Sezzle, Inc.,

Second Quarter 2026 Earnings Conference Call

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CORPORATE PARTICIPANTS

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Paul Paradis - Co-founder, President

Jack Fagan - Head, Investor Relations and Corporate Development

PRESENTATION

Operator
Good day, and welcome to Sezzle's Second Quarter 2026 Earnings Conference Call. All participants will be in listen-only mode. Should you need assistance, please signal a conference specialist by pressing the "*" key followed by "0." After today's presentation, there will be an opportunity to ask questions. To ask a question, you may press "*" then "1" on your telephone keypad. To withdraw your question, please press "*" then "2." Please note, this event is being recorded.

I would now like to turn the conference over to Charlie Youakim, CEO and Executive Chairman. Please go ahead.

Charlie Youakim
Thank you and good afternoon, everyone, and welcome to Sezzle's second quarter 2026 earnings call. I'm Charlie Youakim, CEO and Executive Chairman of Sezzle. I'm joined today by our CFO, Lee Brading, my Co-founder and company President, Paul Paradis and Head of IR and Corporate Development, Jack Fagan.

In conjunction with this conference call, we filed our earnings announcement with the SEC and posted it along with our earnings presentation on our investor website at sezzle.com. To retrieve the documents, please go to the investor relations section of our website. Please be advised of the cautionary note on forward-looking statements and the reconciliation of GAAP to non-GAAP measures included in the presentation, which also covers our statements on today's call.

Okay, with the boilerplate completed, let's get started. We know you can now see that 2026 is off to a great start. I was remarking to our leadership team earlier this past quarter that our volume growth curves look a lot like they did back in 2020 and 2021, which was an amazing growth period for the company.

My tip-off to that was our May GMV surpassing our December holiday GMV. In recent years, it had taken until August for the same sort of event to occur. And as many of you know, volume isn't our North Star, but it's a nice secondary indicator that our solutions are taking hold.

In the second quarter, we made more strides towards improving those solutions and executing on their growth. We brought more consumers onto the subscription platform in the quarter than we have ever done before. And we improved the subscription offering, deepening the relationship with the customer once they've joined.

SezzleCash is a new offering only available to subscribers that allows them to smooth their cash flow needs with a product that feels familiar, with a Pay-in-Full or Pay-in-5 payback period. Now the customer can access funds at an extremely low-cost relative to alternatives and budget for the payback.

As we're supporting our customers with products like SezzleCash, they become more loyal to our brand because we keep nailing the offering. In layman's terms, our products get stickier, which is a damn good thing. We're also winning outside the product ecosystem.

On slide three, you'll see we continue to receive accolades by outlets that have recognized us before. CNBC named us one of the world's top fintech companies for 2026. Newsweek included us on its America's Best Online Platforms and US News recognized us as one of the Best Companies to Work For in 2026. We don't do this for the awards, but when the same outlets keep coming back, it tells us the product is working for our consumers and the culture is working for our team. Both of those matter.

Now to the results. Second quarter GMV grew 37.9% year-on-year to a record $1.3 billion, and total revenue grew 51.7% to $149.7 million. Net income was $40.8 million, a 27.2% profit margin, and adjusted EBITDA was $58 million, a 38.8% margin. Total revenue, less transaction-related costs came in at 63.5% of total revenue, right in the upper half of the 55% to 65% range that we target.

Given the strength in the first half and the momentum we're seeing across the platform, we are raising full year guidance again. We now expect total revenue growth of 35%, targeting the upper bound of our prior 30% to 35% range. We are raising adjusted net income guidance to $185 million from $180 million, and adjusted net income per diluted share to $5.25 from $5.10. Lee will give you more detail later in the call.

The engagement story behind those numbers is in the bottom right of the slide. Active subscribers reached 854,000, up an incredible 76.4% year-over-year. And average quarterly purchase frequency hit a record 7.2 times, compared to 6.1 times in the second quarter of last year. Subscribers are our highest lifetime value users, and frequency is the metric that tells us whether the ecosystem is actually working. Both are moving in the right direction.

Turning to slide four. We added 140,000 net new subscribers in the quarter. That's the largest quarter-over-quarter and year-over-year subscriber gain we've had since we launched the subscription program. That didn't happen by accident. As you can see on the chart, marketing spend was $19.4 million in the quarter. We have said before that we would push marketing as far as we can while staying inside a six-month payback period, and the second quarter is us doing exactly that.

Based on the core data we have so far, payback is still under six months. That tells us something important about the virality and the value of the subscription suite. When we put more dollars to work, consumers convert and they stick.

I'd like to note that this was a deliberate step-up to test out higher levels of marketing spend and not a new run rate. We tested to see how far channels could stretch until we became less comfortable with the ROI. We found that we could push levels of spend higher and still stay at the sub six-month payback. But even with that, we feel more comfortable with better ROIs on marketing spend.

I have always had a strong feeling that business is a bit art and a bit science, and while the science says, "Yes, you can do this," or even, "Yes, you should do this," perhaps, our gut is telling us that we feel more comfortable with strong return curves at lower levels of marketing spend. You can expect a lower level of spend in Q3, all things being equal. But for us, it's never that simple, as we have just recently launched SezzleCash and are about to launch Sezzle Send.

The mandate to the team hasn't changed. If they find places to put dollars to work that stay within our payback threshold, we're going to test them. And even with that step up in spend in this quarter, we're still raising our bottom-line guidance because the consumers we added this quarter begin paying back in the third and fourth quarters.

The other half of the equation is making the subscription itself worth more every quarter. On last quarter's call, we announced the Sezzle Mobile plan, giving Sezzle Anywhere subscribers an unlimited 5G plan on AT&T's network starting at $29.99.

At the end of the second quarter, we added another benefit, access to SezzleCash, a new cash advance product that gives Anywhere subscribers a way to cover short-term liquidity needs through Pay-in-Full or Pay-in-5 with no down payment required. Add in card-linked offers, more points and rewards, and early access the beta products and the subscription keeps getting harder to walk away from. And as an added benefit, in the coming quarter, Anywhere consumers will enjoy no service fees on Sezzle Send.

However, we aren't only building value for subscribers. We're expanding what every consumer gets because retention and engagement matter across the whole base. A lot of this we're doing through partnerships, which lets us bring benefits to everyday shoppers quickly rather than building everything ourselves, as seen on slide five. That includes card-linked offers that reward virtual card spending at partner merchants, an expansion of cashback across more merchants and daily actions like gamified surveys, trivia, and giveaways that give consumers a reason to open the app even when they aren't shopping. And on the monetization side, we're converting engagement we already have into revenue without changing the user experience.

The more value our consumers get from Sezzle, the more valuable they become to us. Consumer value and shareholder value move together here, and that's the test we apply to every product decision. You'll also see the merchant side of this. When we launched On-Demand, we said it would help us win enterprise merchants because it lets us offer more competitive pricing to merchants with thinner margins. Enterprise sales cycles are long, so this takes time, but the strategy is starting to bear fruit. Recent enterprise wins include Poshmark, Gymshark, Debenhams, and several others.

Acquiring users and driving engagement matters in any consumer business. But what matters just as much to us is the pace at which we ship. As you'll see on slide six, the second quarter was another busy one for our product and engineering teams. We rolled out SezzleCash in June through a phased launch, reaching the full population of eligible Sezzle Anywhere subscribers by the end of the quarter. And coming in August, we plan to launch Sezzle Send, a peer-to-peer money transfer product that lets consumers send money by phone number in either Pay-in-Full or use Pay-in-5. The recipient receives the full amount upfront and doesn't need to be a Sezzle consumer to get the money. So every send is a potential introduction to the platform.

Slide seven goes deeper on both. Up to this point, almost everything we've built has been anchored to a purchase. SezzleCash and Sezzle Send aren't. They're about liquidity and moving money, everyday financial needs that have nothing to do with a checkout page. We are continually expanding beyond our original point-of-sale offering in our never-ending race to increase the value of our platform to our stakeholders.

SezzleCash and Sezzle Send do three things for us, drive virality, increase attraction to the platform, and improve retention to the platform by bringing consumers back into Sezzle for reasons other than shopping and by offering more value to them. As we continue to increase our value to consumer, we'll continue to earn more share in their wallet.

Although SezzleCash just launched, the initial signal is encouraging. The average advance size is approximately $165, and nearly 10% of eligible new subscribers are requesting an advance as their first transaction in the Sezzle Anywhere ecosystem. That tells us the product is pulling in consumers we might not have reached through our traditional offering alone.

On Sezzle Send, I think most of us on this call use a money transfer product, so we all understand the virality of these platforms. Our twist is to take the burden off the transfer. A consumer can send 100% of the money to their friend upfront and repay us through Pay-in-Five. And because the recipient doesn't need a Sezzle account to get the money, every send is a potential low-cost acquisition in a new acquisition channel our consumers drive for us.

For Sezzle Anywhere subscribers, we waive the service fee on Pay-in-Five entirely in Sezzle Send, and for non-subscribers, the fee is de minimis, around $3 for a $100 send. Unlike SezzleCash, we made the Send product available to non-subscribers because of the virality it can help us create. Even though the fee for non-subs is small, it's still another reason to be a subscriber and another screen in our app where we can convert the consumer into a subscriber.

I'll add the caveat I'd want to hear as an investor. As with any new lending product, we're being conservative early and still fine-tuning the underwriting. So I'll spoil part of Lee's narrative and tell you now that our guidance does not assume material upside from SezzleCash and assumes zero contribution from Sezzle Send.

A couple items about Sezzle Send. First, we've already got about 100k users on the wait list. Our users are excited about it. And second, it's the first product we've produced where the vast majority of the build was AI-driven, and a small team has taken it from concept to launch-ready in a matter of weeks rather than months. A product that moves real money between real people built by AI.

A couple of years ago, that would've been a research project. For us, it was one quarter's worth of work, which leads us to slide eight. AI is embedded across this platform now, and I want to give you real numbers rather than talking points. On the consumer side, our AI support chatbot is deflecting 68% of consumer inbounds. And I'd note that the bot is scoring a higher CSAT than our human agents on those answers. That frees our people up for the complex issues that generally need a person. Our AI shopping assistant within our discover tab is driving a 3.6 times product click-through rate versus control, and it's now live for 80% of Sezzle Anywhere users with plans to expand to all consumers.

Internally, we've become an organization that effectively requires AI in the workflow. It's the expectation for every employee, and the team has taken that to heart. As new models roll out, I expect all of our internal KPIs, not just the few listed on the right side of the slide, to get better and our teams to do more with the same headcount. My first boss out of school told me, speed, quality, and cost. Pick two out of three. With AI, Sezzle is taking all three.

That brings me to slide nine. We're building fast, shipping quickly, and putting more product in front of consumers every quarter. And that pace compounds. It shows up directly in the year-over-year engagement metrics.

MODs increased 234,000 year-over-year to 982,000. Quarterly purchase frequency reached a new high of 7.2 times, up 1.1 turns, and repeat usage was 97.2% of total orders, up 80 basis points. While these numbers continue to step up every quarter, the one I'd like to point out to you is the bottom left. The average quarterly revenue per monetized user increased 16.2%.

Growth is coming from a larger user base, but it's also coming from consumers who engage with us more often and generate better economics over time. Those two things working together are the whole model. It's multiplication, not addition. A bigger base and a more valuable consumer within it compound on each other. And that's what we're building for over the long run. We are still early in what Sezzle can become for the value-focused consumer. But the flywheel is getting stronger every quarter.

With that, I'll turn it over to Lee to walk you through the numbers in more detail.

Lee Brading
Thanks, Charlie. I will get started on slide 10. It's exciting to see the hard work and effort put in by our team at Sezzle pay off. Q2 revenue increased 51.7% year-over-year, net income rose 47.7% year-over-year, and adjusted net income expanded by 58.4% year-over-year.

Growth did not come at the sacrifice of margins, as we have always said that we will not grow for growth's sake. We take bottom-line profitability seriously, if not more so than top-line growth. Total revenue less transaction-related costs as a percentage of total revenue increased 240 basis points to 63.5%, which is at the upper end of our 55% to 65% target range. Revenue growth plus EBITDA margin puts us right at a score of 91 for the rule of 40, exceeding our 82 score for Q1.

On slide 11, you can see the strong momentum in our business. Q2 GMV grew 15.1% sequentially, 37.9% year-over-year, and exceeded our Q4 2025 holiday season peak. Q2 revenue rose 51.7% as revenue yield expanded 110 basis points year-over-year to 11.7%. For 2026, we expect our revenue yield will be similar to 2025's yield of 11.4%. Therefore We project our revenue yield will continue to step down sequentially for the remainder of 2026, with Q4 being the seasonal low point.

Turning to our unit economics on slides 12 through 14. As a reminder, transaction-related costs is a non-GAAP measure that combines transaction expense, provision for credit losses, and net interest expense. You might also hear us refer to revenue less transaction-related costs as net transaction margin or gross margin.

For those that listened to our Q1 earnings call, you heard us belabor the point about the seasonality in our business regarding the revenue yield and provision. As a quick reminder, revenue yield tends to be the highest in Q1 and lowest in Q4, while the provision for credit losses typically reaches its lowest point in Q1 and rises throughout the year.

This is evident on slide 13. You can see that transaction expense and net interest expense are relatively static as a percentage of GMV compared to the provision for credit losses. Again, Q1 tends to be a seasonal low point in the provision led by the tax refund season. The increase in the provision is not unexpected, and I want to remind everyone of two things when we consider the vision and its impact on our financials.

First, we target a 55% to 65% net transaction margin, which is inclusive of the provision. And second, we expect the full year provision to be in the range of 2.5% to 3% of GMV. We are good on both accounts. We finished Q2 with a net transaction margin of 63.5%, which is at the high end of our target range, and we expect the provision for credit losses will be in the 2.5% to 3% range for 2026. Yes, we can have a provision in a quarter that goes above the 3% level.

Before moving on, I want to emphasize the increase in provision was expected due to seasonality and our push to bring on new users. As Charlie noted in his comments, we had a record quarter-over-quarter and year-over-year gain in the number of net new subscribers. As a result, we had more new consumers utilizing the platform, and with new users comes higher provisioning.

Our hyper-focus on cost does not stop at the unit economic line. It also extends to our non-transaction related operating expenses as shown on slide 15. Non-transaction related operating expenses consist of personnel, third-party tech and data, marketing and G&A. The bulk of the expense is driven by personnel and marketing. Like last quarter, we more than doubled our marketing spend year-over-year.

As Charlie noted earlier, as long as the math works for a less than six-month payback, we will continue spending. I'm guessing the marketing spend might be more than most people modeled for, but the results speak for themselves. New highs in active consumers, subscribers, and GMV. Further, we were still able to raise our net income and EPS guidance while removing the low end of our revenue guidance despite the significant growth in marketing expenditure. A large incremental increase in spending can be a headwind initially, but will start paying dividends for us over the coming quarters.

On an apples-to-apples basis, we do expect our core marketing spend to decrease from Q2 to Q3. However, we are in the middle of launching two important products, SezzleCash and Sezzle Send. We have done little to no marketing for either of these, so it will require some basic awareness expense, and we will let the payback map dictate the magnitude of the spend.

We did incur minor costs related to our corporate strategic projects during the quarter. On May 11th, the US District Court granted in part and denied in part the defendant's motion to dismiss our antitrust suit. Most notably, the court denied the motion to dismiss our claims of monopolization and attempted monopolization under the Sherman Act and the parallel claims under Minnesota Antitrust Law and the Minnesota Deceptive Practices Act. We are now entering the discovery phase, which is expected to go through 2027. The banking charter process continues to roll forward and we are planning to submit our application for National Bank Charter this quarter.

I believe we have one of the cleanest income statements when it comes to add backs and adjustments. You can see on slide 16 very little difference between net income and adjusted net income. Most of the differences are attributable to discrete tax items recognized in each quarter. Further, you can see the seasonality of our numbers with Q1 followed by Q4 as typically the best bottom line performing quarters.

We are well capitalized and positioned with plenty of liquidity and very low leverage, as seen on slide 17. At quarter end, we had over $205 million in liquidity between unrestricted cash and availability under our new $300 million line of credit. Our total debt to trailing 12-month adjusted EBITDA stands at only 0.5 times. And our total debt to equity is also only 0.5 times.

I'm sure by now everyone has already checked out slide 18 and therefore is quite aware of our updated guidance. We are really excited about the momentum in our business and believe some of that is captured in our updated guidance.

I will make a couple of comments before passing the call over to the operator for Q&A. Our guidance does not take into consideration Sezzle Send as that product is just getting to the launch pad. Additionally, the guidance has very little impact from our recent launch of SezzleCash. SezzleCash has been a measured rollout in terms of marketing and risk. So it is still too early to put much emphasis on it in our guidance.

I would now like to turn the call over to the operator for Q&A.

QUESTION AND ANSWER

Operator
Thank you. We will now begin the question-and-answer session. To ask a question, you may press "*" then "1" on your telephone keypad. If you are using a speakerphone, please pick-up your handset before pressing the keys. If at any time your question has been addressed and you would like to withdraw your question, please press "*" and "2." At this time, we will pause momentarily to assemble a roster.

The first question comes from Mike Grondahl with Northland Capital. Please go ahead.

Mike Pochucha
Hi, this is Mike Pochucha on for Mike Grondahl. Thanks for taking the questions. Maybe just on the bank charter. Can you remind us what a typical timeline might look like for that application process?

Lee Brading
Well, the OCC has been pounding the table that from application to conditional approval or conditional decision is around 120 days, or basically, I guess, mandated at 120 days. But that's not the end of the process. You also have to go through FDIC approval and Fed approval. I would say our expectations are 12 to 18 months in total. I think we're being a little bit conservative with that, but we view that as if we get our national charter in the next 18 months, we feel pretty good about the entire process.

Mike Pochucha
Got it. Makes sense. And then on the new partnership funnel, if you could just characterize that maybe versus six months ago or a year ago. Is there anything to call out there?

Charlie Youakim
Well, I would just say, just in general, a lot stronger with a lot of nice enterprise names on the partnership side. I think On-Demand has a lot to do with that, and also our strong lifetime values of our consumers. That math all goes in the equation. On-Demand goes in the equation for the merchant side. It helps us model better pricing for merchants that are sensitive to cost, which brings many more merchants into the fold. And on our side, because our subscription products are such strong products for us on the consumer side, we do model in winning these merchant deals and what percentage of those consumers will go into those products. And that also helps us with the more aggressive pricing, more aggressive deal-making. And I think all-in-all, I think that's helping quite a bit. I don't know, Paul, anything to add to that?

Paul Paradis
I would just add to that. We started to be added alongside other BNPL providers over the last two, three years. Early days, a merchant would commit to one exclusively. As we create successful case studies that show that adding a second or third brings incremental sales, it's accelerated the enterprise sales funnel. So we expect it to continue to improve.

Mike Pochucha
Thanks, guys. I will hop back in queue.

Charlie Youakim
Thanks.

Operator
The next question comes from Hal Goetsch with B. Riley Securities. Please go ahead.

Hal Goetsch
Hey, guys. A couple of questions on the new products. And I know you partnered with Pagaya for some larger loan offerings. You have Pay-in-5, and you have the two new initiatives you just announced today. Could you tell us maybe what's embedded in your outlook for some of those products?

Charlie Youakim
Lee, I'll leave it to you on that one. We've already mentioned a couple of those, Hal. On Sezzle Send, SezzleCash, not a lot. But Lee, anything to add to that?

Lee Brading
Yes, and I think…I think, Hal, you were asking about Pagaya, too. And Pagaya is helpful, but it's not…I'd say, not a material impact at this point. So yes, nothing significant from those, I would say that materially move the needle.

Hal Goetsch
Okay. And on the marketing spend, are you suggesting that like the payoff is so good that you're going to continue this kind of maybe dollar spend or even take that up? Because the subscriber numbers were pretty powerful sequentially in a seasonally weak quarter…generally seasonally weak. I mean, it was one of your largest net adds in a non-holiday quarter ever?

Charlie Youakim
I think it depends, Hal. Basically, the way we're viewing it is, I always like to look at visuals or think of visualizations, and I think we're like hitting the gas in the car just to kind of see how the car reacted if we did it and just like what the cohort pumping through would look like. And so, I think from that perspective, we're letting off the gas a little bit, all things being equal. But that's why we mentioned like all things aren't equal because we have Sezzle Send launching, we have SezzleCash. SezzleCash, we haven't even started marketing externally yet. It's just marketing internally to our existing cohorts and customers, seeing pickup rates, seeing reactivation rates. So we're really not even spending externally on that product at this time.

So I think if you subtract SezzleCash, Sezzle Send, I'd probably expect a lower level on a volume basis of marketing spend just because we wanted to pump that cycle through and see how the cohorts run out. But what we're seeing from the cohorts running out is it is a sub six-month return on investment. That being said, I think we just feel it a little bit more comfortable not going near the six-month or not going as near the six-month edge. So that's another reason for a little bit to pull back. So some of it is just seeing the engine react. Some of it is just we feel a little bit more comfortable pulling it back. But then again, the reason I caveat is because now we got these two products launching. And with those two products launching and pushing out a little bit more, that might be the offset that leads to a little bit higher spending level. Does that make sense?

Hal Goetsch
Okay. Thanks, guys. Thank you very much.

Charlie Youakim
Thanks, Hal.

Operator
The next question comes from Ryan Tomasello with KBW. Please go ahead.

Ryan Tomasello
Thanks, everyone. Congrats on a good quarter. I also wanted to ask about the thought process around the marketing spend. Maybe just help us understand why pull back if the payback is so strong. I know that a few of your peers that also focus on the lower income category have also been leaning heavily into customer acquisition. So curious if there were any signals that were suggesting pressure on the payback, and why not run rate 2Q into the second half? And then just looking at the second half guidance, obviously still really solid growth, but I think maybe the hope would have been that there would have been some more meaningful flow-through of the growth momentum in the second half. So just help us understand what's driving the deceleration in second half revenue growth as well. Thanks.

Charlie Youakim
Well, in marketing spend, again, it's just a level of comfort. The six month is our edge. And the closer you get to your edge, the higher the risk-reward, I guess, near the edge. So that's part of the reason for maybe a little bit of a pullback in our mind. But we also want to see it pulse through. Again, this takes six months to get the return. And if you're off by 30%, it's not six months, it's seven something months, nearly eight months. And you…that starts to…you don't know that until you get a little bit further down the month-on-month-on-month line. And so, that's why I was kind of the analogy of like the pumping the gas on the car. We wanted to kind of hit the gas on the car, push that cycle through. Let's see how it looks as it cycles through. And as we start to feel more comfortable, confident, I think maybe the next time we go about an exercise like this, we might even feather on it a little bit slower instead of just pumping on a cycle like that.

And as far as the guidance or the growth, I don't know, Lee, if you have anything to touch on that.

Lee Brading
Yes. And just following up too on with your comments on margin, just I think you kind of touched on at the end was more of a smoothing, right? You don't want to accelerate too hard at one time, and so just a more steady process with it as well, just managing that. But from the guidance standpoint, yes, I mean, we guided here, got rid of the low end of our revenue guidance. Did bump up our bottom-line guidance. So yes, second half, you do the basic math, right? First half, we were up 40% year-over-year, 48% on net income, 40% on revenue, guiding 30% up here revenue for the top line and then bottom line 40%. We feel very confident in those. We've talked about too not having some certain things in there at this point in time in our guidance. So that will to be determined as we go through the remaining quarters.

Ryan Tomasello
Very helpful. And then in terms of the, Charlie, how you're thinking about the overall growth algorithm for the business over the next year or so. And also looking at this disclosure in the slide deck that I think is new, the average quarterly revenue per monetized user. Looks like the

mix of revenue growth in the quarter was, call it two-thirds user growth and one-third ARPU. Is that kind of mix that you feel comfortable with going forward, or should that maybe balance out heading into the back half of the year as you pull back on the marketing and baking in these new products? Just trying to understand that growth algorithm. Thanks.

Charlie Youakim
I hear what you're saying, Ryan. I guess from my perspective, I don't really totally focus on that kind of split. I guess when I'm focusing on us growing the business, it's really about launching products and executing on existing products in a way that is showing that it's providing interest and value to the consumer. So we basically look at like take-up rates of products, attraction rates to products. Like for instance, Pay-in-5, an absolute home run. We said it from the start. It seems like it doesn't make sense to maybe the credit card user who's not maybe a BNPL user, but we saw it early with surveys. Our customers really wanted Pay-in-5. We had really high engagement rates on the product. We launched it. We saw it play through.

I think with SezzleCash, we saw some of the same dynamics with surveys, and when we played it through, a lot of our customers are taking it. I don't know if people caught the comment we made during the call, but Sezzle Anywhere, the subscribers when they first join it, 10% of the customers that are joining Sezzle Anywhere, their first transaction is a SezzleCash transaction. And I mean, that's…I think that's pretty incredible, especially the fact that we're not even leading with it at the moment. It shows how much interest they're in that…in that type of a cash flow product.

And then Sezzle Send, I think that's a product that we have a really good sense that the customer wants. I mean the wait list is already over 100,000 on the wait list, which is really exciting. We've basically just launched the wait list. So the uptake on that it's really exciting. And so, with Sezzle Send, we have another avenue for providing value to existing customers but also acquiring new customers, because as those customers use our product with P2P, they can send it to new customers or new potential customers, non-Sezzle users, to accept their funds and get introduced into our platform. So it creates a whole new channel for customer acquisition. So I think from my perspective, that breakdown that you mentioned is not even something I look at, but what I think about is just like what are home run type products. And I think what I feel good about with our business and our company is we've had just a very high percentage of home run products. We've had only a couple products where I'd call them singles or strikeouts. I guess, just it's been a very high hit rate. And I think we have a few more in the hopper with SezzleCash and Sezzle Send that are going to be home runs.

Ryan Tomasello
Thanks, Charlie.

Operator
The next question comes from Kyle Peterson with Needham. Please go ahead.

Kyle Peterson
Hey, good afternoon. Thanks for taking the questions. Wanted to start out with some of the moving pieces and the take rate and the guide. I think you guys said 11.4 [ph] for the year to be about flat. And so, I understand there's some seasonality there, but just trying to square at least some of the year-on-year impacts with some of these newer products, like a Pay-in-5, which I would think would be accretive to take rate. So just wanted to see like how much is conservatism versus if there's any other mix or moving pieces that we should be mindful of.

Charlie Youakim
Lee, do you want to take that one?

Lee Brading
You're right on the Pay-in-5 can be accretive. But as we launch new products, like Pagaya can be not accretive to the take rate. Just the nature of how that is accounted for. And then also as we launch SezzleCash as well. So those can lower the take rates. While we still have very similar profitability and margin standpoints, the take rates on those can be a little lower.

Kyle Peterson
Okay. That is helpful. And the, I guess, wanted to double-click on the provision expectations moving forward. I know there's some seasonality there. And then you guys also have some more new customers coming on board. But I guess, is there any change on an apples-for-apples basis that you guys are seeing in either repayment rates or consumer credit health or anything like that? Just want to be able to understand on a going-forward basis and what you're seeing real-time, especially with existing customers' performance?

Charlie Youakim
Everything seems just normal, Kyle, I'd say. But so, nothing related to the customer profile or customer and the economy. Butt I'd say our prior guidance on that stands, 2.5 to 3 for the year, which basically explains that there's going to be a step-up in the third quarter and fourth quarter. I think that everyone modeling you can expect that and model for that. The only caveat I'd say is like how these new products take up, and we start to really start to push them externally. I'd say, especially with virality around Sezzle Send, if that really does pick up a lot of new users. So basically, it's like a trade-off with new users because new users have higher loss rates. So if new user's pick-up more than expected or more than modeled for many out there modeling, then I would expect if you have variability in your model, if you pick-up new user growth, you're going to expect to have provision be a bit higher than you have modeled for if you move that variable around.

Kyle Peterson
Okay. All right. Thank you very much.

Operator
The next question comes from Rayna Kumar with Oppenheimer. Please go ahead.

Rayna Kumar
Hi. Thanks for taking my question. Great quarter. I just want to better understand just the puts and takes of the revenue yield. Obviously, it was up 110 basis points on my calculation year-over-year. Just want to understand, like is that like mix? Is that pricing?

And secondly, your 2026 guidance assumes that there is going to be a sharp deceleration in revenue growth in two ways from the second quarter. Just want to understand the drivers there. Thank you.

Lee Brading
Yes, one of the key things we pointed out heading into Q2 at the end of our Q1 call was that we had an easy comp on the revenue yield in Q2, which drove that revenue growth this quarter. So I don't know if you saw that. I think it was like a 10 handle or so last year versus the 11 handle this year. And we had a number of items change as far as types of fees or the rates that we had. And we mentioned on that call that going forward, I'd say more of a normalized, meaning

that we weren't having much movement in terms of how we are charging and the fees that we did and the revenue items that were driving our revenue yield. So that you'd see it more consistent, I guess you could say, from Q3, Q4 and on.

And thus we talked about seeing a more normal performance in revenue yield from a seasonality, that being Q1 being the strongest and Q4 being the lowest, because you're not seeing a lot of movement in the puts and takes. And so, that's why you will see…that's why you saw it was down year-over-year in Q1, up in Q2. But now you'll see an easier, more normal comparison going forward here. But overall for the year, we said it would be flattish for the year.

Operator
The next question comes from Hoang Nguyen with TD Cowen. Please go ahead.

Hoang Nguyen
Thanks. Thanks for taking my questions. I want to ask on, I guess the charts On-Demand number of users versus subscribers. So I think since you guys made the pivot, I think On-Demand count continues to go down while subscriber count continues to go up. And you know while subscriber demand has been strong, should we read this as a sign that once you kind of limit people's ability to use On-Demand, a large percentage of these people eventually convert to subscribers?

Charlie Youakim
Well, there is a portion that are converting. That's a good insight that as we diminish the push towards it. But I'd say really more of the change has been just what is presented. We used to like lead with On-Demand as the lead product. Come and try Sezzle at a merchant site, and you can just pay as you go. Now, that's really not the lead. The lead is joining our subscription program. And then On-Demand, the place where that's still led, where we're still the lead for On-Demand is in merchant checkouts. So when we have these enterprise partnerships, some of these merchants coming on board, the way to pay is with essentially a transaction with a service fee, which is On-Demand. So that's really the only place or I shouldn't say the only, because there's always edge cases here and there. But the vast majority of the new cases for people entering On-Demand are at those checkouts. So I think it's more about what's being presented or led as the transition product for consumers that are moving into our MODS products.

Operator
This concludes our question-and-answer session. I would like to turn the conference back over to Charlie Youakim for any closing remarks. Please go ahead.

CONCLUSION

Charlie Youakim
Well, thank you, operator. I'd like to leave you all with something Warren Buffett said back in 1991. It's not a crazy idea. It's a simple one. He said, "Someone's sitting in the shade today because someone planted a tree a long time ago." I thought that even though it's a simple concept and a simple quote, I think it nails one vector of our thinking at Sezzle. We plan for long-term returns. Let's take a look at the tree we planted and the tree today, which is giving us all shade. Back in July of 2019, we listed on the Australian Stock Exchange. I wanted to share some of our results from the second quarter of that year, right before we went public about seven years ago. Just to give you an idea of how long-term growth plans play out.

Our second quarter of 2019 GMV, $41.2 million, versus $1.3 billion today. Basically a 30x. Our second quarter 2019 revenue, $2.6 million versus $149.7 million today nearly 60x. Our second quarter 2019 gross margin, a negative $260,000. This quarter, $95.1 million. As you can see, the long-term approach to growth works. I'm going to calendar this one as a reminder to do this again in seven years. I hope you'll all still be investors at that time. And to that seven-year timeline, many members of our team have been here for that entire seven-year journey. And to them and the rest of the team, a big thank you for your incredible work on getting us from there to here. We'll talk again next quarter. Thank you.

Operator
The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.