parties will establish an operating committee ("Strategic Operating Committee") to oversee and review all aspects of the Program.

7.2.2. Composition of Strategic Operating Committee. The Strategic Operating Committee will consist of persons with sufficient enterprise responsibility and knowledge of a business unit integral to the performance or supervision of the Program, as applicable, within each Party (e.g., engineering, relationship management, product). The Parties envision the Strategic Operating Committee to be comprised of approximately 6 members, half of whom will be nominated by Shopify (each, a "**Shopify Designee**") and half of whom will be nominated by Affirm (each, an "**Affirm Designee**" and collectively with the Shopify Designees, "**Designees**"). Each Party may change its Designees upon informing the other Party. Each Designee will have one vote to approve Strategic Operating Committee actions requiring a vote; however, if the Parties have an unequal number of Designees, then each Party will be deemed to have a total of one vote.

7.2.3. Certain Functions of the Committee. The Strategic Operating Committee will:

7.2.3.1. evaluate proposed new and existing services, products, functionality and additional features in accordance with the terms of this Agreement, including Section 36 (Exclusivity; Additional Products, Services, Geographies);

7.2.3.2. evaluate, discuss and resolve operational aspects of any ongoing compliance issues, including any operational changes required by changes in Applicable Law;

7.2.3.3. review actual and projected performance by the Parties;

7.2.3.4. propose and evaluate any operational implementation of material changes to any Program Outline, and any material changes to pricing or fees in any applicable Program Outline;

7.2.3.5. evaluate and respond to any notice of breach given by a Party with respect to the Agreement;

7.2.3.6. evaluate and respond to any request for additional reporting, access to data or changes in current reporting or access requirements or practices;

7.2.3.7. review and approve any project collaboration, marketing or promotional activities;

7.2.3.8. review fraud metrics and fraud prevention measures with the goal of continuing to mitigate fraud;

7.2.3.9. evaluate Financial Product charge-offs and defaults with the goal of minimizing such losses;

7.2.3.10. evaluate Customer repeat-purchase rates and average Merchant Fees (as defined in the applicable Program Outline) across the Merchant Base, with the goal of improving both metrics;

7.2.3.11. discuss the Product Construct and make any adjustments to the First Product as mutually agreed and evidenced by an amendment to the applicable Program Outline;

7.2.3.12. carry out all other tasks the Parties agree in writing will be done by the Strategic Operating Committee;

7.2.3.13. review and measure overall performance against the applicable SLAs to ensure consistency with the goals and objectives of this Agreement, and reasonably cooperate to update such applicable SLAs as necessary;

7.2.3.14. review Shopify rolling 12-month forecast (provided to Affirm on a quarterly basis) and discuss whether any Affirm SLA failures were directly caused by material misstatements, omissions or errors in the 12-month forecast;

7.2.3.15. meet regularly, but no less often than quarterly, in a manner or at a place mutually agreed by the Parties;

7.2.3.16. resolve any Conflict, including with respect to the amount and payment of Fees for Services, in accordance with Section 9 (Conflict Resolution); and

7.2.3.17. submit all unresolved disputes and matters for expedited resolution to the Escalation Executives as provided for in Section 9.2 (Escalation Executives).

7.2.4. Effect of Actions. All actions taken or approved by the Strategic Operating Committee will be set forth in writing and binding on the Parties and their Affiliates, as applicable; provided that the Strategic Operating Committee may not take any action or approve any matter that would conflict with or otherwise expand the obligations or curtail the rights set forth in this Agreement.

7.2.5. Additional Committees and Personnel. The Parties may create from time to time other committees and for other purposes as they deem appropriate or include other persons, in addition to the Designees, with relevant subject matter or other expertise, to attend Strategic Operating Committee meetings.

7.3 Annual Executive Meeting. The Parties will organize an executive meeting to be held on an annual basis between "VP-level" executives from each respective corporate organization to ensure continued strategic alignment, assess progress against common goals, discuss any issues identified by the Strategic Operating Committee as appropriate for their discussion, and explore further collaboration.

7.4 Independent Contractors.

7.4.1. Affirm and Shopify agree that they are independent contractors to each other in performing their respective obligations hereunder. This Agreement will not be construed as creating a relationship of employment, agency, partnership, joint venture or any other form of legal association. Neither Party has any power to bind the other Party or to assume or to create any obligation or responsibility on behalf of the other Party or in the other Party's name.

7.4.2. Each Party's Personnel are not eligible for, nor may they participate in, any employee benefit plans of the other Party, and the non-employing Party will not insure the employing Party for workers' compensation coverage or for unemployment insurance. Each Party is solely responsible for, and agrees to comply with all federal and state laws and regulations with respect to: (i) hire, tenure, and conditions of employment; (ii) hours of work, salaries and compensation (including unemployment compensation); (iii) deductions and withholdings; (iv) payment of any and all contributions, taxes and assessments, with respect to all Party Personnel who provide services hereunder; and (v) the keeping of records and making of reports.

8. Intellectual Property Rights.

8.1 Shopify Materials. To the extent that Shopify provides any Shopify Materials to Affirm pursuant to this Agreement, the following shall apply:

8.1.1. License. Shopify hereby grants to Affirm a limited, non-exclusive, non-transferable, non-sublicensable and revocable license to the Shopify Materials during the Term, solely as necessary for Affirm to fulfill its obligations under this Agreement and for no other purpose.

8.1.2. Ownership. Subject to Section 8.4 hereof, the Shopify Materials are owned by Shopify and licensed to Affirm and not sold to Affirm. Shopify owns and reserves all right, title and interest in and to the Shopify Materials and all Intellectual Property Rights therein.

8.1.3. Risk of Loss. To the extent that Shopify provides any Shopify Materials to Affirm for the performance of its obligations under this Agreement, Affirm will: (i) take all reasonable precautions to protect such property against loss, damage, theft or disappearance; (ii) take no actions that affect Shopify's title or interest; (iii) abide by specifications and use instructions; (iv) not give access to any third party without Shopify's prior written consent; and (v) not reverse engineer, decompile, disassemble, modify, create derivative works of or otherwise create, attempt to create or derive, or permit or assist any third party to create or derive, the source code underlying the Shopify Materials.

8.2 Affirm Materials. To the extent that Affirm provides any Affirm Materials to Shopify pursuant to this Agreement, the following shall apply:

8.2.1. License. Affirm hereby grants to Shopify a limited, non-exclusive, non-transferable, non-sublicensable and revocable license to the Affirm Materials during the Term, solely as necessary for Shopify to fulfill its obligations under this Agreement and for no other purpose.

8.2.2. Ownership. Subject to Section 8.4 hereof, the Affirm Materials are owned by Affirm and licensed to Shopify and not sold to Shopify. Affirm owns and reserves all right, title and interest in and to the Affirm Materials and all Intellectual Property Rights therein.

8.2.3. Risk of Loss. To the extent that Affirm provides any Affirm Materials to Shopify for the performance of its obligations under this Agreement, Shopify will: (i) take all reasonable precautions to protect such property against loss, damage, theft or disappearance; (ii) take no actions that affect Affirm's title or interest; (iii) abide by specifications and use instructions; (iv) not give access to any third party without Affirm's prior written consent; and (v) not reverse engineer, decompile, disassemble, modify, create derivative works of or otherwise create, attempt to create or derive, or permit or assist any third party to create or derive, the source code underlying the Affirm Materials.

8.3 Pre-Existing Intellectual Property Rights. Notwithstanding anything else contained in this Agreement, Affirm shall retain ownership of Affirm Pre-Existing IP, and Shopify shall retain ownership of Shopify Pre-Existing IP; provided, however, Affirm grants to Shopify a limited, non-exclusive, non-transferable, non-sublicensable and revocable license, during the Term and through the end of the Orderly Transition as set forth in Section 11.7, to the Affirm Pre-Existing IP that the Parties mutually agree is to be included in or otherwise used in connection with a Program.

8.4 Developed Intellectual Property Rights.

8.4.1. Each Party will exclusively own and retain ownership of all right, title, and interest in and to all Intellectual Property Rights that such Party or its Affiliates solely creates, authors, develops, or otherwise acquires pursuant to or in furtherance of this Agreement, and no Intellectual Property Rights of any kind are assigned by one Party to either Party pursuant to this Agreement. Except as expressly provided in Section 8.4.2, the Parties will jointly own, without a duty of accounting, all Intellectual Property Rights that are jointly created, authored, or developed by the Parties pursuant to or in furtherance of this Agreement that does not constitute Affirm Pre-Existing IP or Shopify Pre-Existing IP, provided, however, that neither Party shall have the right to license, transfer, assign or grant rights to such jointly owned Intellectual Property Rights to a third party without the prior written consent of the other Party. The Parties agree to cooperate in good faith to identify and document any jointly owned Intellectual Property Rights. For the avoidance of doubt, the Affirm API and all related documentation and specifications are and will be deemed to be exclusively owned by Affirm, and the Shopify API and all related documentation and specifications are and will be deemed to be exclusively owned by Shopify. Notwithstanding this Section 8.4.1, any new software, other than software constituting Affirm Pre-Existing IP, that is jointly created, authored or developed by the Parties pursuant to or in furtherance of this Agreement that is developed on top of Affirm's API, including but not limited to the Customer interface, shall belong to Shopify; provided that the concept of the embedded user portal shall be jointly owned by both Parties. For the avoidance of doubt, any Intellectual Property Rights that are created, authored or developed by Affirm and relate to Affirm backend systems or that are a modification, enhancement, or derivative work of the Affirm API, shall be solely and exclusively owned by Affirm.

8.4.2. Upon termination of this Agreement, the Parties shall cooperate in good faith to identify, as set forth in Section 8.4.1 above, and document any jointly owned Intellectual Property Rights. Affirm shall not prevent Shopify from using any such jointly developed Intellectual Property Rights or prevent, hinder or in any manner prevent Shopify from entering into agreements to provide and market the same or similar services as provided hereunder. It is understood that following termination, (a) each Party shall continue to jointly own and have the right to use the jointly owned Intellectual Property Rights as of the date of termination in accordance with Section 8.4.1, and (b) neither Party shall have any rights in or ownership of any intellectual property related to any derivatives, enhancements or improvements to such Intellectual Property developed by the other Party following the termination of this Agreement. For the avoidance of doubt, the Financial Product name and its branding on the Shopify platform and SHOP App/SHOP Portal, excluding any Affirm trademarks, belongs to Shopify; provided, that Shopify acknowledges that Affirm may have similarly named financial products that are not part of the Program and nothing herein shall restrict Affirm from using such financial product name or branding which shall belong to Affirm.

8.5 Reservation of Intellectual Property Rights. Nothing in this Agreement shall be construed as granting either Party a license to use in any way the Intellectual Property Rights of the other Party, except as provided in this Agreement. Neither Party shall take any action that interferes with the other Party's Intellectual Property Rights or attempt to copyright or patent any part of the other Party's

Intellectual Property Rights or attempt to register any trademark, service mark or trade name that is identical or confusingly similar to the other Party's Marks.

8.6 Feedback. Each Party may, from time to time, provide the other Party with suggestions or comments for enhancements or improvements, new features or functionality or other feedback (collectively, "**Feedback**") with respect to the Materials of the other Party or the Program. The Party receiving such Feedback will have the full, unencumbered right, without any obligation to compensate or reimburse the providing Party, to use, incorporate and otherwise fully exercise and exploit any such Feedback in connection with the receiving Party's Materials, products, and services. Feedback shall not be deemed to be the Confidential Information of either Party.

9. Conflict Resolution

9.1 Good-Faith Negotiation. The Parties shall cooperate and attempt in good faith to resolve any Conflict promptly by negotiating between persons who have authority to settle the Conflict. Subject to Section 9.3 (Preliminary, Provisional, Injunctive Judicial Relief), if Parties are unable to resolve the Conflict, the Party raising the Conflict shall provide written notice thereof to the other Party (the "**Initial Notice**"), and within [**] days of the delivery of the Initial Notice, the Conflict shall be submitted to the Strategic Operating Committee to negotiate a resolution of the Conflict. The negotiations shall be conducted by executives who hold, at a minimum, the title of senior vice president or general counsel and who have authority to settle the Conflicts. All such negotiations shall be confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence. If the Parties are unable for any reason to resolve the Conflict within [**] days after the delivery of such notice or if a Party reasonably concludes that the other Party is not willing to negotiate as contemplated by the preceding sentences of this Section 9.1 (Good-Faith Negotiation), the Conflict shall be submitted to both Escalation Executives.

9.2 Escalation Executives. Each Party will each appoint [**] full-time employee who is a senior executive, or his/her designee, with enterprise-wide responsibility within his or her organization ("**Escalation Executive**") to review and resolve all matters on which the Strategic Operating Committee is deadlocked and any Conflicts otherwise referred to him or her by the Strategic Operating Committee. Each Party may change its Escalation Executive upon informing the other Party. The Escalation Executives will meet at least annually and will make a good faith effort to promptly (and in any event within [**] days of the dispute being referred to the Escalation Executives) resolve all Conflicts referred to them. The Escalation Executives decisions will be binding on the Parties. If the Escalation Executives do not agree to a resolution of a Conflict within the [**] period following the referral of such Conflict to the Escalation Executives, the Parties may initiate legal proceedings as applicable.

9.3 Preliminary, Provisional, Injunctive Judicial Relief. Notwithstanding the foregoing, a Party may seek preliminary provisional or injunctive judicial relief with respect to a Conflict without first complying with the procedures set forth in this Section 9 (Conflict Resolution) if permitted under Section 13.6 (Remedies) or as otherwise necessary to prevent immediate and irreparable harm to a Party for which money damages might not constitute an adequate remedy.

10. Compensation, Expenses and Taxes.

10.1 Compensation. All fees not expressly set forth in this Agreement must be expressly and mutually agreed to in the applicable Program Outline. Except as expressly set forth in this Agreement, Shopify will have no other payment obligations for fees to Affirm.

10.2 Expenses. Except as otherwise set forth in this Agreement, each Party shall be responsible for its costs and expenses incurred in performance of its obligations under this Agreement. Unless otherwise stated in any Program Outline, Shopify shall be responsible for advertising and other expenses associated with the marketing of the Program to Merchants and the Customer Engagement Functionality. Unless otherwise stated in any Program Outline, Affirm shall be responsible for its own costs and overhead generated from its review, assessment and development of the Program, and costs associated with or required to establish and maintain the Financial Product.

10.3 Taxes.

10.3.1. [***]

10.3.2. [***]

10.3.3. [***] Shopify hereby represents that: (i) it is a tax resident of Canada under Article 4 of the CONVENTION BETWEEN THE UNITED STATES OF AMERICA AND CANADA WITH RESPECT TO TAXES ON INCOME AND ON CAPITAL ("Canada-US Tax Treaty"), (ii) it does not have a permanent establishment in the United States as defined under the Canada-US Tax Treaty, (iii) it qualifies for any and all benefits available under the Canada-US Tax Treaty, and (iv) will provide Affirm with a valid applicable IRS Form W-8BEN-E.

10.3.4. [***]

10.3.5. [***]

10.3.6. [***]

11. Term and Termination.

11.1 Term. The term of this Agreement begins on the Effective Date and will remain in effect for an initial term ending on June 8, 2025 ("Initial Term"), unless otherwise terminated as permitted herein. After the Initial Term, this Agreement shall automatically renew for successive 1-year periods (each, a "Renewal Term") unless a Party provides the other Party with written notice of its election to terminate this Agreement at least 180 days prior to the expiration of the Initial Term or the then-current Renewal Term as applicable. The Initial Term together with all Renewal Terms and any wind-down or transition period shall be collectively referred to herein as the "Term." Any Program Outline(s) still in effect will terminate on the date that termination of the Agreement takes effect, subject in each case to Affirm's obligations in Section 11.6 (Orderly Transition).

11.2 Termination for Cause; Notification of Significant Events.

11.2.1. In addition to any other termination rights set forth in the Agreement (including those set out in Sections 6.3 and Section 26 (Force Majeure)) or any applicable Program Outline, either Party ("Terminating Party") may terminate this Agreement or any Program Outline immediately upon notice to the other Party ("Non-Terminating Party") (subject to the cure periods and notices noted below, if any) if:

11.2.1.1. Non-Terminating Party breaches any material provision relating to its security or confidentiality obligations of this Agreement;

11.2.1.2. Non-Terminating Party materially breaches any provision of this Agreement and the breach is capable of cure but Non-Terminating Party fails to cure such breach within [***] days following written notice to Non-Terminating Party from Terminating Party specifying in reasonable detail the nature of the claimed breach;

11.2.1.3. Non-Terminating Party materially breaches the Agreement in a manner that cannot be remedied;

11.2.1.4. Shopify has the right to terminate the Agreement if, (i) there is a change of control in which [***] or their affiliates acquire a majority interest of the voting power or voting capital or other equity interest of Affirm sufficient to exercise control over Affirm that occurs without the prior, express written consent of Shopify; or (ii) Max Levchin is no longer an executive officer of Affirm or the chairman of the Board of Directors of Affirm for more than 90 days (collectively, a "**Change of Control**");

11.2.1.5. Non-Terminating Party generally fails to pay its debts as they become due, admits in writing its inability to pay its debts generally, makes a general assignment for the benefit of creditors or any proceedings or filing of any petition seeking relief under Title 11 of the United States Code or if any other federal, state or foreign bankruptcy, insolvency, liquidation or similar law is instituted by or against Non-Terminating Party or Non-Terminating Party takes any corporate action to authorize any of the actions set forth in this subsection; provided that this termination right shall only apply to an involuntary petition or proceeding under Title 11 of the United States Code or any other federal, state or foreign bankruptcy, insolvency, liquidation or similar law if such involuntary petition or proceeding is not dismissed within [***] days;

11.2.1.6. A court of competent jurisdiction (or other administrative body or Regulatory Authority empowered to issue such orders) issues a final order or judgment holding that this Agreement or the services and deliverables offered hereunder are in violation of or are prohibited by Applicable Law;

11.2.1.7. There is any obligation placed on Terminating Party by a Regulatory Authority or any other third party after the Effective Date that the Terminating Party determines, in its sole and reasonable discretion, would materially diminish the economic value of the Program or this Agreement to the Terminating Party, make performance infeasible, or otherwise have a material and adverse effect on the Terminating Party;

11.2.1.8. With immediate effect, if so required by a Regulatory Authority or Applicable Law, or Non-Terminating Party is issued a warning or any other form of reprimand by a Regulatory Authority, and if the Regulatory Authority permits a cure, Non-Terminating Party then fails to remedy or cure such situation within 90 days or the cure period designated by Applicable Law or Regulatory Authority, whichever is earlier, following written notice to Non-Terminating Party specifying in reasonable detail the nature of the cause. In the event the non-Terminating Party does not comply with such requirement, the non-Terminating Party shall be responsible for all Losses to the Terminating Party arising from or related to such non-compliance; or

11.2.1.9. Upon [***] days' prior written notice to the Non-Terminating Party if the Financial Product is not made available to all merchants on the Shopify Platform in the United States as mutually determined by the Parties within [***] after the Program Effective Date, and such failure was caused by the action or inaction of the Non-Terminating Party.

11.3 Termination for Convenience. Either Party may immediately terminate this Agreement after the first year of the Initial Term for convenience by providing [***] prior written notice to the other Party.

11.4 Shopify Notification of Significant Events. Shopify shall notify Affirm in writing [***] of any material adverse catastrophic events that adversely affect Shopify's performance of its obligations under this Agreement or of regulatory enforcement actions or investigations that will or reasonably could adversely affect its performance of its obligations under this Agreement. Unless prohibited by law, Shopify shall also notify Affirm [***] of any communications from a Regulatory Authority, other bona fide third party with regulatory or other legitimate authority over Shopify, or nationally-recognized industry groups (such as the Better Business Bureau) [***].

11.5 Affirm Notification of Significant Events. Affirm shall notify Shopify in writing:

11.5.1. as soon as possible and with, at a minimum, at least [***] notice before making significant changes to its services necessary to satisfy its obligations under this Agreement, or implementing new or revised policies, processes and information technology that materially affects services necessary to satisfy its obligations under this Agreement; provided that Affirm shall provide notice as soon as possible in conjunction with making significant changes where [***] notice is not feasible, such as objectively reasonable significant changes necessary to prevent fraud or to ensure data security. In addition, Affirm shall notify Shopify of any management or key Personnel changes or other business activities that could affect materially the services necessary to satisfy its obligations under this Agreement following the implementation of such Personnel change or other business activity;

11.5.2. as soon as possible (as permitted under Applicable Law or applicable agreements) prior to a Change of Control; and

11.5.3. [***] (as permitted under Applicable Law) of any Affirm significant financial distress, material adverse catastrophic events affecting Affirm and significant incidents, including: service or Affirm's Systems interruptions, material compliance lapses, regulatory enforcement actions or investigations that will or reasonably could adversely affect its performance of its obligations under this Agreement. For avoidance of doubt, Affirm is not required to share any information that Affirm determines may constitute NPI.

11.6 Effect of Termination. In the event either Party terminates this Agreement for any reason whatsoever, then each Party will destroy, as requested by the Disclosing Party, all Confidential Information of the other Party, except to the extent (i) this Agreement requires or permits the express retention of the Confidential Information; (ii) in accordance with the Receiving Party's record retention policy; (iii) such Confidential Information is retained in automated backups provided that the Receiving Party does not access such Confidential Information; or (iv) as otherwise required by Applicable Law and in which case, such Confidential Information will remain subject to the confidentiality provisions of this Agreement until such time that such obligations expire and the applicable Party certifies the destruction of such Confidential Information in accordance with this Section 11.5 (Effect of Termination) and Section 13 (Confidential Information).

11.7 Orderly Transition.

11.7.1. In the event of the termination or expiration of the Program or the termination of this Agreement, for any reason, the Parties will cooperate to transition or wind down such Program in accordance with Applicable Law pursuant to this Section 11.6 (Orderly Transition). Each Party

acknowledges that the goals of any transition or wind-down are to benefit the Customers by minimizing any possible burdens or confusion and to protect and enhance the names and reputations of the Parties, each of whom have invested their names and reputations in the Program. Unless otherwise required by Applicable Law or any Regulatory Authority, upon the expiration or termination of this Agreement for any reason, the Parties agree to cooperate in good faith to transition or wind down the Program in a commercially reasonable way as soon as reasonably possible but, in any event for at least [***], to provide for a smooth and orderly transition or wind-down. Such cooperation will include continued provision of customer service to all outstanding Customers in accordance with the terms of this Agreement until the expiration, termination or assignment of the Customer Agreement and shall include Affirm transferring any and all Customer Information, Merchant Information and Program Information in its possession to Shopify unless prevented from doing so under Applicable Law.

11.7.2. Transition. Shopify shall have the right to cause any terminated or expired Program and all associated Customer accounts, Customer Information, Merchant Information and Program Information to be transferred by or on behalf of Affirm to Shopify at its sole cost. Shopify shall notify Affirm upon any termination or expiration of this Agreement whether it intends to transfer the Program and all associated Customer Information, Merchant Information and Program Information to Shopify, and Affirm shall cause such transfer in accordance with the terms set forth herein. No later than [***] after exercising its option hereunder, Shopify will provide to Affirm in writing a proposed transition plan detailing a proposed timeline that shall designate a schedule of dates as of which the Program will be transferred. The Parties shall meet promptly thereafter to review such proposed plan and to determine a mutually acceptable transition plan (a “**Transition Plan**”), such Transition Plan not to exceed [***] to complete. The Transition Plan shall include a detailed outline of the Parties’ intentions in connection with the transfer of the Program and Customer accounts, including timeframes for continuation of the Program during the period of transition, and target dates for transition milestones, such as development of the transition procedures for the transfer of the Program and any other information reasonably requested by a Party. In the event that Shopify elects to transition the Program pursuant to a Transition Plan, Affirm shall use commercially reasonable efforts to: (i) take all commercially reasonable actions and execute such other documents as necessary to transfer the Program; and (ii) transfer all Customer Information, Merchant Information and Program Information in its possession to Shopify, subject to Applicable Law and any required third-party (e.g., customer) consents, which Affirm shall in good faith attempt to obtain. For the avoidance of doubt, if Affirm is party to an agreement with a Merchant or Customer for whom the Program Information, Merchant Information or Customer Information relates and such agreement explicitly permits retention of such Program Information, Merchant Information or Customer Information, Affirm may retain a copy of such Program Information, Merchant Information or Customer Information, subject to all of the restrictions on use set forth in this Agreement. Also for the avoidance of doubt, nothing in this Section 11.7.2 requires Affirm to license or transfer Affirm Pre-Existing IP or Affirm Confidential Information to any successor provider or Shopify. Shopify shall be responsible for all costs associated with its election to transition the Program.

11.7.3. Wind down. In the event that Shopify provides written notice of its intention to wind down the Program or in the event that Shopify does not exercise its option for transition as provided for under Section 11.7.2 (Transition) above, the Parties will cooperate to provide a smooth and orderly wind-down of the Program involved. Such wind-down shall include the following:

11.7.3.1. Affirm or Shopify, as applicable, will provide to the other Party in writing a proposed wind-down plan detailing a proposed timeline that shall designate a schedule of dates as of which the Program will be wound down and an allocation of associated cost among the Parties. The Parties shall meet promptly thereafter to review such proposed plan and to determine a

mutually acceptable wind-down plan (a “**Wind-Down Plan**”); provided, however, that if the Parties fail to reach mutual agreement on a wind-down plan within [***] of either Party’s written notice of its intention to wind down the Program, the Parties shall select as promptly as practicable thereafter an independent third party to establish a wind-down plan that is appropriate for the affected Program and that is, to the extent practicable, in which case such wind-down plan so established by such independent third party shall constitute the “Wind-Down Plan” hereunder as to the Program and shall be deemed to be approved by the Parties, and the Parties shall comply with the terms thereof.

11.7.3.2. Unless otherwise contemplated by the Wind-Down Plan, the Parties shall continue to be bound by and perform and comply with the terms of this Agreement and perform all of their obligations hereunder during the wind-down period (regardless of whether the Term has expired or been terminated) until such time as all Financial Products expire or are canceled pursuant to and consistent with the Customer Agreements or, to the extent permitted by Applicable Law, until such earlier time as mutually agreed upon by the Parties. For the avoidance of doubt, Shopify shall continue to provide Affirm with all information necessary for Affirm to continue to service the Financial Product and Affirm shall retain the ability to service such Financial Product using communication methods determined by Affirm in good faith consultation with Shopify.

11.7.4. During any wind-down or transition period, Affirm agrees to continue to provide customer service to the affected Customers in accordance with the terms of this Agreement. Also during such period, the Parties shall mutually agree whether to offer the Program to new Customers, such Customers to then be considered “affected Customers” as noted above. Except as required by Applicable Law (including applicable securities laws and the rules promulgated thereunder), in no event will any Party make any public statement or customer communication regarding the termination or wind-down of this Agreement or the Program without the express prior written approval of the other Party, which approval shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, (i) Affirm agrees that Shopify may communicate the termination or expiration of this Agreement with any party with which Shopify has contracted to provide any marketing or other service in support of the Program; and (ii) Shopify agrees that Affirm may communicate the termination or expiration of this Agreement with any party with which Affirm has contracted to provide services in support of the Program.

11.8 **Survival.** Those provisions of this Agreement that, by their nature, are intended to survive the termination or expiration of this Agreement, will remain in full force and effect following the termination or expiration of this Agreement, which may include (but are not limited to): Definitions (Section 2), Independent Contractors (Section 7.4), Pre-Existing Intellectual Property Rights (Section 8.3), Developed Intellectual Property Rights (Section 8.4), and Reservation of Intellectual Property Rights (Section 8.5), Compensation, Expenses, Taxes (Section 10), Term and Termination (Section 11), Representations, Warranties and Covenants (Section 12), Confidential Information (Section 13), Customer Information, Merchant Information and Program Information (Section 14), Affirm Data Security (Section 15), Shopify Data Security (Section 16), Indemnification (Section 17), Exclusion of Damages and Limitation of Liability (Section 18), Claims Made Coverage (Section 20.6), Notices (Section 23), Sections 27 to 35 (inclusive), Warrant Agreement (Section 39) and Entire Agreement (Section 40).

11.9 **Mandated Changes to Services.** If (a) either Party has been advised in writing by objective, outside legal counsel, with both expertise and experience regarding the Program that are the subject of this Agreement, of a change in Applicable Law or any judicial decision of a court having jurisdiction over such Party or any interpretation of a Regulatory Authority that, in the view of such legal counsel, would have a material adverse effect on the Program, the rights or obligations of such Party

under this Agreement or the financial condition of such Party; (b) either Party receives a lawful written request of any Regulatory Authority having jurisdiction over such Party, including any letter or directive of any kind from any such Regulatory Authority, that prohibits or materially restricts such Party from carrying out its obligations under this Agreement; (c) either Party has been advised by legal counsel (as described above) in a written legal opinion that there is a material risk that such Party's or the other Party's continued performance under this Agreement would violate Applicable Law in any material respect; (d) any Regulatory Authority will have determined and notified either Party that the arrangement between the Parties contemplated by this Agreement constitutes an unsafe or unsound banking practice or is in violation of Applicable Law; or (e) a Regulatory Authority has commenced a formal action against a Party that the other Party, in its reasonable judgment, determines threatens such Party's ability to perform its obligations under this Agreement in any material respect, then, in each case, the Parties will meet and consider in good faith any modifications, changes or additions to the Program or this Agreement that may be necessary to eliminate such result. Notwithstanding any other provision of this Agreement, if the Parties, after using best efforts, are unable to reach agreement regarding modifications, changes or additions to the Program or this Agreement within [***] after the Parties initially meet, either Party may terminate this Agreement upon [***] prior written notice to the other Party and without payment of a termination fee or other penalty. A Party will be able to suspend performance of its obligations under this Agreement, or require the other Party to suspend its performance of its obligations under this Agreement, if (i) any event described in clauses (b), (c), or (d) of this Section occurs and (ii) such Party reasonably determines that continued performance hereunder may result in a fine, penalty or other sanction being imposed by the applicable Regulatory Authority, or in material civil liability, unless with regards to civil liability, the other Party agrees to indemnify the Party. For the avoidance of doubt, nothing in this Section will obligate a Party to disclose, share or discuss any information to the extent prohibited by Applicable Law or a Regulatory Authority.

12. Representations, Warranties and Covenants.

12.1 Affirm Representations, Warranties and Covenants. Affirm represents, warrants and covenants to Shopify that:

12.1.1. Entering into and carrying out of the terms and conditions of this Agreement will not violate or constitute a breach of any obligation binding Affirm;

12.1.2. Affirm is duly organized, validly existing and in good standing under the laws of the state of jurisdiction of its formation and has full corporate power and authority to carry on its business as currently conducted;

12.1.3. When executed and delivered by Affirm, this Agreement will constitute the legal, valid and binding obligation of Affirm, enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium and other Applicable Laws of general application relating to or affecting creditors' rights and general principles of equity;

12.1.4. Affirm has obtained and is in compliance with all licenses, permits, memberships, consents and authorizations required to perform all its obligations under this Agreement and other agreements that must be executed to effect the services provided by Affirm as expressly set forth herein, and which shall be maintained at all times during the term of this Agreement; provided that, in the event a Regulatory Authority requires Affirm to obtain an additional lending, brokering or servicing

license, permit or authorization to provide a Financial Product solely because of Shopify's activities, Affirm shall not be considered to be in violation of this Section 12.1.4;

12.1.5. To Affirm's knowledge, any Intellectual Property Rights it may provide to Shopify do not violate the Intellectual Property Rights of any third party;

12.1.6. There is no pending, nor to the knowledge of Affirm, threatened, suit, action, arbitration or other proceedings of a legal, administrative or regulatory nature, or any governmental investigation, against it or any of its affiliates or any officer, director or employee that has not been previously disclosed in writing and that would materially or adversely affect its financial condition or its ability to perform services under or in connection with this Agreement;

12.1.7. Affirm shall at all times comply with and conduct its activities in connection with this Agreement in accordance with Applicable Law;

12.1.8. The Program shall comply in all material respects with Applicable Law unless Shopify's acts or omissions prevent Affirm from making the Program, or causes the Program to not, comply with Applicable Law;

12.1.9. Affirm shall perform all obligations hereunder in a timely, skillful, professional and workman-like manner by qualified personnel exercising care, skill and diligence consistent with good practices in the financial services industry, and will devote adequate resources to meet its obligations hereunder, in accordance with the terms and conditions of this Agreement;

12.1.10. Affirm has established and is maintaining (i) a Security Program which is sufficient to satisfy the requirements of Section 15 (Affirm Data Security) hereof and (ii) disaster recovery, business resumption and contingency plans appropriate for the nature and scope of the activities of and the obligations to be performed by Affirm hereunder that are sufficient to satisfy the requirements of Section 19 (Disaster Recovery and Business Continuity) hereof; that will enable Affirm to continue to comply with such requirements during the Term and any wind-down or transfer period. Affirm has, within [***], tested such Security Program, has determined it is sufficient and will enable Affirm to continue to comply with the requirements herein during the Term and any wind-down period;

12.1.11. Affirm has implemented and will maintain an enterprise governance, third-party risk management, and a compliance program that includes legal and regulatory training requirements related to its services contemplated under this Agreement; and

12.1.12. Affirm's services and deliverables, including Affirm Materials, will be free from all viruses, worms, Trojan horses, and malicious code.

12.2 **Shopify Representations, Warranties and Covenants.** Shopify represents, warrants, and covenants to Affirm that:

12.2.1. Entering into and carrying out of the terms and conditions of this Agreement will not violate or constitute a breach of any obligation binding Shopify;

12.2.2. Shopify is duly organized, validly existing and in good standing under the laws of the state of jurisdiction of its formation and has full corporate power and authority to carry on its business as currently conducted;

12.2.3. Shopify has obtained and is in compliance with all licenses, permits, memberships, consents and authorizations required to perform all its obligations under this Agreement;

12.2.4. To Shopify's knowledge, any Intellectual Property Rights it may provide to Affirm do not violate the Intellectual Property Rights of any third party; and

12.2.5. When executed and delivered by Shopify, this Agreement will constitute the legal, valid and binding obligation of Shopify, enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium and other Applicable Laws of general application relating to or affecting creditors' rights and general principles of equity.

12.2.6. There is no pending, nor to the knowledge of Shopify, threatened, suit, action, arbitration or other proceedings of a legal, administrative or regulatory nature, or any governmental investigation, against it or any of its affiliates or any officer, director or employee that has not been previously disclosed in writing and that would materially or adversely affect its ability to perform its obligations under or in connection with this Agreement;

12.2.7. Shopify shall at all times comply with and conduct its activities in connection with this Agreement in accordance with Applicable Law;

12.2.8. Shopify shall perform all obligations hereunder in a timely, skillful, professional and workman-like manner by qualified personnel exercising care, skill and diligence consistent with good practices in the financial services industry, and will devote adequate resources to meet its obligations hereunder, in accordance with the terms and conditions of this Agreement;

12.2.9. Shopify has (i) a Security Program appropriate for the nature and scope of its obligations hereunder (including any transition or wind-down period); (ii) disaster recovery, business resumption and contingency plans appropriate for the nature and scope of its obligations hereunder (including any transition or wind-down period) or as required in a Program outline; and (iii) adequate insurance coverage for the nature and scope of its obligations hereunder (including any transition or wind-down period); and

12.2.10. Shopify's services and deliverables, including Shopify Materials, to the extent applicable or as required for the Program, will be free from all viruses, worms, Trojan horses, and malicious code.

12.2.11. Shopify shall use good faith efforts to render, provide and distribute Customer communications in accordance with Affirm's reasonable instructions including but not limited to: (i) the Customer Agreement; (ii) any disclosures required by Applicable Law; (iii) any amendments to the Customer Agreement or disclosures, including amendments; (iv) any amendments to the Customer Agreement or disclosures that are required by Applicable Law or Regulatory Authority and (v) any other information provided by Affirm that is to be rendered, provided or distributed by Shopify, as agreed upon between the Parties.

13. Confidential Information.

13.1 Obligations for Confidential Information. Each Party shall hold the Confidential Information of the other Party in confidence and the Receiving Party will disclose such information only to its Personnel who reasonably require access to such Confidential Information. Disclosing Party will be

liable for all damages arising out of such third parties' disclosure of Confidential Information. A Receiving Party may use the Confidential Information only as necessary for Receiving Party's performance under or pursuant to rights granted in this Agreement and for no other purpose. A Receiving Party shall protect or be required to protect, in the case of Receiving Parties that are third parties so authorized to receive Confidential Information pursuant to this Agreement, the Disclosing Party's Confidential Information using at least the same degree of care it uses to protect its own Confidential Information, but no less than a reasonable degree of care, to prevent the unauthorized use, disclosure or duplication (except as required for backup systems or to carry out the purpose of the Agreement) of such Confidential Information.

13.2 Compelled Disclosure. If a court or governmental agency having proper jurisdiction over the Parties requires a Receiving Party to disclose any Confidential Information, then Receiving Party will promptly provide the Disclosing Party notice of such requirement (to the extent permissible under Applicable Law) to enable the Disclosing Party to seek an appropriate protective order.

13.3 Authorized Disclosure. A Receiving Party may disclose the Disclosing Party's Confidential Information with the written authorization of the Disclosing Party.

13.4 Exclusions. Subject to the last sentence of this Section 13.4 (Exclusions), the term "Confidential Information" excludes any portion of such information that a Receiving Party can establish by clear and convincing evidence to have been: (i) publicly known without breach of this Agreement; (ii) known by the Receiving Party prior to its receipt from the Disclosing Party; (iii) received in good faith from a third-party source that to Receiving Party's reasonable knowledge rightfully disclosed such information without an obligation of confidentiality; or (iv) developed independently by Receiving Party without use or reference to the Disclosing Party's Confidential Information.

13.5 Filings. Neither Party shall file the Agreement (including any addendum, schedule, supplement or attachment), or any future amendment or supplement hereto, with the U.S. Securities and Exchange Commission (the "SEC") or with the Canadian securities regulators unless such filing is required under Item 601 of Regulation S-K or Applicable Law. In the event that a Party determines that the Agreement (or amendment or supplement) must be filed with the SEC under Regulation S-K or with the Canadian securities regulators under applicable law, it shall take all actions necessary to obtain confidential treatment to the extent possible for the Agreement and all exhibits, addenda, schedules, supplements and attachments (including all pricing attachments).

13.6 Remedies. If Receiving Party or its representatives or agents breach the obligations set forth in this Section 13 (Confidential Information), then irreparable injury may result to the Disclosing Party or third parties entrusting Confidential Information to the Disclosing Party. Therefore, the Disclosing Party's remedies at law may be inadequate and the Disclosing Party will be entitled to seek an injunction to restrain any continuing breach. Notwithstanding any limitation on Receiving Party's liability, the Disclosing Party will further be entitled to any other rights and remedies that it may have at law or in equity.

14. Customer Information, Merchant Information and Program Information.

14.1 General. The purpose of this Section 14 is to ensure that this Agreement conforms to Applicable Law, including but not limited to GLBA, and otherwise sets forth the Parties' agreement with respect to the use, ownership rights, and disclosure of Customer Information, Merchant Information, and

Program Information. All use and disclosure of Customer Information, Merchant Information, and Program Information under this Agreement shall be subject to the provisions of this Section 14.

14.2 Ownership and Use of Customer Information. As between the Parties, the Customer Information shall be [***], except for that portion of Customer Information deemed to be [***] in accordance with [***]. Excluded Customer Information and GLBA NPI shall be [***]. Subject to Section 14.4, [***] agrees that, during and after the Term, it shall not use, nor permit any Personnel to use, any Customer Information or GLBA NPI other than [***]; provided that the limitations set forth in this Agreement (including with respect to Customer Information) shall [***]. In addition to [***] obligations with respect to Customer Information in the preceding sentence, each Party may only use the Customer Information in accordance with Applicable Law, its agreements with the Customer or Merchant (as the case may be), and its privacy policy. Each Party may only use GLBA NPI in accordance with Applicable Law, its agreements with the Customer or Merchant (as applicable), and Affirm's privacy policy. Upon the termination or expiration of this Agreement and any applicable wind-down or transition period, or at any time upon [***]. Any GLBA NPI separately maintained in an electronic format shall be returned to [***] in an industry standard and secure format or, at the option of [***], as is possible, deleted and removed from all computers, electronic databases and other media. Compliance by [***] with this Section shall be certified in writing by an appropriate officer of [***] within [***] of the end of the Term or the wind-down period or transition, whichever is later, which certification shall include a statement that no GLBA NPI has been retained. In the event that [***], [***] shall use commercially reasonable efforts to [***] in accordance with that Section and subject to Applicable Laws. Neither Party will change its agreements with the Customer or Merchant or its privacy policy in an effort to expand its data use rights as between the Parties beyond what is currently contemplated by this Agreement and the Program, or to evade the obligations set forth in this Section 14 (Customer Information, Merchant Information and Program Information). Neither Party may sell personally identifiable Customer Information and neither Party may use or grant rights to Customer Information to any third party for marketing and solicitation purposes.

14.3 Ownership and Use of [*].** As between the Parties, all [***] and all [***] shall be owned exclusively by [***] unless otherwise expressly stated herein in this Section 14. [***] shall be owned by [***]; provided that [***] shall [***] to the extent [***] independently possesses or obtains [***] from [***]. Subject to Section 14.4 (Exceptions and Additional Obligations), [***] agrees that, during Term, it shall not use, nor permit any [***] or [***] other than as necessary [***]. [***] shall have all rights and interest with respect to the sharing, use and disclosure of [***] during the Term and following the expiration or termination of this Agreement in its entirety. Upon the termination or expiration of this Agreement and any applicable transition or wind-down period, or at any time upon the reasonable request of [***], [***] shall return (or destroy if so directed by [***]) all [***] in its/their possession subject only to any limitations on the return or destruction of [***] or [***] as provided under this Agreement or Applicable Law. Any [***] or [***] separately maintained in an electronic format shall be returned to [***] in an industry standard and secure format or, at the option of [***], as is possible, deleted and removed from all computers, electronic databases and other media. Compliance by [***] with this Section shall be certified in writing by an appropriate officer of [***] within [***] of the end of the Term or the wind-down period, whichever is later, which certification shall include a statement that no [***] or [***] has been retained except as described in this Section 14.

14.4 Exceptions and Additional Obligations. Without waiving any of its rights under Sections 11, 13, 14.2 and 14.3, [***] may retain and use: (a) [***]; and (b) [***]. For the avoidance of doubt, [***] is not required to change its hard-coded underwriting, other models, automated backups, [***] Systems or records that may contain Customer Information, [***] or [***] added/embedded into

them, but it has no right to use any such information independently or separate from such models. Without limiting anything set forth in this Section 14, to the extent [***] does not have access to Customer Information, [***] or [***] directly, during the term of Agreement or post-termination of the Agreement, [***] shall provide all such Customer Information (excluding GLBA NPI, except as permitted under Applicable Law), [***] to [***] in accordance with Applicable Law and [***] privacy policy. Notwithstanding the limitations and rights set forth in this Section 14, and only as expressly stated herein and as expressly agreed to by the Parties, the Parties commit to support, and will work in good faith to (a) enable growth initiatives designed to enhance the consumer brand and consumer experience of each of Shopify and Affirm, respectively; (b) optimize the Customer's onboarding and user experience for the Financial Product and, upon the Customer Engagement Effective Date, permit Customers to access the Customer Engagement Functionality in accordance with Section 4.11; and (c) optimize the Customer's onboarding and user experience for any other installments products the Parties mutually agree to launch consistent with Section 36.

15. Affirm Data Security.

15.1 Security Plan. Affirm shall establish and maintain appropriate administrative, technical and physical safeguards designed to (i) protect the security, confidentiality and integrity of the Protected Information in the possession or control of Affirm or its Personnel; (ii) ensure against any anticipated threats or hazards to its security and integrity; (iii) protect against unauthorized access to or use of such Protected Information or associated records which could result in substantial harm or inconvenience to any Customer or applicant; and (iv) ensure the proper disposal of Protected Information (collectively, the "**Security Program**"). At all times during the Term, and during any wind-down or transition period, (x) Affirm shall use the same degree of care in protecting the Protected Information against unauthorized disclosure as it accords to its other confidential customer or consumer information, but in no event less than a reasonable standard of care, and (y) the Security Program shall be in compliance with all information and data security requirements promulgated by the Applicable Law. Upon request, Affirm shall provide Shopify a copy of its Security Program. Any material change to the Security Program by Affirm, which change would cause Affirm to not be in compliance with this Section 15.1, shall be approved in advance by Shopify.

15.2 Security Measures. Affirm shall also comply with the security measures in Exhibit E to the Agreement (the "**Security Measures**") applicable to the Program or Affirm's obligations and undertakings under this Agreement. Shopify and Affirm may amend and update the Security Measures and Data Protection Agreement from time to time upon written amendment, provided such updates may be no more onerous than those required by the then prevailing good industry practices and changes in Applicable Law. Affirm shall review any such amendments and updates and will use reasonable commercial efforts to adjust its security practices to comply with any such amendment and updates within [***] if feasible or as soon as practicable in the event [***] is not feasible following Affirm's receipt of such amendments and updates from Shopify. Notwithstanding the foregoing, if Affirm fails to adjust its security practices to comply with any such amendment or updates within [***] or the time period mutually agreed upon by the Parties in writing if [***] is not feasible, then Shopify may terminate this Agreement.

15.3 Access. Affirm shall ensure its Personnel, when working with or accessing Shopify's Systems, comply at all times with all applicable instructions, policies and procedures provided by Shopify to Affirm or Affirm's Personnel from time to time, including safety and security policies and procedures and information security policies and procedures. Affirm will execute, and ensure each of its Personnel execute, all applicable documents generally required by Shopify for access to Shopify's Systems. Affirm

will not: (i) alter or disable any hardware or software security programs residing on Shopify's hardware, networks, computing environments or systems; (ii) allow unauthorized traffic to pass into Shopify's networks, computing environments or systems; or (iii) resell or assign Shopify's Confidential Information or access to Shopify's Systems to another entity or person. If Affirm or Affirm's Personnel allow unauthorized access to, or traffic to (as applicable) Shopify's systems, Shopify may immediately terminate Affirm's access to Shopify's Systems.

15.4 Network Connections. If a network connection is established between Shopify Systems and the computing environment(s) used by Affirm or Affirm Personnel in connection with this Agreement or the Program, Affirm agrees, for itself and all Affirm Personnel, to maintain an alert status regarding the security of such computing environments, including all vulnerabilities and security patches or corrective actions, by subscribing to an industry recognized service. Affirm understands that, should a Shopify review reveal any non-compliance with the Security Measures, Shopify may, in addition to other remedies it may have, remove access by Affirm Personnel to Shopify Systems until Affirm Personnel satisfactorily comply with the Security Measures.

15.5 Data Security Compliance. Affirm will permit Shopify to review Affirm's documents and records confirming its compliance with this Section 15 (Affirm Data Security) and provide Shopify with the relevant portions of audits and system test results acquired by Affirm in relation to the data security policies and procedures designed to meet the requirements of this Section 15 (Affirm Data Security). Affirm shall submit to [***] assessments of Affirm's security policies, standards and practices by Shopify, make reasonable efforts to resolve deficiencies noted as a result of these assessments in a manner commensurate to the risk those deficiencies represent and promptly notify Shopify of any material changes to Affirm's security policies, standards and practices. Affirm shall also comply with the data protection agreement set forth in Exhibit E (the "**Data Protection Agreement**"), which may be amended from time to time by Shopify, subject to Section 15.2. In the event of a conflict or contradiction between this Section 15 (Affirm Data Security) and the Data Protection Agreement, the Data Protection Agreement will take precedence over Section 15 (Affirm Data Security) to the extent necessary (subject to the provisions set forth in Section 15.2 relating to updates and amendments).

15.6 Security Breach

15.6.1. If Affirm maintains, processes or otherwise is permitted access to Protected Information, Affirm will maintain and, upon request, produce copies of incident response policies and procedures and evidence of incident response testing conducted within the last year. Notwithstanding the foregoing, initial evidence of incident response testing will be provided as soon as possible after the execution of this Agreement.

15.6.2. In the event Affirm suffers or learns of any actual Security Breach (including any unauthorized acquisition, accessing, use, alteration, disclosure, compromise or loss of any Protected Information or Merchant Information), then, as soon as practicable but within no more than [***] (except that notice to Shopify may be delayed if required by law enforcement or other Regulatory Authority), Affirm will notify its primary Shopify contact and provide an estimate of the Security Breach's effect on Shopify. Affirm will diligently investigate the cause of the Security Breach and promptly create and enact a corrective action plan to prevent future breaches.

15.6.3. In the case of a Security Breach involving Protected Information, Affirm will cooperate fully with Shopify to correct any Security Breach and notify each Customer as to the facts and circumstances of the breach of the Customer's particular information. Affirm agrees not to notify any

Regulatory Authority, nor any Customer, on behalf of Shopify unless Shopify specifically requests Affirm to provide such notification (such notification to be in a form approved by Shopify in writing). If Affirm reasonably determines that Regulatory Authority or Customer notification is required by it under Applicable Law, then Affirm must provide Shopify prior notice, and if Shopify disagrees, Shopify and Affirm will then negotiate in good faith to make a final determination regarding what action, if any, is to be taken. To the extent requested by Shopify, Affirm will cooperate fully with all Regulatory Authorities investigating a Security Breach and any known or suspected criminal activity. Affirm shall be responsible for all Security Breach Costs associated with its Security Breach.

15.6.4. In the event of a Security Complaint directed at Affirm, then, as soon as practicable but within no more than [**] days, Affirm will notify its primary Shopify contact and the Parties shall promptly work in good faith to determine the appropriate actions to be taken in connection with such Security Complaint.

16. Shopify Data Security Section 15.1 (Security Plan) of the Agreement applies equally to Shopify, *mutatis mutandis*. Sections 15.2 (Security Measures), Section 15.3 (Access), 15.4 (Network Connections), 15.5 (Data Security Compliance), and 15.6 (Security Breach) apply equally to Shopify, *mutatis mutandis*, provided that such sections shall apply to Shopify only (i) to the extent required by Regulatory Authority or (ii) in relation to the SHOP Portal, SHOP App or GLBA NPI.

17. Indemnification

17.1 **Affirm Indemnification.** Subject to the provisions of Section 18 (Exclusion of Damages and Limitation of Liability), Affirm will defend, indemnify and hold harmless Shopify and its Affiliates, and the employees, agents, service providers, representatives, officers and directors of Shopify and its Affiliates (each, a “**Shopify Indemnified Party**”) against all third party claims, damages, liabilities, assessments, losses, costs and expenses (“**Losses**”) of the Shopify Indemnified Party (including reasonable attorney’s fees) to the extent the Losses arise out of, are in connection with, or relate to: (i) Affirm’s breach of Applicable Law; (ii) Affirm’s breach of any representation, warranty, obligation or covenant under this Agreement; (iii) Affirm’s gross negligence or willful misconduct; (iv) any third-party claim that Affirm’s products or services infringe the Intellectual Property Rights of a third party; (v) Affirm’s material breach of the Data Protection Agreement or any Security Breach to Affirm Systems; (vi) any claims brought by an employee, personnel, agent, consultant or vendor of Affirm; (vii) any claims or actions by a Customer or Merchant related to the Financial Product or any obligation of Affirm under this Agreement; (viii) any claims by a Merchant for which Affirm is liable pursuant to the terms of this Agreement or (ix) a Regulatory Authority fining or penalizing Shopify as a direct result of Affirm’s violation of law with respect to the Program and Financial Product (collectively, the “**Affirm Covered Claims**”). Notwithstanding the foregoing, it is agreed that any claims that the Affirm Materials, Affirm Systems or the Financial Product, as modified under the Program or in combination with any other Shopify products or services, infringe the intellectual property or other rights of a third party do not constitute Affirm Covered Claims. For the avoidance of doubt, Affirm will have no indemnification obligation to any Shopify Indemnified Party for any Losses pursuant to this Section 17.1 to the extent such Losses arise out of (A) an act of fraud, embezzlement or criminal activity by such Shopify Indemnified Party, (B) the gross negligence, willful misconduct or bad faith by such Shopify Indemnified Party, (C) the failure of such Shopify Indemnified Party to materially comply with, or to perform its obligations under, this Agreement, or (D) violations of Applicable Law by a Shopify Indemnified Party.

17.2 **Shopify Indemnification.** Subject to the provisions of Section 18 (Exclusion of Damages and Limitation of Liability), Shopify will defend, indemnify and hold harmless Affirm and its

Affiliates, and the employees, officers and directors of Affirm and its Affiliates (each, an “**Affirm Indemnified Party**”) against all third party Losses of the Affirm Indemnified Party (including reasonable attorney’s fees) to the extent the Losses arise out of, are in connection with, or relate to: (i) Shopify’s breach of Applicable Law; (ii) Shopify’s breach of any representation, warranty, obligation or covenant under this Agreement; (iii) Shopify’s gross negligence or willful misconduct; (iv) a Security Breach to Shopify Systems impacting the SHOP Portal, SHOP App or GLBA NPI; (v) any claims, other those claiming a violation of Intellectual Property Rights, by a Customer or a Merchant relating to the Platform or the SHOP App; (vi) Merchant claims for which Shopify is liable pursuant to the terms of this Agreement; or (vii) a Regulatory Authority fining or penalizing Affirm as a direct result of Shopify’s violation of the law in rendering its performance with respect to the Program and Financial Product, [***] (collectively, the “**Shopify Covered Claims**,” and together with the Affirm Covered Claims, the “**Claims**”). Notwithstanding the foregoing, it is agreed that any claims that the SHOP App, as modified under the Program or in combination with any other Affirm products or services, infringe the intellectual property or other rights of a third party do not constitute Shopify Covered Claims. For the avoidance of doubt, Shopify will have no indemnification obligation to any Affirm Indemnified Party for any Losses pursuant to this Section 17.2 to the extent such Losses arise out of (A) an act of fraud, embezzlement or criminal activity by such Affirm Indemnified Party, (B) the gross negligence, willful misconduct or bad faith by such Affirm Indemnified Party, (C) the failure of such Affirm Indemnified Party to comply with, or to perform its obligations under, this Agreement, or (D) violations of Applicable Law by a Affirm Indemnified Party; [***].

17.3 Indemnification Procedure. If any Claim is commenced with respect to which an indemnified party is entitled to indemnification under this Section, the applicable indemnified party will provide notice thereof to the indemnifying party. The indemnifying party will be entitled, if it so elects in a notice promptly delivered to the indemnified party, to immediately take control of the defense, settlement and investigation of the Claim and to engage attorneys reasonably acceptable to the indemnified party to handle and defend the same, at the indemnifying party’s sole cost. The indemnified party will cooperate in all reasonable respects, at the indemnifying party’s cost and request, in the investigation, trial and defense of such Claim and any appeal arising therefrom. The indemnifying party will not consent to the entry of any judgment or enter into any settlement with respect to a Claim without the indemnified party’s prior written consent, which consent shall not unreasonably be withheld. The indemnified party may also, at its own cost, participate through its attorneys or otherwise in such investigation, trial and defense of any Claim and related appeals. If the indemnifying party does not timely assume full control over the defense of a Claim as provided in this Section 17.3 (Indemnification Procedure), the indemnified party will have the right to defend the Claim in such manner as it may deem appropriate, at the reasonable cost and expense of the indemnifying party.

17.4 Additional Terms for Intellectual Property Indemnification. If any Materials, the Program, or any part thereof, or any services in each case that are provided by a Party under this Agreement, becomes, or in the providing Party’s reasonable opinion may become, the subject of any claim, suit or proceeding for infringement of any Intellectual Property Rights, or are held or otherwise determined to infringe any Intellectual Property Rights, the providing Party may, at its option and sole expense: (i) secure for the other Party the right to continue using the affected Materials, Program or services; (ii) replace or modify the affected Materials, Program or services so as to make such Materials, Program or services non-infringing without degrading the performance or utility thereof; or (iii) modify the affected Materials, Program or services to make it non-infringing without materially reducing the Program’s functionality or performance; or, if (i) - (iii) are not commercially feasible, then the providing Party may cease providing or making available the affected Materials, Program or services to the other Party and, in such case, such other Party may elect to terminate the Agreement without cause. The rights

and obligations set forth in this Section 17 are the providing Party's sole obligations and liability, and the other Party's exclusive remedies, with respect to any Losses arising out of or related to any infringement of any Intellectual Property Rights of a third party.

18. Exclusion of Damages and Limitation of Liability.

18.1 EXCEPT FOR A PARTY'S CONFIDENTIALITY OBLIGATION HEREUNDER OR OBLIGATION TO MAKE PAYMENT TO THE OTHER PARTY, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY UNDER, IN CONNECTION WITH OR RELATED TO THIS AGREEMENT, FOR ANY INDIRECT, CONSEQUENTIAL, SPECIAL, INCIDENTAL OR PUNITIVE DAMAGES, INCLUDING LOST PROFITS OR LOSS OF GOODWILL, WHETHER BASED ON BREACH OF CONTRACT, WARRANTY, TORT, PRODUCT LIABILITY OR OTHERWISE, AND WHETHER OR NOT SUCH DAMAGES WERE FORESEEABLE.

18.2 The cumulative aggregate liability of either Party for all losses, claims, suits, controversies, breaches or damages of any manner whatsoever and for any cause whatsoever, including indemnification, and regardless of the form or action or legal theory (collectively, "Losses"), shall be limited to the actual direct Losses that are incurred by such other Party and shall not exceed [***] (the "**Liability Cap**"); provided, no Party will be entitled to duplicative remedies or duplicative recovery for the same act, omission, breach of contract, or other cause of action; provided, further that, notwithstanding anything in the Agreement to the contrary, the Liability Cap shall not apply to the following (and amounts owed thereunder shall not be taken into account for purposes of calculating the Liability Cap):

18.2.1. Ordinary course payments owed by one Party to the other Party pursuant to this Agreement;

18.2.2. Breach of confidentiality obligations under Section 13 (Confidential Information);

18.2.3. Affirm's indemnification obligations under Section 17.1(i) (Breach of Applicable Law); Section 17.1(iii) (Gross Negligence or Willful Misconduct); Sections 17.1(iv) (Intellectual Property Infringement) and 17.4 (Additional Terms for Intellectual Property Indemnification); [***].

18.2.4. Shopify's indemnification obligations under Section 10.3 (Taxes); Section 17.2 (i) (Breach of Applicable Law); Section 17.2(iii) (Gross Negligence or Willful Misconduct); [***].

18.3 THE REMEDIES SPECIFIED IN THIS AGREEMENT ARE CUMULATIVE AND IN ADDITION TO ANY REMEDIES AVAILABLE AT LAW OR IN EQUITY.

19. Disaster Recovery and Business Continuity.

19.1 At all times during the Term and for so long as this Agreement remains in effect, each Party shall prepare and maintain disaster recovery, business resumption and contingency plans appropriate for the nature and scope of the activities of and the obligations to be performed by such Party hereunder. The Party shall ensure that such plans comply with Applicable Law and are sufficient to enable it to promptly resume the performance of its obligations hereunder in the event of a natural disaster, destruction of facilities or operations, utility or communication failures or similar interruption in operations and shall ensure that all material records, including, but not limited to, Protected Information, are backed up in a manner sufficient to survive any disaster or business interruption. These plans shall

ensure that such resumption takes place no later than [***] after the interruption. Upon written request, each Party shall make available to the other Party summaries of relevant disaster recovery, business resumption and contingency plans. Any changes to the disaster recovery, business resumption, or contingency plans must comply with the terms herein. Further, any changes to the policies, taken collectively as a whole, must be no less protective than the policies it has in place on the Effective Date.

19.2 If a Party suffers a disruption, disaster or failure and implements the disaster recovery, business resumption and contingency plans in relation to the Program, the affected Party will promptly notify the other Party.

20. Insurance.

20.1 **Required Insurance.** Without limiting Affirm's liability to Shopify, Affirm, at its sole cost and expense, will maintain adequate insurance coverage to protect Shopify from any losses or claims that may arise out of the Program or performance of its services hereunder during the Term. Such coverage will include:

20.1.1. workers' compensation (statutory limits) and employer's liability insurance \$[***] limits to the extent required by the laws of the state(s) in which the Services are performed;

20.1.2. commercial general liability and property damage insurance with combined bodily injury and property damage limits of at least \$[***] combined single limit for bodily injury, death, property damage, including personal injury, and products and completed operations coverage, including Shopify as an additional insured;

20.1.3. fidelity bonding of at least \$[***] for claims based upon and damages arising out of or relating to such Party's employees' fraudulent or dishonest acts;

20.1.4. errors and omissions insurance or comparable coverage of at least \$[***] for claims based and damages arising out of or relating to negligence, omissions or errors of Affirm; and

20.1.5. directors and officers insurance coverage of at least \$[***] for claims based and damages arising out of or relating to actual or alleged wrongful acts of any executive of Affirm;

20.1.6. network security and privacy liability insurance with a minimum of \$[***] per claim/ \$[***] aggregate covering described services contained within the Agreement to include, but not be limited to, business interruption, data recovery, hardware replacement at \$[***], incident responses, data breach, security and privacy violations, third-party liability, crisis management costs, which include Customers notification expenses and credit monitoring.

20.2 **Shopify Insurance.** Shopify will maintain adequate insurance coverage to protect Affirm from any losses or claims that may arise out of the Program or its performance hereunder during the Term. Such insurance shall be commensurate with the risk posed by the services provided by Shopify under this Agreement.

20.3 **Insurance Ratings.** All the insurance policies required to be obtained pursuant to this Agreement will be with companies rated an A.M. Best Financial Strength Rating of A- or better. The foregoing requirements as to the types and limits of insurance coverage to be maintained by a Party and any approval or waiver of said insurance by the other Party are not intended to and will not in any manner limit or qualify the liabilities and obligations otherwise assumed by the first Party pursuant to this

Agreement, including the provisions concerning the indemnification obligations of the first Party. The general liability policy will be primary and noncontributory to any insurance or self-insurance maintained by the other Party (required for commercial general liability only).

20.4 Certificates of Insurance. Upon the request of a Party, the other Party will deliver certificates of insurance for the applicable policies to the first Party.

20.5 Cancellation or Lapse of Insurance. Each Party will give the other Party 30 days' prior written notice of cancellation of any insurance listed in this Agreement, except that each Party will give the other Party 10 days' prior written notice for cancellation for nonpayment of premium, or non-renewal; provided, however, that changes in insurance carriers or providers, so long as the new policy complies with this Agreement, will not require notice to the other Party pursuant to the foregoing.

20.6 Claims Made Coverage. To the extent that any insurance coverage required under this Section is purchased on a "claims-made" basis, such insurance will be continuously maintained until at least [***] beyond the expiration or termination of this Agreement, or the applicable Party will purchase "tail" coverage, effective upon termination of any such policy or such termination or expiration of this Agreement, to provide coverage for at least [***] from the occurrence of either such event.

21. Records and Reporting.

21.1 Records. Each Party shall retain or cause to be retained, and shall require that all Personnel engaged by such Party to retain or cause to be retained, full and accurate records (in a form capable of satisfying an audit) relating to the Program, including, without limitation, the performance of its obligations under the Agreement and the security of the Party's information and systems as well as any other records a Regulatory Authority may require from time to time or that the Party is required to maintain under Applicable Law ("**Records**"). Each Party shall retain copies of the Records the longer of 5 years after the termination or expiration of the Agreement or as otherwise required by Applicable Law. Affirm shall provide to Shopify any Records (that can be reasonably obtained or compiled by Affirm) relating to specific Program metrics or performance data, including but not limited to data or other information in its possession or in the possession of its subcontractors, affiliates or partners, which may be reasonably requested by Shopify. For the avoidance of doubt, Affirm shall not be obligated to provide to Shopify (i) any Records containing Affirm Confidential Information; or (ii) Records that might compromise Affirm Intellectual Property Rights.

21.2 Reporting. Each Party shall deliver to the other Party certain agreed-upon reports, as set forth in the Program Outline. The Parties shall work in good faith to provide additional reports reasonably requested by the other Party for use solely in support of the Program. To the extent either Party reasonably determines that the sharing of any such information does not comply with Applicable Law, then the Parties agree to negotiate in good faith to share such other information that is legally permitted to achieve the anticipated practical benefits intended by the information sharing.

22. Right to Audit.

22.1 During the Term and no more than [***] unless agreed upon by the Parties or required by or any Regulatory Authority, each Party (the "**Audited Party**") agrees that the other Party and/or its authorized representatives and agents (collectively the "**Auditing Party**") shall have the right, at any time during normal business hours and upon reasonable prior notice, to inspect, audit and examine all of Audited Party's Records, personnel, books, accounts, data, reports, papers and computer records relating to the activities contemplated by this Agreement; provided that such audit is conducted utilizing a

certified public accountant or other reputable auditing firm selected by the Audited Party (that is reasonably acceptable to the Auditing Party).

22.2 In addition to the obligations set forth under Section 22.1, each Party agrees to cooperate with any examination, inquiry, audit, information request, site visit or the like, which may be required by any Regulatory Authority with audit examination or supervisory authority over any Party under this Agreement, to the fullest extent requested by such Regulatory Authority. Each Party shall also provide to the other Party any information that may be required by any Regulatory Authority in connection with their audit or review of such Party or the Program and shall cooperate with such Regulatory Authority in connection with any audit or review of such Party or the Program. All rights under this Section 22.2 are subject to the Party seeking to exercise rights hereunder providing the other Party reasonable prior notice and complying with reasonable requests by and conditions of such other Party related to access to facilities and records (including on-site security requirements) and to audit scope and timing.

22.3 Affirm shall prepare a written response to Shopify (a "**Response to Audit Letter**") to all criticisms, recommendations, deficiencies and violations of Applicable Law identified in reviews conducted by Shopify or any Regulatory Authority ("**Audit Findings**"). The Response to Audit Letter shall be delivered to Shopify within [***] of Affirm's receipt of such Audit Findings, unless directed otherwise by a Regulatory Authority. The Response to Audit Letter shall include, at a minimum, a detailed discussion of the following: the planned corrective action to address the Audit Findings ("**Audit Corrective Action Plan**"); employee(s) of Affirm tasked to remedy the Audit Findings; remedial actions proposed to be directed to current or past Customers negatively impacted by the Audit Findings (provided no such action shall be taken without express written approval from Shopify); steps to be taken to prevent any recurrence of the Audit Findings; a specific timeframe, not to exceed [***] unless otherwise approved by Shopify in advance, to implement the Audit Corrective Action Plan ("**Corrective Action Plan Deadline**"); documentation evidencing that the Audit Corrective Action Plan has been implemented; if additional time is needed to implement the Audit Corrective Action Plan or deviations from the Audit Corrective Action Plan are necessary, a written request shall be submitted to Shopify detailing the extenuating circumstances that necessitate an extension of the Corrective Action Plan Deadline and such extension request shall be subject to the reasonable approval of Shopify; and identification of any Audit Findings disputed by Affirm or where corrective action is not possible or necessary, supported by a detailed explanation of Affirm's position.

23. Notices. Unless otherwise noted in the Agreement, all written notices required pursuant to this Agreement will be deemed sufficiently given when personally delivered or 3 business days after being mailed via certified or first-class U.S. mail or a nationally recognized courier to a Party at its address set forth on the cover signature page of this Agreement or applicable Program Outline, or at such other address as a Party may from time to time specify by written notice to the other Party.

24. Assignment. Except for an assignment or delegation to an Affiliate of either Party, neither Party will transfer or assign this Agreement without the other Party's prior written consent, which may not be unreasonably withheld, delayed or conditioned.

25. Use of Content, Branding and Publicity.

25.1 Neither Party will use the other Party's or its Affiliates' names, trademarks, trade names, service marks, logos or other brand marks (including those of its partners and collaborators, collectively, the "**Marks**") without prior written approval by an authorized representative of the other Party. Any usage of the Marks of either Party shall be in accordance with the usage guidelines and policies that may

be provided by the applicable Party in writing to the other Party from time to time. In addition to any other usage guidelines and policies provided by Shopify in connection with its Marks, Affirm shall also comply with the guidelines available at www.shopify.com/brand-assets (or any replacement or successor URL).

25.2 Each Party will not include the other Party on any client list or make any “case study,” testimonial, press release or other public announcement regarding this Agreement or any activities performed hereunder without the prior written consent of an authorized representative of the other Party. Notwithstanding the foregoing, Shopify will in good faith consider developing with Affirm a case study, sales and marketing content, testimonials, and quotations that could be used by the Parties for marketing purposes.

25.3 If either Party requires the use of the other Party’s Marks in order to fulfill its obligations under this Agreement, the Marks-using Party shall first obtain the Marks-owning Party prior written approval. If the Marks-owning Party provides such approval, then the Marks-owning Party hereby grants to the Marks-using Party a limited, revocable, non-sublicensable, non-transferable, non-exclusive license to use the Marks-owning Party Marks solely for the purposes of fulfilling its obligations under this Agreement and for the term of this Agreement, unless such term is earlier terminated in accordance with the terms of the Agreement. The Marks-using Party acknowledges that the Marks-owning Party Marks and all rights therein belong, as between the Parties, exclusively to the Marks-owning Party and that this Agreement does not confer upon the Marks-using Party any rights, goodwill or other interest in the Marks-owning Party Marks. Any goodwill that derives from the Marks-using Party’s use of the Marks-owning Party Marks will inure to the benefit of the Marks-owning Party.

25.4 **Branding.** The Program shall be branded in accordance with the branding standards set forth in Exhibit B.

25.5 **Public Releases.** All media releases, public announcements and public disclosures by Shopify or Affirm or their representatives, employees, partners or agents, relating to this Agreement, the Program or the name or Marks of Shopify or Affirm, including, without limitation, promotional or marketing material, but not including any disclosure required by legal, accounting or regulatory requirements beyond the reasonable control of the releasing Party, shall be coordinated with and approved by both Parties in writing prior to the release thereof. Notwithstanding the foregoing, the Parties commit to publicly announcing the Program in a mutually agreed upon fashion.

26. Force Majeure. If any Party will be unable to carry out the whole or any part of its obligations under this Agreement by reason of a Force Majeure Event, then the performance of the obligations under this Agreement of such Party as they are affected by such cause will be excused during the continuance of the inability so caused, except that should such inability not be remedied within [***] after the date of such cause, the Party not so affected may at any time after the expiration of such [***] period, during the continuance of such inability, terminate this Agreement on giving written notice to the other Party. No Party will be relieved of its obligations hereunder if its failure of performance is due to removable or remediable causes that such Party fails to remove or remedy using commercially reasonable efforts within a reasonable time period. Either Party rendered unable to fulfill any of its obligations under this Agreement by reason of a Force Majeure Event will give prompt notice of such fact to the other Party, followed by written confirmation of notice, and will exercise due diligence to remove such inability with all reasonable dispatch.

27. Severability. The provisions of this Agreement are severable. If any provision of this Agreement is held to be invalid, illegal, or unenforceable, the validity, legality or enforceability of the remaining provisions will in no way be affected or impaired thereby.

28. Governing Law. All matters arising out of or related to this Agreement will be governed by and construed in accordance with the laws of the state of Delaware, without giving effect to its choice-of-law rules. The Parties irrevocably and unconditionally submit to the exclusive personal jurisdiction of the courts of the state of Delaware and irrevocably waive any and all rights to object to such jurisdiction for the purposes of litigation to enforce or interpret any provision of this Agreement. The Parties hereby expressly and irrevocably waive their rights to any other jurisdiction that may apply by virtue of their present or future domiciles or for any other reason. The parties hereby expressly and irrevocably waive their rights to a trial by jury in any action, suit, counterclaim or other proceeding (whether based on contract, tort or otherwise) arising out of, connected with or relating to this Agreement.

29. Interpretation. The headings of Sections of this Agreement are for convenience of reference only and will not affect the meaning or interpretation of this Agreement in any way. This Agreement will not be presumptively construed for or against either Party. Section titles are for convenience only. As used in this Agreement, "will" means the same thing as "shall," and the words "include," "includes" and "including," shall always be construed as if followed by the words "without limitation."

30. Modification and Waiver. No modification of this Agreement and no waiver of any breach of this Agreement will be effective unless in writing and signed by an authorized representative of the Party against whom enforcement is sought. No waiver of any breach of this Agreement and no course of dealing between the Parties will be construed as a waiver of any subsequent breach of this Agreement.

31. Waiver; Consent. Failure by either Party to exercise or enforce any right under this Agreement, no matter how long the same may continue, shall not be deemed a waiver of such right by such Party. No waiver of any provision of, or consent to any breach of, this Agreement shall be deemed a waiver of any other provision of, or consent to any subsequent breach of, this Agreement. A Party's consent to or approval of an act or omission on any one occasion shall not be deemed a consent to or approval of said act or omission on any subsequent occasion, or a consent to or approval of any other act or omission on the same or any subsequent occasion. To be effective, a Party's waiver of any right or remedy will be documented in a writing signed by the waiving Party.

32. No Third-Party Beneficiaries. Nothing in this Agreement will confer any right, remedy or obligation upon anyone other than Shopify, the Shopify Affiliates, Affirm and the Affirm Affiliates.

33. Counterparts; Electronic Signature. This Agreement may be executed in duplicate counterparts, each of which is deemed an original, and all of which taken together constitute one and the same instrument. For purposes of execution and delivery, each Party may rely upon the electronic (e.g., via e-mail/PDF) signature of the other Party.

34. Order of Precedence. Unless otherwise specifically mutually agreed to in writing by the Parties, if there is any conflict or inconsistency between these Terms and Conditions or the Program Outline, such conflict or inconsistency will be resolved by giving precedence: (a) first, the Program Outline, and (b) second, to the Terms and Conditions, including its Exhibits.

35. Non-Solicitation. Unless otherwise expressly permitted under Section 14, during the term of this Agreement and for [**] following termination or expiration of the Agreement, Affirm will not directly solicit any Merchant or Customer for any Affirm financial products or services using Merchant

Information or Customer Information; provided that such prohibition shall not apply to: (a) [***]; (b) [***]; and (c) [***]. Notwithstanding the foregoing, and in addition to the above, [***], respectively. Each Party also agrees that, during the term of the Agreement and for one year following its termination or expiration, it will not seek out or induce any person who is an employee of the other Party to terminate their employment; provided that such prohibition shall not apply to general employment advertising made in the ordinary course of business that is not targeted at a specific individual.

36. Exclusivity; Additional Products, Services, Geographies. Until the termination of this Agreement, Shopify agrees that Affirm will be its exclusive provider in the United States of the Financial Product (or any substantially similar financial product) and the Program (or any substantially similar program) and, to the extent Parties mutually decide to offer the Financial Product (or any substantially similar financial product) or the Program (or any substantially similar program) in [***], [***]. Shopify further agrees that Affirm will be its exclusive provider in the United States and its territories of interest-bearing loan installment programs, contingent upon the following: (a) such programs are mutually developed and approved; and (b) the negotiation of a mutually acceptable agreement by the Parties for such programs. Subject to the Parties' mutual agreement, the Parties may [***]. Any exclusivity as to any products or service beyond the Financial Product (or any substantially similar financial product) under the Program and Agreement are contingent on the negotiation of a mutually acceptable agreement by the Parties. The Parties agree that the "Transaction Pricing Terms" in Appendix A of the "Non-Binding Term Sheet for Buyer Installment Program" executed on April 3, 2020 shall apply to clause (a) above and shall be incorporated into the Program Outline for clause (a) as applicable. Shopify also agrees that it will explore in good faith the possibility of [***]. Affirm agrees it will use reasonable efforts to build new products and features as requested by Shopify. [***].

37. Non-Exclusive. Except as specifically set forth in Section 36 (Exclusivity; Additional Products, Services, Geographies), above, each Party acknowledges and agrees that the rights granted to and obligations due to the other Party in this Agreement are intended to be non-exclusive, and therefore that nothing in this Agreement will be deemed or construed to prohibit either Party from engaging in or participating itself or with one or more third parties in business arrangements similar to or competitive with those described herein.

38. Subcontractors. Each Party may use subcontractors in the performance of its obligations under the Program, provided that each Party shall be fully responsible for the acts and omissions of its subcontractors, including its subcontractors' compliance with the terms of the Agreement and all applicable laws. Upon reasonable request, each Party will provide the other Party with a list of critical subcontractors used by such Party in support of the Program.

39. Warrant Agreement. At the time of execution of this Agreement, the Parties shall enter into the Warrant Agreement.

40. Entire Agreement. This Agreement, including any attached exhibits, schedules, appendices, and addenda, constitutes the entire agreement between the Parties and supersedes all prior agreements, understandings, and arrangements, oral or written, between the Parties with respect to the subject matter hereof.

Exhibit C-1
FIRST PROGRAM OUTLINE
Low AOV

1. Program Description. The Program will be offered only in the United States, and (at the option of Affirm with Shopify consent) [***]. The Financial Product associated with the Program ("First Product") shall be a closed-end installment loan product that will bear an interest rate of [***]%, will have no Customer fees of any kind (including late fees), and will have a repayment term of either (i) [***] biweekly (every other week) payments if a partial payment is made by a Customer at the time of purchase; or (ii) [***] biweekly (every other week) payments if a partial payment is not made by a Customer at the time of purchase. The First Product may be utilized only for orders that are not less than \$[***] USD and not greater than \$[***] USD, unless otherwise approved by Affirm in its sole discretion.

2. Product Construct. For purposes of the First Product only, and regardless of any provisions to the contrary in the Agreement, the Parties have agreed to the following "Product Construct":

(a) Once Affirm has finalized Customer Agreements, Shopify shall [***] and render as a payment option for Customers within Shop Pay [***] to be called a mutually agreed upon Program name. In the event a Customer selects the Program option to pay for goods or services, it shall be directed [***] for the [***]. Shopify is responsible to [***] and to [***]. Failure by Shopify to meet its obligation as to the Customer Agreements will subject it to penalties as agreed by the Parties. In addition, Affirm shall have the right to [***].

(b) With respect to data collection [***], Affirm may [***]. To the extent additional GLBA NPI is needed by Affirm from the Customer to provide the First Product, Affirm shall [***]. [***]. Shopify is also responsible to provide Affirm monthly reporting [***].

(c) Any Customer electronic mail ("email") and SMS text communications regarding the terms or repayments of the Financial Product shall be sent [***] from the [***] email address with "Shop Pay" as the sender. As to [***] communications to Customers, [***], (i) welcome messages, (ii) general Program information, (iii) general account creation, (iv) general Shop Pay information (check account, update information, etc.), Shopify [***].

(d) With respect to the Customer Engagement Functionality, the Parties agree [***]. Shopify is responsible [***]. The Parties agree [***] to optimize the Customer's user experience for the Financial Product as set forth in Section 14 of the Agreement.

3. Launch. Shopify will launch the First Product on its Platform in three (3) phases: (i) with between [***] to [***] Eligible Merchants ("Alpha Phase"); (ii) promptly following the Alpha Phase, with between [***] and [***] Eligible Merchants ("Beta Phase"); and (iii) promptly following the Beta Phase, with all Eligible Merchants on its Platform (the "GA Phase"). The Parties will work together in good faith to launch the GA Phase as soon as practicable. Prior to the launch of the First Product with each potential Eligible Merchant, Shopify shall cause such Merchant to enter into a merchant agreement, substantially in the form attached as Exhibit E to the Agreement, between Affirm and such Merchant (each, a "Merchant Agreement").

4. Merchant Engagement and Marketing.

(a) General. With respect to Merchant engagement and marketing, Shopify agrees to: (i) [***]; (ii) to use [***]; (iii) to use [***]; (iv) work with Affirm in good faith to develop a marketing plan for the Program; and (v) work with Affirm in good faith to drive repeat purchases for the program.

(b) Fall 2021 Limited-Time Promotion.

(i) [***]

5. First Product Placement. Shopify [***]. Notwithstanding the preceding sentence, product placement shall ultimately be determined in Shopify's and its Merchants' discretion.

6. Merchant Fees and Payout.

(a) Merchant Fees. Each Eligible Merchant that makes the First Product available to its customers shall pay fees to Affirm as set forth in the applicable Merchant Agreement and as determined by Shopify. Generally, fees to be paid by an Eligible Merchant to Affirm ("Merchant Fees") shall equal the sum of (i) a percentage of the [***] amount (including any [***] made by a Customer at the time of purchase) of each sale approved by Affirm and captured by an Eligible Merchant (each, a "Successful Transaction"), plus (ii) [***] per Successful Transaction, in each case, in accordance with the applicable Merchant Agreement. The [***] Merchant Fees that may be offered to a Merchant are set forth on Addendum A to Exhibit C-1 [***].

(b) Payouts to Eligible Merchants. Affirm and/or its Affiliates shall disburse funds in connection with the Program to each Eligible Merchant in accordance with this Section 6(b) and as stated in the applicable Merchant Agreement. Each Eligible Merchant shall establish and maintain a U.S. depository account in good standing (each, a "Bank Account") in accordance with the Merchant Agreement. Subject to Affirm's Risk Approval Process (as applicable), within [***] following a Successful Transaction, Affirm shall provide to the Eligible Merchant a report setting forth all Successful Transactions, and shall also initiate a transfer of Settlement Funds (which shall include the [***] amount of the Successful Transaction, less Merchant Fees as applicable, refunds and any items held in suspense as dispute items, as further defined in each Merchant Agreement) for all Successful Transactions to the Eligible Merchant's Bank Account in accordance with the Merchant Agreement (each, a "Payout"). Eligible Merchants shall receive [***] settlements (aggregated to the extent possible) from Affirm and its Affiliates with respect to all Successful Transactions occurring on [***]. Any amounts due from Merchants to Affirm in accordance with the Merchant Agreements shall be deducted by Affirm from Payouts to the Eligible Merchant's Bank Account. [***]

7. Shopify Fees and Payout.

(a) Shopify Fees. With respect to each Successful Transaction, Affirm shall pay to Shopify a fee ("Shopify Fee") equal to (i) the [***] amount of such Successful Transaction multiplied by (ii) the applicable [***] (based on the tier of Merchant Fee paid by the Merchant in connection with such Successful Transaction) set forth under column "Y1" (for Alpha Phase, Beta Phase and the first year following the launch of the GA Phase) or "Y2&Y3" (for the second and third years following the launch of the GA Phase or such other years during the Term as the Parties may mutually agree) on Addendum A to Exhibit C-1. With respect to each Merchant, the Shopify Fee shall not be duplicative of any commissions, revenue sharing or other fees due from Affirm to Shopify under any other agreements.

(b) Payouts to Shopify. No later than [***] business days following the end of [***], Affirm shall transfer, in U.S. dollars via wire transfer or ACH, to Shopify's U.S. bank account (the "Shopify

Account") the aggregate amount of Shopify Fees due for such calendar month. [***]. Affirm shall also provide Shopify with a statement accompanying each payment, detailing the amount of the Shopify Fees due to Shopify for the applicable month, [***] as to be mutually agreed by Parties, in sufficient detail to permit Shopify to validate the amount of such payment. To validate revenue earned by Shopify on a monthly basis, payouts to Shopify shall be accompanied by a report that contains total [***].

8. Customer Installment Program Delay. The Parties will use reasonable efforts to launch the Alpha phase of the First Product no later than July 15, 2020. Any delay in the launch date caused solely by Affirm will require Affirm to pay Shopify a one-time, lump sum launch penalty as follows:

Delay Penalty	Payment (non-cumulative)
[***] weeks	\$[***]

For the avoidance of doubt, the Parties agree that the Alpha Phase launch date and associated penalty do not require that the Parties launch without a mutually acceptable Agreement. Further, the Alpha Phase launch date and associated penalty do not apply to any launch delays related to product development and features that must be mutually agreed upon in the Agreement and thus, delay the Alpha Phase launch date.

9. [***]. Upon the Alpha Phase launch date, [***]. Additionally, while each Party retains [***], upon Alpha Phase launch, [***] (the "[***]"). [***], Shopify will [***]. Affirm shall provide Shopify with guidance around existing workflows, processes and requirements; and Shopify [***]. As applicable, [***]. Shopify agrees in good faith to notify Affirm in advance of any material changes to [***] that [***], and to consult with Affirm about such changes. Eligible Merchants are [***]. Eligible Merchants [***] set forth in Affirm's Risk Approval Process. If Affirm [***], Shopify will promptly (but no later than [***] following [***]) [***]. In addition, Affirm shall have the right to [***].

10. Affirm Application Programming Interface ("Affirm API"). Affirm shall develop software that allows the Platform to communicate automatically via the Affirm APIs with the Platform for the purpose of initiating Applications and otherwise supporting the First Product, and Affirm will disclose the portion of the Affirm APIs to Shopify necessary for Shopify to allow its Platform to integrate with the Affirm API. The Affirm API and all modifications, enhancements and derivative works thereof, and all documentation and specifications related thereto, shall be deemed Affirm Pre-Existing IP.

11. [*] Obligations.** At such time as [***], [***]: (a) [***]; and (b) [***].

12. Affirm Resource Commitment. Affirm will dedicate the following resources to develop the First Product for launch in all phases (Alpha Phase, Beta Phase, and GA Phase):

- (a) [***] software developers;
- (b) [***] engineering managers
- (c) [***] product managers
- (d) [***] implementation manager
- (e) [***] program manager

(f) Dedicated team for ongoing program management and maintenance (engineering, product, marketing, buyer operations, finance, regulatory compliance).

13. Reports. Affirm shall deliver to Shopify on a [***] basis, or on such basis as mutually agreed upon by the Parties, a [***]. Shopify shall deliver to Affirm on a [***] basis, or on such basis as mutually agreed upon by the Parties, a [***] report [***]. The form of [***] shall be [***]. On at least a [***] basis, Shopify shall [***]. Shopify further agrees in good faith [***]. Any [***] failures [***] will be discussed by the Strategic Operating Committee.

14. Program Modifications. To the extent Shopify requests a modification of the First Product that requires development beyond that contemplated by this Agreement, the Parties will review the incremental cost of any such development. If the Parties agree to such modification, the incremental costs will be shared equally between the Parties unless the Parties mutually agreed to a different allocation of costs.

15. Tests.

- (a) To the extent the Parties agree [***].

Each Party acknowledges that certain internal approvals may be required before such Party can provide written agreement to proceed with a Test. For clarity, for Shopify, director approvals will be required for any Test with an expected volume exceeding \$[***]. Any applicable internal approval processes are solely for each Party's internal governance and do not impose any obligation on the other Party to confirm that approvals received under this section comply with any approving Party's internal processes.

(b) Following the conclusion of a Test, if the Parties desire to more widely deploy the construct from the Test, Parties may agree to amend this Agreement or add an additional Program Outline to reflect the terms of (or substantially similar to those of) the Test.

Exhibit C-2
SECOND PROGRAM OUTLINE
High AOV

1. **Program Description.** The Program will be offered only in the United States, and (at the option of Affirm with Shopify consent) its territories. The Financial Product associated with the Program ("High-AOV Product") shall be a closed-end installment loan product that will bear a [***]% or an interest bearing rate up to [***]% APR, will have no late fees, and will have a repayment term of [***], or as otherwise mutually agreed upon by the Parties. The High-AOV Product may be utilized only for loans that are not less than \$[***] USD and not greater than \$[***]USD, unless otherwise mutually agreed upon by the Parties. Customers may be dynamically offered personalized payment options for each transaction, which may include [***] First Product payments every two weeks, [***] High-AOV Product payments, or both. Affirm will use one or more state-chartered banks or other FDIC-insured institutions (each, a "Bank") or Affirm Loan Services, LLC. Notwithstanding Section 5.1 of the Agreement, for purposes of this Second Program Outline, Affirm or its bank partner(s) is responsible for determining and modifying underwriting criteria in its sole discretion in compliance with Applicable Laws.
2. **Product Construct.** For purposes of the High-AOV Product only, and regardless of any provisions to the contrary in the Agreement, the Parties have agreed to the following "Product Construct":
 - (a) Once Affirm has finalized Customer Agreements in consultation with Shopify in accordance with Section 5.1 of the Agreement (provided, that Affirm will have sole control and discretion related to any Customer Agreements), Shopify shall generate a final digital product of such Customer Agreements and render as a payment option for Customers within Shop Pay at checkout on the Platform. In the event a Customer selects the Program option to pay for goods or services, it shall be directed to payment details and underwriting, as agreed upon by both parties. Shopify is responsible to render the Customer Agreements as directed by Affirm and to provide Affirm [***] reports to validate that each Customer viewed the required Customer Agreements. Failure by Shopify to meet its obligation as to the Customer Agreements will subject it to penalties as agreed by the Parties. In addition, Affirm shall have the right to refuse to provide the Program to Customers in the event Shopify does not render the Customer Agreements as directed by Affirm.
 - (b) With respect to data collection at checkout, Bank and Affirm may use the Customer Information provided to it by Shopify through the SHOP App for purposes of providing or underwriting the High-AOV Product to Customers. To the extent additional GLBA NPI is needed by Affirm from the Customer to provide the High-AOV Product, Affirm shall direct Shopify to render and collect the GLBA NPI and ensure its proper use and storage. Shopify is responsible to render the GLBA NPI request and store/use it as directed by Affirm. Upon request, Shopify will provide Affirm with a report to validate its compliance with Affirm's directions, such compliance to be subject to validation by Affirm through reporting or audit rights.
 - (c) Any Customer electronic mail ("email") and SMS text communications regarding the terms or repayments of the Financial Product shall be sent by Affirm with mutually agreed upon Shop Pay branding with a link out to the Shop mobile app and from the "[***]" email address with "[***]" as the sender. As to all other communications to Customers, including but not limited to, (i) welcome messages, (ii) general Program information, (iii) general account creation, (iv) general

Shop Pay information (check account, update information, etc.), Shopify is permitted to send such communications itself in consultation with Affirm. For purposes of clarity, SMS messaging will be used by Affirm solely for the purposes of recovery efforts and upcoming payment reminders, unless mutually agreed to by the Parties.

- (d) With respect to the post-purchase user/Customer portal, the Parties agree to have (i) an Affirm embedded link within the SHOP App directing a user to the Affirm user portal and (ii) for users that do not have the SHOP APP, an Affirm hosted webview that shall have the look and feel of the SHOP App user portal. Shopify is responsible for ensuring Affirm's ability to display the Affirm embedded link within the SHOP App and the Affirm hosted webview on Shopify's Platform. The Parties agree to work in good faith to move to a fully-hosted API experience (as instructed by Affirm for servicing purposes) to enable the Parties to optimize the Customer's user experience for the Financial Product as set forth in Section 14 of the Agreement.
3. **Launch.** The Parties will launch the High-AOV Product on the Platform in two (2) phases: (1) Alpha Phase: with a certain number of Eligible Merchants to be mutually agreed upon by the Parties ("Alpha Phase") and launched by the Launch Date, or such other mutually agreed to date; and (2) GA Phase: promptly following the Alpha Phase, (the "GA Phase"). Prior to the launch of the High-AOV Product with each potential Eligible Merchant, Shopify shall cause such Merchant to enter into a Merchant Agreement, or amendment to the existing Eligible Merchant has already entered into a Merchant Agreement with Affirm, which any updates to the Merchant Agreement shall be mutually agreed to by the Parties. After the GA Phase, (A) Shopify agrees to make the High-AOV Product the default Financial Product for all net-new Eligible Merchants and (B) Shopify and Affirm will use commercially reasonable efforts to offer the High-AOV Product as the default Financial Product for all existing Eligible Merchants.

4. **Merchant Engagement, Marketing and Migration.**

- (a) With respect to Merchant engagement and marketing, Shopify agrees to: (i) consult with Affirm on its plan for engagement with potential Eligible Merchants; (ii) to use commercially reasonable efforts to launch the High-AOV Product with all potential Eligible Merchants on the Platform during the GA Phase; (iii) to use commercially reasonable efforts to configure the Platform such that all Eligible Merchants will have the option, by default, to offer the Financial Product to Customers; (iv) work with Affirm in good faith to develop a marketing plan for the Program; and (v) work with Affirm in good faith to drive repeat purchases for the program.
- (b) At such time prior to the Target Migration Date, Affirm will use commercially reasonable efforts to migrate to the High AOV Product any High-AOV Migration Eligible Merchant (the "Migration"); provided, that Shopify will maintain existing merchant fees and Financing Programs that a Merchant currently has on a Direct Affirm Integration ("Existing Merchant Fees"), unless otherwise agreed to by the Parties. As it pertains to managing the complexities of merchant financing programs, Affirm will use commercially reasonable efforts to build a programmatic way of sharing merchant financing programs with Shopify. The parties will work in good faith to determine the most optimized way to allow Shopify to receive the necessary merchant financing program information in an automated fashion and to provide all operational support required to implement mutually agreed upon merchant pricing customizations by [***]. Further, Shopify and Affirm will collaborate and work in good faith to maintain or increase the value each Merchant currently receives with the High-AOV Product versus a Direct Affirm Integration. Shopify acknowledges that Affirm's ability and responsibility to migrate such Merchants is subject to existing contractual restrictions between such Merchants and Affirm, but

Affirm agrees to take all reasonable steps to notify and migrate Merchants to Shopify; provided, that Shopify and Affirm will work in good faith to prevent termination of the Program by Migrated Merchants. Once complete for each Migrated Merchant, Shopify's associated revenue share will be determined by Section 2 "Migrated Merchants" of Addendum A to Exhibit C-2 attached hereto for each Migrated Merchant that signs up for the High AOV Product, subject to the Migrated Merchant Transition Volume described therein. **"High-AOV Migration Eligible Merchant"** means any Eligible Merchant that, as of a mutually agreed upon date that is prior to the Target Migration Date (not to be less than [**] days before the Target Migration Date), is: (i) on the Shopify platform, (ii) has enabled Shopify Payments and Shop Pay, (iii) utilizing an Affirm product substantially similar to the High AOV Product (the **"Direct Affirm Integration"**). **"Target Migration Date"** means [**]; provided that Affirm may extend such date for up to [**]. **"Financing Programs"** means cart ceilings, cart floors, loan term lengths and Customer APR terms.

- (c) The Parties will work in good faith and take commercially reasonable efforts to achieve the launch timeline as indicated in the Alpha Phase, the GA Phase and the migration of Merchants as referenced in 4(b) above to the High AOV Product.
 - (d) For the avoidance of doubt, no Eligible Merchant, High AOV Migration Eligible Merchant or other merchant that is on a Direct Affirm Integration will be required or encouraged to remove the Shopify plugin that enables the Direct Affirm Integration or other Affirm product at any time.
5. **High-AOV Product Placement.** Shopify agrees to consult with Affirm on best practices for product placement of the High-AOV Product and to suggest, if applicable, product placement to Eligible Merchants on home page, product page, cart page, and checkout. Notwithstanding the preceding sentence, product placement shall ultimately be determined in Shopify's and its Merchants' discretion.
6. **Merchant Fees and Payout.**
- (a) **Merchant Fees.** Each Eligible Merchant that makes the High-AOV Product available to its customers shall pay fees to Affirm as set forth in the applicable Merchant Agreement and as determined by Shopify. Generally, fees to be paid by an Eligible Merchant to Affirm ("Merchant Fees") shall equal the sum of a percentage of the [**] amount (including any [**] made by a Customer at the time of purchase) of each sale approved by Affirm and captured by an Eligible Merchant (each, a "Successful Transaction"), in each case, in accordance with the applicable Merchant Agreement. The tiers of Merchant Fees that may be offered to a Merchant are set forth in the tables on Addendum A to Exhibit C-2.
 - (b) **Payouts to Eligible Merchants.** Affirm and/or its Affiliates shall disburse funds in connection with the Program to each Eligible Merchant in accordance with this Section 6(b) and as stated in the applicable Merchant Agreement. Each Eligible Merchant shall establish and maintain a U.S. depository account in good standing (each, a "Bank Account") in accordance with the Merchant Agreement. Subject to Affirm's Risk Approval Process (as applicable), within [**] business days following a Successful Transaction, Affirm shall provide to the Eligible Merchant a report setting forth all Successful Transactions, and shall also initiate a transfer of Settlement Funds (which shall include the gross amount of the Successful Transaction, less Merchant Fees as applicable, refunds and any items held in suspense as dispute items, as further defined in each Merchant Agreement) for all Successful Transactions to the Eligible Merchant's Bank Account in accordance with the Merchant Agreement (each, a "Payout"). Eligible Merchants shall receive

daily settlements (aggregated to the extent possible) from Affirm and its Affiliates with respect to all Successful Transactions occurring on each business day. Any amounts due from Merchants to Affirm in accordance with the Merchant Agreements shall be deducted by Affirm from Payouts to the Eligible Merchant's Bank Account. In the event that a Payout results in a negative balance, then Affirm shall debit the Bank Account for the negative amounts owed. If the debit of the Bank Account for the amounts owed fails, Affirm agrees to work with Shopify on agreed-upon logic as to the number of debit attempts and time frame, after which Affirm may then deduct the negative balance amount owed from Shopify Fees and payouts that are more than [***] past due at the end of the applicable month. If Affirm terminates the Merchant Agreement as a result of an Eligible Merchant's failure to meet the eligibility criteria in **Affirm's Risk Review Process** (which means the process by which Affirm reviews, assesses, and analyzes an Eligible Merchant's risk compared to Affirm's eligibility criteria, including, without limitation, confirmation that the applicable Eligible Merchant does not violate Affirm's Prohibited Business Policy) prior to a Payout, Affirm will not be liable for the Eligible Merchant's loss relating to the sale of its goods or services in violation of the Prohibited Business Policy, provided that Affirm has notified Shopify as soon as practicable but no later than [***] Business Days following the Eligible Merchant's acceptance of the Merchant Agreement that the Eligible Merchant fails to meet the Affirm Risk Review Process. The Parties agree to work together in good faith to mitigate both Merchant and Customer losses relating to the sale of its goods or services in violation of the Prohibited Business Policy.

7. Shopify Fees and Payout.

- (a) **Shopify Fees.** With respect to each Successful Transaction, Affirm shall pay to Shopify a fee ("Shopify Fee") equal to (i) the [***] amount of such Successful Transaction multiplied by (ii) the applicable [***] (based on the tier of Merchant Fee paid by the Merchant in connection with such Successful Transaction set forth in Addendum A to Exhibit C-2. With respect to each Merchant, the Shopify Fee shall not be duplicative of any commissions, revenue sharing or other fees due from Affirm to Shopify under any other agreements.
 - (b) **Payouts to Shopify.** No later than [***] business days following the end of each [***], Affirm shall transfer, in U.S. dollars via wire transfer or ACH, to Shopify's U.S. bank account (the "Shopify Account") the aggregate amount of Shopify Fees due for such calendar month. [***]. Affirm shall also provide Shopify with a statement accompanying each payment, detailing the amount of the Shopify Fees due to Shopify for the applicable month, [***] as to be mutually agreed by Parties, in sufficient detail to permit Shopify to validate the amount of such payment. To validate revenue earned by Shopify on a monthly basis, payouts to Shopify shall be accompanied by a report that contains [***].
 - (c) **Payment Processing:** Beginning [***], Shopify shall pay for Program payments processing in excess of [***]% up to [***]% for the High AOV Product. Shopify and Affirm to work in good faith and partner to optimize repayment methods (debit *versus* credit and the introduction of ACH).
8. **Customer Installment Program Delay.** The Parties will use reasonable efforts to launch the Alpha Phase of the High-AOV Product no later than a date mutually agreed to by the Parties (the "Launch Date").
9. **Merchant Underwriting and AML/OFAC Screening.** Upon the Alpha Phase launch date, Affirm shall be responsible, with Shopify support, for underwriting Merchants. Additionally, while each

Party retains independent OFAC screening compliance obligations, upon Alpha Phase launch, Affirm shall be responsible for administering and maintaining an AML and OFAC compliance program to screen Merchants ("Affirm's AML/OFAC Screen"). On a date to be mutually agreed upon by the Parties, Shopify will develop, implement and be responsible for its own Merchant underwriting processes and AML compliance, which shall include, without limitation, OFAC, BSA and KYC screening, to determine a Merchant's eligibility to participate in the Program ("Shopify AML/OFAC Screen"), in addition to any other Affirm screening as required by Applicable Law, or mutually agreed to by the Parties. Shopify AML/OFAC Screen may be performed by a third party on behalf of Shopify, and Shopify will be responsible for such third party's performance. Affirm shall provide Shopify with guidance around existing workflows, processes and requirements; and Shopify shall perform the Shopify AML/OFAC Screen for the Financial Product in accordance with the requirements communicated by Affirm and in accordance with Applicable Law. As applicable, each Party's AML/OFAC Screen for the Financial Product shall at all times comply with Applicable Law, including, OFAC regulations and guidance. Shopify agrees in good faith to notify Affirm in advance of any material changes to the Shopify AML/OFAC Screen that could have an adverse impact to Customers or AML/OFAC compliance, and to consult with Affirm about such changes. Eligible Merchants are subject to Affirm's Risk Approval Process until such time that Parties mutually agree otherwise. Eligible Merchants are subject to Affirm's OFAC Screen and will remain subject to Affirm's Risk Approval Process as described in the Program Outline. As long as the Parties agree that Affirm is responsible for Merchant AML/OFAC screening, or if certain screening by Affirm is required by Applicable Law, and, in addition to any other rights or remedies that Affirm may have, Affirm shall have the right to immediately suspend its services and/or terminate any agreement between Affirm and an Eligible Merchant in accordance with the terms of that agreement if such Eligible Merchant does not meet Affirm's eligibility criteria set forth in Affirm's Risk Approval Process. If Affirm elects to terminate an agreement with an Eligible Merchant in accordance with the terms and conditions of such agreement and notifies Shopify of such intent to terminate, Shopify will promptly (but no later than 24 hours following Affirm's notification to terminate) notify the Eligible Merchant of such termination in writing (electronic notification acceptable). In addition, Affirm shall have the right to request reporting and a reasonable review of Shopify's performance of the Shopify AML/OFAC Screen. Upon identifying a material deficiency in the Shopify AML/OFAC Screen, Affirm shall have the right (but not the obligation), to immediately (i) suspend the Program with respect to any Merchants not yet onboarded to the Program as of the date of suspension; and/or (ii) assume responsibility for Merchant underwriting or the Merchant AML/OFAC Program (with costs to be paid by Shopify) if Affirm determines, in good faith and based on the advice of counsel, that Shopify's actions or failure to act has resulted in (a) a violation of Applicable Law; or (b) material adverse impact to Customers. Shopify shall promptly remedy any material deficiency in the Shopify AML/OFAC Screen. Shopify will in good faith provide Affirm with reasonable advance notice of any significant change in merchant onboarding volume compared with the forecasts provided by Shopify to Affirm in accordance with Section 11 of the Program Outline.

10. **Affirm Application Programming Interface ("Affirm API").** No later than [***], Affirm shall develop software that allows the Platform to communicate automatically via the Affirm APIs with the Platform for the purpose of initiating Applications and otherwise supporting the High-AOV Product, and Affirm will disclose the portion of the Affirm APIs to Shopify necessary for Shopify to allow its Platform to integrate with the Affirm API. The Affirm API and all modifications, enhancements and derivative works thereof, and all documentation and specifications related thereto, shall be deemed Affirm Pre-Existing IP.

11. **Reports.** Affirm shall deliver to Shopify on a [***] basis, or on such basis as mutually agreed upon by the Parties, a [***]. [***]. Shopify shall deliver to Affirm on a [***] basis, or on such basis as mutually agreed upon by the Parties, a [***] report [***]. On at least a [***] basis, Shopify shall [***]. Shopify further agrees in good faith [***] Any [***] failures [***] will be discussed by the Strategic Operating Committee.
 12. **Program Modifications.** To the extent Shopify requests a modification of the High-AOV Product that requires development beyond that contemplated by this Agreement, the Parties will review the incremental cost of any such development. If the Parties agree to such modification, the incremental costs will be shared equally between the Parties unless the Parties mutually agreed to a different allocation of costs.
13. **Tests.**
- (a) To the extent the Parties agree to [***].

Each Party acknowledges that certain internal approvals may be required before such Party can provide written agreement to proceed with a Test. For clarity, for Shopify, director approvals will be required for any Test with an expected volume exceeding \$[***]. Any applicable internal approval processes are solely for each Party's internal governance and do not impose any obligation on the other Party to confirm that approvals received under this section comply with any approving Party's internal processes.
 - (b) Following the conclusion of a Test, if the Parties desire to more widely deploy the construct from the Test, Parties may agree to amend this Agreement or add an additional Program Outline to reflect the terms of (or substantially similar to those of) the Test.

EXHIBIT C-3
THIRD PROGRAM OUTLINE
POS Product

1. **Program Description.** The Program will be offered only in the United States and its territories further outlined in the Merchant Agreement. The Financial Product associated with the Program (the “**POS Product**”) shall enable Merchants to offer Buyers a Shopify-native installments solution for in person purchases (the “**POS Product**”). The POS Product will allow the Merchant to offer all other Financial Products set forth in any other Program Outline, in store.
2. **Product Construct.** For purposes of the POS Product only, and in addition to (i) Section 2 of Exhibit C-1 (*First Program Outline - Low AOV Product*) (as amended, the “**Low AOV Program Outline**”) and (ii) Section 2 of the Exhibit C-2 (*Second Program - High AOV Product*) (as amended, the “**High AOV Program Outline**”), the Parties have agreed to the following as the minimum requirements necessary for the “Product Construct” for the POS Product. To the extent that there are any changes to the POS Product the Parties will mutually agree to such changes (email sufficient).
 - (a) **Onboarding and Signup.**
 - (b) **[***] Merchant Training.** Affirm will create, host, maintain and Shopify will make available to Merchants the minimum training necessary for compliance with all Applicable Laws in connection with the POS Product (“**POS Merchant Training**”). The POS Merchant Training will be an online module that is easily accessible for Merchants, including their employees. Shopify shall have the right to review the POS Merchant Training for marketing, branding or other purposes and request updates, which Affirm (i) if related to marketing and branding, shall make, unless doing so would violate Applicable Laws or bank partner requirements and (ii) will consider in good faith all other requests.
 - (c) **Identifiers.** With respect to Beta Phase and GA Phase, Shopify will collect and send to Affirm identifiers for retail merchants: (i) store location address (“**Store Location Data**”) and (ii) any other identifiers agreed to by the Parties. With respect to the Alpha Phase, Beta Phase and GA Phase, Shopify will create a designation to easily identify transactions as either e-commerce or in-store transactions (“**Channel Data**”).
 - (d) **Pre-Qualification Support.** Shopify will make commercially reasonable efforts to build prequalification for Customers in the Shopify App (“**Pre-Qualification**”), with specific requirements to be mutually agreed to by the Parties at a time to be mutually agreed to by the Parties. The Parties acknowledge that Pre-Qualification for Customers is not a prerequisite for the Beta Phase or the GA Phase.
3. **Launch.** This Program Outline will only be applicable for the Alpha Phase (as defined below). The Parties will enter into an amendment prior to the Beta Phase that will set forth any additional requirements for the Beta Phase and the GA Phase, which will include any additional minimum requirements for the “Product Construct”. The Parties will launch the POS Product on the Platform in three (3) phases: (i) Alpha Phase: with a certain number of Eligible Merchants to be mutually agreed upon by the Parties not to exceed [***] Eligible Merchants or another number of Eligible Merchants as agreed by the Parties (“**Alpha Phase**”), and launched by the Launch Date or date mutually agreed to by the parties prior to the Beta Phase; (ii) Beta Phase, promptly following the Alpha Phase on a mutually agreed upon date by the Parties with a certain number of Eligible Merchants to be mutually agreed upon by the Parties (the “**Beta Phase**”); and (iii) GA Phase: promptly following the Beta Phase on a mutually agreed upon date by the Parties (the “**GA Phase**”). Prior to the launch of the

POS Product with each potential Eligible Merchant, Shopify will notify Merchants that the POS Product is available and provide any updates to the Merchant Agreement to all Merchants as mutually agreed to.

4. **Fraud.**

- (a) As a condition to launching the Beta Phase and the GA Phase, at a minimum and in addition to any fraud prevention tools that have been already implemented by Shopify for the Program under all Program Outlines as of the Third Program Agreement Effective Date, (i) the Parties will mutually agree on the fraud prevention tools and (ii) send Affirm the following data information set forth in more detail in Exhibit A to the Agreement (A) Store Location Data and (B) Channel Data, or such other tools or data as otherwise mutually agreed to by the Parties. To the extent that any of the agreed-upon fraud prevention tools are not necessary as directed by Affirm and mutually agreed to by the Parties, then that fraud prevention tool will not apply. If there is a fraud prevention tool that is required by Affirm's fraud risk process, then Affirm will communicate the necessary tool to Shopify and Shopify will use commercially reasonable efforts to enable it. For the avoidance of doubt, the Parties will not launch the Beta Phase or GA Phase without implementing the mutually agreed to fraud prevention tools required for the Beta Phase and/or GA Phase.
- (b) Affirm and Shopify will track the amount of fraudulent transactions captured via the POS Product by all Merchants using such POS Product (the "Fraudulent Amounts") for each month period during the Term (the "Monthly Fraud Amount" and each such month period during the Term, the "Fraud Measurement Period") and the percentage of the Monthly Fraud Amount out of all Affirm Successful Transaction Volume for such applicable Fraud Measurement Period (the "Monthly Fraud Rate").
 - (i) "Affirm Successful Transaction Volume" means the aggregate total United States dollar amount of Successful Transactions that have been captured through the POS Product pursuant to the Third Program Outline, less amounts resulting from Customer refunds and chargebacks.
 - (ii) Solely for example purposes, if (A) the Monthly Fraud Amount for January equals \$[***] and (B) the Affirm Successful Transaction Volume for January equals \$[***], then the Monthly Fraud Rate for January will be [***]%.
- (c) To the extent the Monthly Fraud Rate exceeds [***]% for any month during the Term, the Parties will discuss and negotiate in good faith what additional fraud prevention tools the Parties can enable to reduce Customer fraud.
- (d) If the Monthly Fraud Rate exceeds [***]% for any month during the Term, Affirm or Shopify may elect to suspend the POS Product until mutual agreement to re-launch the POS Product.

5. **Merchant Engagement, Marketing.**

- (a) With respect to Merchant engagement and marketing, Shopify agrees to: (i) consult with Affirm on its plan for engagement with potential Eligible Merchants; (ii) to use commercially reasonable efforts to launch the POS Product with all potential Eligible Merchants on the Platform during the GA Phase; (iii) to use commercially reasonable efforts to configure the Platform such that all Eligible Merchants will have the option, by default, to offer the Financial Product to Customer; (iv) work with Affirm in good faith to develop a marketing plan for the Program; and (v) work with Affirm in good faith to drive repeat purchases for the program.
- (b) No Eligible Merchant will be migrated from a direct integration with Affirm to the POS Product; provided, any Eligible Merchant may choose to enable the POS Product at any time.

6. Merchant Fees and Payout.

- (a) Merchant Fees. During the Alpha Phase, the Beta Phase and GA Phase, each Eligible Merchant that makes the POS Product available shall pay Merchant Fees to Affirm associated with the Financial Product being offered as set forth in Section 1 of Addendum A to Exhibit C-1 of the Low AOV Program Outline and Section 1 of Addendum A to Exhibit C-2 of the High AOV Program Outline, as applicable, and in accordance with their applicable Merchant Agreement ("Merchant Fees"); provided, that if an Eligible Merchant has enabled either Financial Product on its website (an "Existing Merchant"), the Merchant Fees for the POS Product will be the same Merchant Fees that the Existing Merchant currently pays in connection with the Financial Products offered on its website (the "Existing Merchant Fees"). The tiers of Merchant Fees that may be offered to a Merchant are set forth in the tables in the Exhibits in the Program Outline of the applicable Financial Product. For instance, the tiers of Merchant Fees for High AOV are set forth in the High AOV Program.
- (b) Payouts to Eligible Merchants. Affirm and/or its Affiliates shall disburse funds in connection with this Program Outline to each Eligible Merchant in accordance with the disbursement requirements associated with the Financial Product being offered as set forth in the Low AOV Program Outline or the High AOV Program Outline, as applicable, and as stated in the applicable Merchant Agreement. For instance, if a Merchant is offering Low AOV via the POS Product, then the Payouts to Eligible Merchants will be as set forth in the Low AOV Program Outline. Affirm and/or its Affiliates shall disburse funds in connection with the Program to each Eligible Merchant in accordance with this Section 6(b) and as stated in the applicable Merchant Agreement.

7. Shopify Fees and Payout.

- (a) Shopify Fees. During the Alpha Phase, Beta Phase and the GA Phase, Affirm shall pay to Shopify a fee ("Shopify Fee") equal to the fee associated with the Financial Product being offered to the applicable Eligible Merchant as set forth in Addendum A to Exhibit C-1 of the Low AOV Program Outline and Section 1 of Addendum A to Exhibit C-2 of the High AOV Program Outline as applicable; provided, that the Shopify Fee in connection with an Existing Merchant will be the applicable Shopify Fee to the Existing Merchant Fees as set forth in Section 1 of Addendum A to Exhibit C-1 of the Low AOV Program Outline and Section 1 of Addendum A to Exhibit C-2 of the High AOV Program Outline. The tiers of Merchant Fees and associated Shopify Fee are set forth in the tables in the Exhibits in the Program Outline of the applicable Financial Product. For instance, the Shopify Fee for the High AOV Product offered via the POS Product, are as set forth in the High AOV Program Outline.
- (b) Payouts to Shopify. Payouts to Shopify shall be as set forth in the applicable Program Outline associated with the Financial Product being offered through the POS Product.
- (c) Payment Processing: Payment processing shall be as set forth in the applicable Program Outline associated with the Financial Product being offered.
8. **Customer Installment Program Delay**. The Parties will use reasonable efforts to launch the Alpha Phase of the POS Product no later than a date mutually agreed to by the Parties (the "Launch Date").
9. **Merchant Underwriting and AML/OFAC Screening**. Merchant underwriting and AML/OFAC screening shall be conducted in accordance with the Financial Product being offered as set forth in the Low AOV Program Outline or the High AOV Program Outline, as applicable.
10. **Reports**. Affirm shall include a section related to the POS Product in the Reports it delivers to Shopify in accordance with any other Program Outline; provided, that Shopify will provide Affirm with necessary information in order for Affirm to identify transactions completed through the POS

Product. The details necessary for any Reports that are related to the POS Product will be mutually agreed to between the Parties.

11. Program Modifications. To the extent Shopify requests a modification of the POS Product that requires development beyond that contemplated by this Agreement, the Parties will review the incremental cost of any such development. If the Parties agree to such modification, the incremental costs will be shared equally between the Parties unless the Parties mutually agree to a different allocation of costs.

12. Tests.

(a) To the extent the Parties agree to [***].

Each Party acknowledges that certain internal approvals may be required before such Party can provide written agreement to proceed with a Test. For clarity, for Shopify, director approvals will be required for any Test with an expected volume exceeding \$[***]. Any applicable internal approval processes are solely for each Party's internal governance and do not impose any obligation on the other Party to confirm that approvals received under this section comply with any approving Party's internal processes.

(b) Following the conclusion of a Test, if the Parties desire to more widely deploy the construct from the Test, Parties may agree to amend this Agreement or add an additional Program Outline to reflect the terms of (or substantially similar to those of) the Test

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a), AS ADOPTED
PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Max Levchin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Affirm Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2024

/s/ Max Levchin

Max Levchin

Chief Executive Officer

(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a), AS ADOPTED
PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael Linford, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Affirm Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2024

/s/ Michael Linford

Michael Linford

Chief Financial Officer

(Principal Financial Officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned certifies that this periodic report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in this periodic report fairly presents, in all material respects, the financial condition and results of operations of the issuer.

Dated: May 8, 2024

/s/ Max Levchin
Max Levchin
Chief Executive Officer
(*Principal Executive Officer*)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned certifies that this periodic report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in this periodic report fairly presents, in all material respects, the financial condition and results of operations of the issuer.

Dated: May 8, 2024

/s/ Michael Linford
Michael Linford
Chief Financial Officer
(*Principal Financial Officer*)