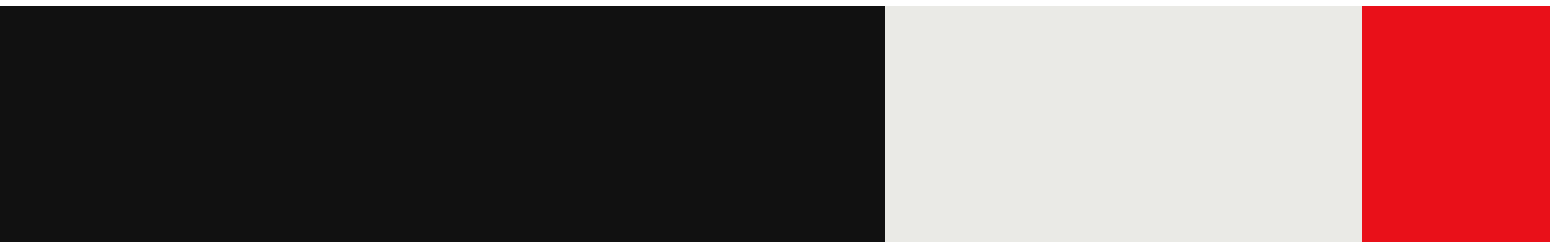



Affirm says Q2 profits will be ‘new normal’

Article



The news: Affirm’s revenues shot up 47% YoY, per its Q2 FY 2025 earnings (ended December 31, 2024). Net income totaled \$80 million during the quarter, versus a \$167 million loss a year ago.

The [BNPL](#) provider’s stock price jumped 20% in reaction to these results, which outperformed analyst expectations.

How this happened: Affirm attributed much of its net income growth to optimizing transaction costs and adjusting loan sale pricing and other pricing initiatives.

Growth in merchants, customers, and payment volume also helped drive revenues.

- The number of active consumers (excluding the discontinued Returnly business) grew 23% YoY.
- The number of merchants that offer Affirm increased 21% YoY.
- **Gross merchandise volume (GMV) jumped up 35% YoY.**

Growth highlights: Affirm's volume got a boost from a few key segments.

- GMV from third-party marketplaces during the Black Friday/Cyber Monday weekend grew 44% YoY. GMV from travel increased 42% over the same period.
- Expanding beyond traditional retail categories is also paying off: Professional and legal services GMV surged 60% YoY.
- **Affirm Card GMV jumped up 113% YoY.** Affirm said redesigning its app to promote the card drove volume.
- Loans with 0% APR also shot up 70% YoY in Q2. More merchants offered these plans as a promotion to drive sales at the end of the year, Affirm president Libor Michalek said.

Looking forward: Affirm expanded into new markets and categories during Q2, which should help it keep up this momentum in the quarters to come.

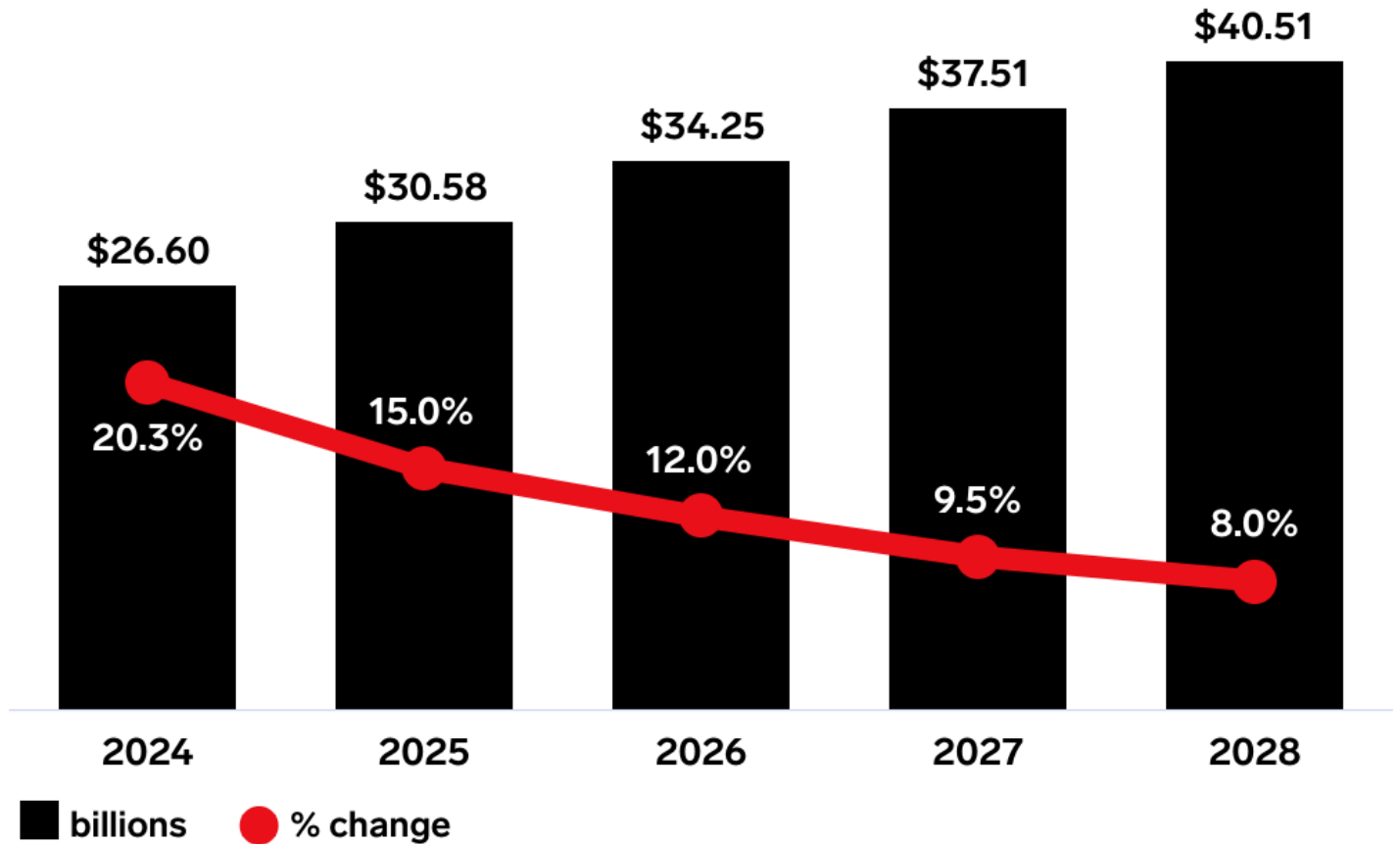
- It **launched in the UK** in November and said that early results are consistent with its expectations. Affirm will soon begin testing with **Shopify** in the UK, its first enterprise partner in the market.
- The BNPL provider also expanded into medications for the first time through a **partnership with GoodRx**.

Our take: BNPL players operate in a low-margin industry and have historically struggled with long-term profitability. But CEO Max Levchin expects profitability will be a “new normal” for Affirm.

Diversifying into new categories, launching new markets, and pushing the debit card has gotten Affirm to a strong standing, which will likely continue through 2025. We forecast **Affirm's US total payment value for the year will total \$30.58 billion.**

Affirm Payment Value

US, 2024-2028



Note: includes products or services paid with Affirm; excludes payments such as bill pay, taxes, or money transfers, gambling and other vice goods sales

Source: EMARKETER Forecast, August 2024