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, 2026

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 001-41781

SEZZLE INC.
(Exact name of registrant as specified in its charter)

Delaware	**81-0971660**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
700 Nicollet Mall, Suite 640, Minneapolis, Minnesota	**55402**
(Address of principal executive offices)	(Zip Code)

Registrant’s telephone number, including area code: +1 651 240 6001

Not Applicable
(Former address)

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, par value $0.00001 per share	SEZL	The Nasdaq Stock Market LLC

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, smaller reporting company, or an emerging growth company (as defined in Rule 12b-2 of the Exchange Act).

Large accelerated filer ☒	Accelerated filer ☐	Non-accelerated filer ☐
Smaller reporting company ☐		Emerging growth company ☐

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 ☒

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date. The total shares of common stock, par value $0.00001 per share, outstanding at May 4, 2026 were 33,627,019.

SEZZLE INC.

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FORWARD-LOOKING STATEMENTS

The information in this Quarterly Report on Form 10-Q and the documents incorporated by reference herein ("Form 10-Q") includes "forward-looking statements" under 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"). All statements, other than statements of historical fact, regarding our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management included in this Form 10-Q are forward-looking statements. When used in this Form 10-Q, the words "could," "believe," "anticipate," "intend," "estimate," "expect," "project," and similar expressions (or the negative versions of such words or expressions) are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements described under the heading "Risk Factors" included in the Company's Annual Report on Form 10-K for the year ended December 31, 2025 (the "2025 Form 10-K") and in other filings we make with the Securities and Exchange Commission. These forward-looking statements are based on our current expectations and assumptions about future events and are based on currently available information as to the outcome and timing of future events. There is a risk that such predictions, estimates, projections, and other forward-looking statements will not be achieved. Nevertheless, and despite the fact that management's expectations and estimates are based on assumptions management believes to be reasonable and data management believes to be reliable, our actual results, performance, or achievements are subject to future risks and uncertainties, any of which could materially affect our actual performance. Risks and uncertainties that could affect such performance include, but are not limited to:

- impact of the "buy-now, pay-later" ("BNPL") industry becoming subject to increased regulatory scrutiny;
- impact of operating in a highly competitive industry;
- impact of macro-economic conditions on consumer spending and consumer credit;
- our ability to maintain our relationship with our existing merchant base, increase our merchant network and Gross Merchandise Volume ("GMV");
- our ability to retain and increase our consumer base and GMV;
- our ability to retain and increase our subscriber base and subscription revenue;
- our ability to effectively manage growth, sustain our growth rate and maintain our market share;
- our ability to maintain adequate access to capital in order to meet the capital requirements of our business;
- the loans facilitated through the Sezzle Platform involve a high degree of financial risk;
- our reliance on our originating bank partner to originate a substantial majority of the loans facilitated by the Sezzle Platform;
- our reliance on third-party data to assess creditworthiness of consumers;
- impact of exposure to consumer bad debts and insolvency of merchants;
- our ability to comply with the applicable requirements of Visa and other payment processors;
- impact of the integration, support and prominent presentation of our platform by our merchants;
- impact of any data security breaches, cyberattacks, employee or other internal misconduct, malware, phishing or ransomware, physical security breaches, natural disasters, or similar disruptions;
- impact of key vendors or merchants failing to comply with legal or regulatory requirements or to provide various services that are important to our operations;
- impact of exchange rate fluctuations in the international markets in which we operate;
- our ability to protect our intellectual property rights and third party allegations of the misappropriation of intellectual property rights;
- our ability to retain our existing workforce and recruit additional staff;
- impact of the costs of complying with various laws and regulations applicable to the BNPL industry in the United States and Canada;
- our ability to comply with applicable state lending licenses and other state lending laws and regulations;
- the impact of litigation, regulatory investigations and actions, and compliance issues on our business; and
- our ability to achieve our public benefit purpose as a Delaware public benefit corporation.

We caution you that these forward-looking statements are subject to numerous risks and uncertainties, most of which are difficult to predict and many of which are beyond our control. These risks include, but are not limited to, the risks described under "Risk Factors" in our 2025 Form 10-K. Should one or more of the risks or uncertainties described in the 2025 Form 10-K occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements.

All forward-looking statements, expressed or implied, included in this Form 10-Q are expressly qualified in their entirety by these cautionary statements. These cautionary statements should also be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue. Except as otherwise required by applicable law, we disclaim any intention or obligation to update any forward-looking statements to reflect events or circumstances occurring after the date of this Form 10-Q.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Consolidated Balance Sheets

(in thousands, except per share amounts)	As of March 31, 2026 (unaudited)	As of December 31, 2025 (audited)
Assets		
Current Assets		
Cash and cash equivalents, including amounts held by variable interest entity ("VIE") of $39,979 and $25,921, respectively	$ 120,448	$ 64,054
Restricted cash, current, including amounts held by VIE of $4,701 and $8,245, respectively	4,745	8,413
Notes receivable	282,761	283,400
Allowance for credit losses	(19,794)	(28,505)
Notes receivable, net, including amounts held by VIE of $247,006 and $237,062, respectively	262,967	254,895
Other current assets	23,030	24,502
Total current assets	411,190	351,864
Non-Current Assets		
Internally developed intangible assets, net	3,743	3,331
Operating right-of-use assets	628	665
Restricted cash, non-current	22,193	30,134
Deferred tax asset	15,721	13,615
Other assets	830	620
Total Assets	**$ 454,305**	**$ 400,229**
Liabilities and Stockholders' Equity		
Current Liabilities		
Merchant accounts payable	$ 57,568	$ 56,374
Other payables, including amounts held by VIE of $7 and $1,476, respectively	21,969	6,908
Deferred revenue	5,669	5,431
Other current liabilities, including amounts held by VIE of $1,075 and $0, respectively	27,396	21,053
Total current liabilities	112,602	89,766
Non-Current Liabilities		
Operating lease liabilities	609	661
Line of credit, net of unamortized debt issuance costs of $1,128 and $1,268, respectively, held by VIE	144,372	139,991
Total Liabilities	**257,583**	**230,418**
Commitments and Contingencies (see Note 8)		
Stockholders' Equity		
Common stock and additional paid-in capital, $0.00001 par value; 750,000 shares authorized; 34,940 and 35,130 shares issued, respectively; 33,594 and 33,798 shares outstanding, respectively	194,210	194,890
Treasury stock, at cost: 1,346 and 1,332 shares, respectively	(25,000)	(24,072)
Accumulated other comprehensive loss	(761)	(683)
Accumulated earnings (deficit)	28,273	(324)
Total Stockholders' Equity	**196,722**	**169,811**
Total Liabilities and Stockholders' Equity	**$ 454,305**	**$ 400,229**

See the accompanying Notes to the Consolidated Financial Statements.

Consolidated Statements of Operations and Comprehensive Income (unaudited)

	For the three months ended March 31,	
(in thousands, except per share amounts)	**2026**	**2025**
Total revenue	$ 135,539	$ 104,912
Operating Expenses		
Personnel	14,667	15,048
Transaction expense	18,520	15,317
Third-party technology and data	4,415	3,374
Marketing, advertising, and tradeshows	11,246	5,346
General and administrative	3,980	3,131
Provision for credit losses	13,675	12,801
Total operating expenses	66,503	55,017
Operating Income	**69,036**	**49,895**
Other Income (Expense)		
Net interest expense	(3,015)	(2,914)
Other income (expense), net	(32)	25
Income before taxes	65,989	47,006
Income tax expense	14,686	10,842
Net Income	**51,303**	**36,164**
Other Comprehensive (Loss) Income		
Foreign currency translation adjustment	(78)	93
Total Comprehensive Income	**$ 51,225**	**$ 36,257**
Net income per share*:		
Basic	$ 1.52	$ 1.07
Diluted	1.47	1.00
Weighted-average shares outstanding*:		
Basic	33,764	33,852
Diluted	34,932	36,171

* Effective March 28, 2025, we performed a 6-for-1 stock split of the Company's common stock, effected through a stock dividend. Share and per-share amounts have been retroactively adjusted.

See the accompanying Notes to the Consolidated Financial Statements.

Consolidated Statements of Stockholders' Equity (unaudited)

(in thousands)	Common Stock and Additional Paid-in Capital		Treasury Stock, At Cost	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	Shares*	Amount				
Balance at January 1, 2025	**33,735**	**$ 188,589**	**$ (9,391)**	**$ (1,588)**	**$ (89,775)**	**$ 87,835**
Equity based compensation	—	1,140	—	—	—	1,140
Stock option exercises	101	540	—	—	—	540
Restricted stock issuances and vesting of awards	185	2,434	—	—	—	2,434
Repurchase of common stock	(56)	—	(2,444)	—	—	(2,444)
Foreign currency translation adjustment	—	—	—	93	—	93
Net income	—	—	—	—	36,164	36,164
Balance at March 31, 2025	**33,965**	**192,703**	**(11,835)**	**(1,495)**	**(53,611)**	**125,762**

(in thousands)	Common Stock and Additional Paid-in Capital		Treasury Stock, At Cost	Accumulated Other Comprehensive Loss	Accumulated (Deficit) Earnings	Total
	Shares	Amount				
Balance at January 1, 2026	**33,798**	**$ 194,890**	**$ (24,072)**	**$ (683)**	**$ (324)**	**$ 169,811**
Equity based compensation	—	998	—	—	—	998
Stock option exercises	9	111	—	—	—	111
Restricted stock issuances and vesting of awards	181	323	—	—	—	323
Repurchase and retirement of common stock	(380)	(2,112)	—	—	(22,706)	(24,818)
Repurchase of common stock	(14)	—	(928)	—	—	(928)
Foreign currency translation adjustment	—	—	—	(78)	—	(78)
Net income	—	—	—	—	51,303	51,303
Balance at March 31, 2026	**33,594**	**194,210**	**(25,000)**	**(761)**	**28,273 $**	**196,722**

* Effective March 28, 2025, we performed a 6-for-1 stock split of the Company's common stock, effected through a stock dividend. Share and per share amounts have been retroactively adjusted.

See the accompanying Notes to the Consolidated Financial Statements.

Consolidated Statements of Cash Flows (unaudited)

(in thousands)	For the three months ended March 31, 2026	(As restated) 2025
Operating Activities:		
Net income	$ 51,303	$ 36,164
Adjustments to reconcile net income to net cash provided from operating activities:		
Depreciation and amortization	436	274
Provision for credit losses	13,675	12,801
Provision for other credit losses	6,855	3,956
Discount on notes receivable	(345)	(1,224)
Equity based compensation and restricted stock vested	1,321	1,273
Amortization of debt issuance costs	241	109
Impairment losses on long-lived assets	—	66
Gain on sale of fixed assets	2	—
Deferred income taxes	(2,106)	5,289
Changes in operating assets and liabilities:		
Other assets	(5,374)	(4,385)
Merchant accounts payable	1,322	(3,631)
Other payables	15,074	2,779
Other liabilities	6,329	(898)
Deferred revenue	240	(109)
Operating leases	5	15
Net Cash Provided from Operating Activities	**88,978**	**52,479**
Investing Activities:		
Purchases and originations of notes receivable, net of proceeds from repayments	(21,404)	6,358
Purchase of property and equipment	(351)	(27)
Internally developed intangible asset additions	(738)	(281)
Net Cash (Used for) Provided from Investing Activities	**(22,493)**	**6,050**
Financing Activities:		
Proceeds from line of credit	100,000	15,000
Payments to line of credit	(95,760)	(49,200)
Payments of debt issuance costs	(100)	(10)
Proceeds from stock option exercises	111	540
Repurchase of common stock	(25,746)	(2,444)
Net Cash Used for Financing Activities	**(21,495)**	**(36,114)**
Effect of exchange rate changes on cash	(205)	144
Net increase in cash, cash equivalents, and restricted cash	44,990	22,415
Cash, cash equivalents, and restricted cash, beginning of period	102,601	98,310
Cash, cash equivalents, and restricted cash, end of period	**$ 147,386**	**$ 120,869**
Noncash investing and financing activities:		
Conversion of accrued profit-sharing incentive plan liabilities to stockholders' equity	$ —	$ 2,301
Supplementary disclosures:		
Interest paid	$ 3,795	$ 3,217
Income taxes paid	87	94

See the accompanying Notes to the Consolidated Financial Statements.

Notes to Consolidated Financial Statements (unaudited)

Note 1. Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

These unaudited consolidated financial statements are prepared and presented in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and the rules and regulations of the Securities and Exchange Commission (“SEC”) applicable to interim financial statements. While these consolidated financial statements and the accompanying notes thereof reflect all normal recurring adjustments that are, in the opinion of management, necessary for fair presentation of the results of the interim period, they do not include all of the information and footnotes required by U.S. GAAP for complete consolidated financial statements. These consolidated financial statements and their accompanying notes should be read in conjunction with the consolidated financial statement disclosures in our 2025 annual consolidated financial statements.

Operating results reported for the three months ended March 31, 2026 might not be indicative of the results for any subsequent period or the entire year ending December 31, 2026.

Sezzle Inc. (the “Company”, “Sezzle”, “we”, “us”, or “our”) uses the same accounting policies in preparing quarterly and annual consolidated financial statements. We consolidate the accounts of subsidiaries for which we have a controlling financial interest. The accompanying consolidated financial statements include all the accounts and activity of Sezzle Inc. and its wholly-owned subsidiaries. All intercompany balances and transactions are eliminated in consolidation.

Fair Value

Fair values are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The accounting guidance includes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are as follows:

- Level 1 — Unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 — Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability; and
- Level 3 — Unobservable inputs for the asset or liability, which include management’s own assumption about the assumptions market participants would use in pricing the asset or liability, including assumptions about risk.

As of March 31, 2026 and December 31, 2025, our assets and liabilities measured at fair value were not material. We hold certain financial assets and liabilities that are not measured at fair value on the consolidated balance sheets. Such financial assets and liabilities are comprised of cash and cash equivalents; restricted cash; notes receivable, net; and line of credit, net. Cash and cash equivalents, and restricted cash are classified within Level 1 of fair value hierarchy. Carrying amount approximates fair value because these balances are held on demand. Line of credit, net, is classified within Level 2 of the fair value hierarchy. The line of credit’s carrying value approximates its fair value because the contractual interest rate follows current market rates, and there have been no material change in our credit profile since the line of credit was amended. Notes receivable, net, is classified within Level 3 of the fair value hierarchy. Given the short-term nature of the underlying loans and the recognition of an allowance for credit losses against the notes receivable balance, the carrying amount approximates fair value.

Segments

Segments are components of a company that have discrete financial information available and are regularly evaluated by a chief operating decision maker (“CODM”) to assess performance and decide how resources are allocated. Our Chief Executive Officer is considered to be the CODM, and our operations comprise one reportable segment, primarily deriving revenue from our payment processing platform in North America. Our CODM manages business activities on a consolidated basis and uses consolidated net income, as reported on the consolidated statements of operations and comprehensive income, to evaluate financial performance, allocate resources, and monitor budget versus actuals. The measure of segment assets is reported on the consolidated balance sheets as total assets. Significant expenses reviewed by the CODM are the expense line items presented in the consolidated statements of operations and comprehensive income. There are no significant concentrations by state or geographical location.

Variable Interest Entity

Our primary source of funding consumer receivables is through a secured line of credit. We sell a portion of our notes receivable to a wholly owned, bankruptcy-remote special purpose entity (the "SPE"), which then pledges such receivables as collateral for our line of credit. We continue to service all receivables sold and pledged to the SPE. The amount we can borrow under our line of credit is dependent on the amount of eligible, pledged notes receivable we have sold to the SPE. While we serve as a limited guarantor for the SPE and are subject to certain financial covenants, our line of credit provider does not have full recourse against our general credit and may absorb losses in the event of default if the cash receipts related to our pledged notes receivable are not sufficient to repay the outstanding line of credit balance. Refer to Note 7. Line of Credit for more information about our line of credit and the relationship between our line of credit and our notes receivable.

We are required to evaluate the SPE for consolidation, which we have concluded is a VIE. We have the ability to direct the activities that most significantly impact the economic performance of our wholly owned SPE. We also have the obligation to absorb losses and the right to proceeds related to the pledged notes receivable in the SPE, exposing us to losses and returns that could potentially be significant. As such, we have determined that we are the primary beneficiary of the SPE and are required to consolidate the entity as a VIE.

Stock Split

Our Board of Directors approved a stock split of our issued shares of common stock at a ratio of 6-for-1, effected through a stock dividend (the "Stock Split"). The Stock Split became effective March 28, 2025. All share and per share amounts for all periods presented in these consolidated financial statements and their accompanying notes have been adjusted, on a retrospective basis, to reflect the Stock Split, unless otherwise stated. The number of authorized shares and the par value of the shares remained unaffected.

Reclassifications

Certain prior period amounts have been reclassified to conform with the current period presentation format. These reclassifications had no effect on our total assets, total equity, net income, total comprehensive income, or cash flows.

Restatement of Previously Issued Consolidated Financial Statements

We have restated our consolidated statements of cash flows for the three months ended March 31, 2025. Such restatement was previously reported in our Annual Report on Form 10-K for the year ended December 31, 2025.

Recent Accounting Pronouncements

Recently Issued Accounting Guidance, Not Yet Adopted Within Our Consolidated Financial Statements

Standard	Description	Date of Planned Adoption	Effect on Consolidated Financial Statements
ASU 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses	This ASU requires, in the notes to the consolidated financial statements, the disaggregation of certain expenses within relevant expense captions in tabular format, incremental qualitative disclosures about expenses, and the disclosure of total selling expenses.	Year ended December 31, 2027	As this ASU related to disclosures only, there will be no impact to our consolidated financial statements. We will include the enhanced disclosure requirements in our 2027 annual consolidated financial statements.
ASU 2025-06, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software	This ASU changes the criteria required to begin capitalizing internal-use software and website development costs, in addition to clarifying which disclosures are required for capitalized internal-use software costs.	Year ended December 31, 2028	We do not expect the adoption of this ASU to have a material impact on our consolidated financial statements. We expect to elect the prospective transition approach upon adoption.

There are additional new accounting pronouncements issued by the FASB that we have not yet adopted. We do not believe any of these additional accounting pronouncements will have a material impact on the consolidated financial statements or disclosures.

Note 2. Total Revenue

Total revenue was $135.5 million and $104.9 million for the three months ended March 31, 2026 and 2025, respectively. Our total revenue is classified into three categories: transaction income, subscription revenue, and income from other sources.

Transaction Income

Transaction income is comprised of all income earned from merchants, consumers, and other third parties that relate to processing orders and payments on the Sezzle Platform. This primarily includes merchant processing fees, partner income, and consumer fees.

We earn income from fees paid by merchants in exchange for our payment processing services. These merchant processing fees are applied to the underlying sales of consumers passing through our platform and are predominantly based on a percentage of the GMV plus a fixed fee per transaction. For orders that result in a financing receivable, merchant processing fees are recognized over the duration of the loan using the effective interest method. For orders that do not result in a financing receivable, merchant processing fees are recognized at the time the sale is completed. We also earn income from partners on consumer transactions. This income includes interchange fees earned through our virtual card solution and promotional incentives with third parties. Virtual card interchange income related to loans we purchase is recognized at the time the sale is completed. Promotional incentives are recognized in the period we fulfill our contractual obligations with third-party platforms for directing traffic or volume to specific merchants or brands. Merchant and partner income totaled $27.6 million and $23.5 million for the three months ended March 31, 2026 and 2025, respectively.

Transaction income also includes income from consumer fees that are related to processing orders and payments. Such fees are assessed when consumers make a scheduled payment using a card, when a payment method fails when attempting to make an installment payment, or when consumers are assessed a fee for using Sezzle On-Demand. These fees are recognized at the time the fee is assessed to the extent the fee is reasonably collectible and totaled $38.1 million and $34.7 million for the three months ended March 31, 2026 and 2025, respectively.

Subscription Revenue

We offer our consumers the ability to subscribe to two paid services: Sezzle Premium and Sezzle Anywhere. Sezzle Premium allows consumers to shop at select large, non-integrated premium merchants, along with other benefits, for a recurring fee. Sezzle Anywhere allows consumers to use their Sezzle Virtual Card at any merchant online or in-store, subject to certain merchant, product, goods, and service restrictions, for a recurring fee. Subscription fees are recognized straight-line over the subscription period.

Income from Other Sources

Income from other sources includes all other incomes earned from merchants, consumers, and other third parties not included in transaction income or subscription revenue. This includes late payment fees, reschedule fees, Sezzle Balance load fees, gateway fees, and marketing revenue earned from affiliates. Late payment fees are assessed to consumers who fail to make a timely principal payment. Late payment fees are recognized at the time the fee is charged to the consumer to the extent the fee is reasonably collectible. Late payment fees totaled $23.1 million and $16.8 million for the three months ended March 31, 2026 and 2025, respectively.

Disaggregation of Total Revenue

Our total revenue by category and Accounting Standards Codification ("ASC") recognition criteria for the three months ended March 31, 2026 and 2025 was as follows:

	For the three months ended March 31,					
	2026			2025		
(in thousands)	**Topic 310**	**Topic 606**	**Total**	**Topic 310**	**Topic 606**	**Total**
Transaction income	$ 34,543	$ 31,180	$ 65,723	$ 38,143	$ 20,023	$ 58,166
Subscription revenue	—	33,197	33,197	—	23,428	23,428
Income from other sources	27,711	8,908	36,619	18,599	4,719	23,318
Total revenue	**$ 62,254**	**$ 73,285**	**$ 135,539**	**$ 56,742**	**$ 48,170**	**$ 104,912**

Transaction income that falls under the scope of ASC Topic 310, Receivables, relates to transactions that result in a financing receivable being recognized. For any transaction income that is recognized over the duration of the loan, the income is initially recorded as a reduction to notes receivable, net, within the consolidated balance sheets and recognized over the average duration of the note using the effective interest rate method. Transaction income to be recognized over the duration of existing notes receivable outstanding was $2.7 million and $3.1 million as of March 31, 2026 and December 31, 2025, respectively.

Transaction income that falls under the scope of ASC Topic 606, Revenue from Contracts with Customers, relates to transactions that do not result in a note receivable being recognized. Such revenue comprises a single performance obligation which is satisfied at the time the transaction occurs, at which point we recognize revenue.

Subscription revenue entirely falls under the scope of ASC Topic 606. Such revenue comprises a single performance obligation which is satisfied evenly over the underlying subscription period. Revenue is recognized ratably over the duration of the performance obligation. All performance obligations are fully satisfied within one year or less of receiving payment. Payment received for performance obligations not yet satisfied are recorded as deferred revenue on the consolidated balance sheets until such performance obligations are satisfied. Subscription revenue to be recognized over the remaining duration of outstanding performance obligations was $5.7 million and $5.3 million as of March 31, 2026 and December 31, 2025, respectively. Total revenue for the three months ended March 31, 2026 includes $5.3 million of subscription revenue that was included in deferred revenue as of December 31, 2025. Total revenue for the three months ended March 31, 2025 includes $4.1 million of revenue that was included in deferred revenue as of December 31, 2024.

Income from other sources that falls under the scope of ASC Topic 310 primarily relates to late payment fees. Such fees are recognized at the time the fee is charged to the consumer to the extent they are reasonably collectible. Income from other sources that fall under the scope of ASC 606 comprises a single performance obligation which is satisfied immediately and not deferred.

Note 3. Notes Receivable and Allowance for Credit Losses

We offer consumer installment payment plans on our platform. Consumers pay a portion of the purchase price at the point-of-sale as a down payment, and then pay off the remaining amount over time through scheduled payments. We purchase certain receivables related to installment payment plans extended to consumers in the United States by an independent chartered financial institution (our "originating partner") and are responsible for servicing such receivables. All other consumer installment payment plans are originated by us. Our notes receivable represents amounts due from consumers primarily for outstanding principal on installment payment plans made on our platform that we have either originated or purchased from our originating partner. Our notes receivable are generally due no later than 56 days from origination.

We classify all of our notes receivable as held for investment, as we have the intent and ability to hold these investments for the foreseeable future or until maturity or payoff. Since our portfolio is comprised of one product segment, point-of-sale unsecured installment loans, we evaluate our notes receivable as a single, homogenous portfolio and make merchant-specific or other adjustments as necessary. Our notes receivable are reported at amortized cost, which includes unpaid principal adjusted for charge-offs and deferred loan fees and costs. The amortized cost basis is adjusted for the allowance for credit losses within notes receivable, net.

As of March 31, 2026 and December 31, 2025, our notes receivable at amortized cost was comprised of the following:

(in thousands)	March 31, 2026	December 31, 2025
Notes receivable, gross	$ 285,467	$ 286,459
Deferred loan fees and costs	(2,706)	(3,059)
Notes receivable, amortized cost	**$ 282,761**	**$ 283,400**

Deferred loan fees and costs are primarily comprised of unrecognized merchant processing fees, which are recognized over the duration of the note with the consumer and are recorded as an offset to total revenue on the consolidated statements of operations and comprehensive income. Our notes receivable had a weighted average days outstanding of 33 days.

We closely monitor credit quality for our notes receivable to manage and evaluate our related exposure to credit risk. When assessing the credit quality and risk of our portfolio, we monitor a variety of internal risk indicators and consumer attributes that are shown to be predictive of ability and willingness to repay, and combine these factors to establish an internal, proprietary score as a credit quality indicator (the "Prophet Score"). We evaluate the credit risk of our portfolio by grouping Prophet Scores into three buckets that range from A to C, with receivables having an "A" rating representing the highest credit quality and lowest likelihood of loss. Our risk and fraud team closely monitors the distribution of Prophet Scores for signs of changes in credit risk exposure and portfolio performance. The risk and fraud team also evaluates the integrity of the Prophet Score machine learning model at least annually and updates it as necessary. We last updated the Prophet Score model in October 2023.

The amortized cost basis of our notes receivable by Prophet Score and year of origination as of March 31, 2026 and December 31, 2025 was as follows:

	March 31, 2026			December 31, 2025		
	Amortized cost basis by year of origination					
(in thousands)	2026	2025	Total	2025	2024	Total
A	$ 117,138	$ 185	$ 117,323	$ 105,974	$ 4	$ 105,978
B	109,880	685	110,565	109,843	13	109,856
C	45,188	9,634	54,822	67,422	71	67,493
No score	51	—	51	73	—	73
Total amortized cost	**$ 272,257**	**$ 10,504**	**$ 282,761**	**$ 283,312**	**$ 88**	**$ 283,400**

Our notes receivable are considered past due when the principal has not been received within one calendar day of when they are due in accordance with the agreed upon contractual terms. Any amounts delinquent after 90 days are charged off with an offsetting reversal to the allowance for credit losses through the provision for credit losses on our consolidated statements of operations and comprehensive income. Charged-off principal payments recovered after 90 days are recognized as a reduction to the allowance for credit losses in the period the receivable is recovered. The amortized cost basis of our notes receivable by delinquency status as of March 31, 2026 and December 31, 2025 was as follows:

(in thousands)	March 31, 2026	December 31, 2025
Current	$ 250,421	$ 246,720
1–28 days past due	15,022	18,565
29–56 days past due	6,324	8,274
57–90 days past due	10,994	9,841
Total amortized cost	**$ 282,761**	**$ 283,400**

We maintain an allowance for credit losses at a level necessary to absorb expected credit losses on notes receivables from consumers. The allowance for credit losses is determined based on our current estimate of expected credit losses over the remaining contractual term and incorporates evaluations of known and inherent risks in our portfolio, historical credit losses, and current economic conditions. In estimating the allowance for credit losses, we utilize a roll rate analysis of delinquent and current notes receivable. A roll rate analysis is a technique used to estimate the likelihood that a loan progresses through various stages of delinquency and eventually charges off. We segment our notes receivable into delinquency statuses and semi-monthly vintages for the purpose of evaluating historical performance and determining the future likelihood of default. We regularly assess the adequacy of our allowance for credit losses and adjust the allowance as necessary to reflect changes in the credit risk of our notes receivable. Any adjustment to the allowance for credit losses is recognized in net income through the provision for credit losses on our consolidated statements of operations and comprehensive income. The allowance for credit losses decreased as a result of better expected performance on the current year portfolio, as well as better than originally expected performance on prior year vintages recognized in the current year. While we believe our allowance for credit losses is appropriate based on the information available, actual losses could differ from our estimate.

The activity in the allowance for credit losses, including the provision for credit losses, charge-offs, and recoveries for the three months ended March 31, 2026 and 2025 was as follows:

	For the three months ended March 31,	
(in thousands)	2026	2025
Balance at beginning of period	$ 28,505	$ 26,103
Provision for credit losses	13,675	12,801
Charge-offs	(25,073)	(19,662)
Recoveries of charged-off receivables	2,687	1,280
Balance at end of period	**$ 19,794**	**$ 20,522**

Net charge-offs by year of origination for the three months ended March 31, 2026 was as follows:

(in thousands)	2026	2025	2024	2023	2022	Total
Current period gross charge-offs	$ (357)	$ (24,716)	$ —	$ —	$ —	$ (25,073)
Current period recoveries	—	2,169	248	114	156	2,687
Current period net charge-offs	**$ (357)**	**$ (22,547)**	**$ 248**	**$ 114**	**$ 156**	**$ (22,386)**

Note 4. Other Current Assets

As of March 31, 2026 and December 31, 2025, the balance of other current assets on the consolidated balance sheets comprised the following:

(in thousands)	March 31, 2026	December 31, 2025
Delinquency fees receivable, net	$ 3,748	$ 2,871
Merchant and partner income receivable	12,769	14,104
Receivables from originating partner	2,223	2,631
Prepaid expenses	2,708	2,919
Other	1,582	1,977
Other current assets	**$ 23,030**	**$ 24,502**

Delinquency fees are comprised of late payment fees and failed payment fees. Late payment fees are applied to delinquent principal installments. Failed payment fees are applied when a payment method fails when attempting to make an installment payment. Delinquency fees are subject to regulations within specific state jurisdictions and are considered to be the same number of days delinquent as the principal payment associated with the fee. Delinquency fees receivable, net, is comprised of outstanding delinquency fees that we reasonably expect to collect from our consumers. As of March 31, 2026 and December 31, 2025, gross delinquency fees receivable totaled $12.8 million and $14.8 million, respectively.

Our delinquency fees receivable are considered past due when the principal associated with the order has not been received within one calendar day of when they are due in accordance with the agreed upon contractual terms. We maintain an allowance for other credit losses at a level necessary to absorb expected credit losses on delinquency fees receivable from our consumers. Any amounts delinquent after 90 days are charged off with an offsetting reversal to the allowance for other credit losses. Any adjustment to the allowance for other credit losses is recognized in net income through an offset to total revenue on our consolidated statements of operations and comprehensive income. Payments recovered after 90 days are recognized as a reduction to the allowance for other credit losses in the period the receivable is recovered.

The activity in the allowance for other credit losses related to delinquency fees, including the provision for other credit losses, charge-offs, and recoveries for the three months ended March 31, 2026 and 2025 was as follows:

	For the three months ended March 31,	
(in thousands)	2026	2025
Balance at beginning of period	$ 11,915	$ 5,276
Provision for other credit losses	6,855	3,956
Charge-offs	(10,782)	(4,490)
Recoveries of charged-off receivables	1,111	251
Balance at end of period	**$ 9,099**	**$ 4,993**

Due to the nature of delinquency fees, we monitor the credit quality of the receivables based on delinquency status. Net delinquency fee charge-offs by year of origination for the three months ended March 31, 2026 was as follows:

(in thousands)	2026	2025	2024	2023	2022	Total
Current period gross charge-offs	$ (28)	$ (10,754)	$ —	$ —	$ —	$ (10,782)
Current period recoveries	—	979	68	23	41	1,111
Current period net charge-offs	**$ (28)**	**$ (9,775)**	**$ 68**	**$ 23**	**$ 41**	**$ (9,671)**

Merchant and partner income receivable primarily represents amounts due to us from our third-party partners and affiliates. Receivables from originating partner represents amounts due to us from our originating partner that will be used to settle outstanding merchant accounts payable on orders originated by them. We do not expect to incur losses on receivables from merchants, partners, or our originating partner; therefore, there is no allowance for credit losses recorded.

Note 5. Merchant Accounts Payable

Merchant accounts payable represents amounts owed to merchants related to orders placed on the Sezzle Platform.

Merchants have the ability to enroll, subject to our approval, into the Delayed Settlement Incentive Program ("DSIP"), which allows merchants to delay payment from us in exchange for daily incentive payments. Within merchant accounts payable, $43.0 million and $42.3 million were recorded within the DSIP balance as of March 31, 2026 and December 31, 2025, respectively. The average annual percentage yield and related interest expense was 4.03% and $0.4 million, and 4.19% and $0.5 million for the three months ended March 31, 2026 and 2025, respectively. Delayed payments retained in the program bore daily incentive payments at a fixed rate of 4.50% on an annual basis, compounding daily.

Delayed payments are due on demand, up to two hundred fifty thousand dollars during any seven day period, at the request of the merchant. Any request larger than two hundred fifty thousand dollars is processed within seven to ten days. We reserve the right to impose additional limits on the program and make changes to the program without notice or limits. These limits and changes to the program can include but are not limited to maximum balances, withdrawal amount limits, withdrawal frequency, the daily incentive rate for all or a portion of a merchant's specific DSIP balance, and the ability for merchants to participate in the DSIP.

Note 6. Other Current Liabilities

As of March 31, 2026 and December 31, 2025, the balance of other current liabilities on the consolidated balance sheets was comprised of the following:

(in thousands)	March 31, 2026	December 31, 2025
Consumer down payments on unpurchased originating partner receivables(1)	$ 17,497	$ 9,542
Accrued operational expenses	5,604	4,330
Accrued personnel expenses	4,112	7,018
Operating lease liabilities	183	163
Other current liabilities	**$ 27,396**	**$ 21,053**

(1) We are the servicer of receivables originated by our originating partner. The balance reported within other current liabilities represents down payments collected from consumers prior to purchasing the related receivables from our originating partner.

Note 7. Line of Credit

We fund our consumer receivables through the use of a secured line of credit. We had an outstanding principal balance on our line of credit totaling $145.5 million and $141.3 million as of March 31, 2026 and December 31, 2025, respectively. Our revolving credit facilities are secured by a pool of pledged, eligible notes receivable. As of March 31, 2026 and December 31, 2025, we had pledged $251.4 million and $251.1 million of eligible gross notes receivable, respectively. We had an unused borrowing capacity of $69.0 million and $73.5 million as of March 31, 2026 and December 31, 2025, respectively.

Expenses related to our line of credit for the three months ended March 31, 2026 and 2025 were as follows:

	For the three months ended March 31,	
(in thousands)	2026	2025
Interest expense on utilization	$ 2,831	$ 2,641
Interest expense on unused daily amounts	145	68
Amortization of debt issuance costs	241	109

For the three months ended March 31, 2026 and 2025, our line of credit carried an effective annual interest rate of 10.40% and 12.02%, respectively.

Note 8. Commitments and Contingencies

Loan Commitments

Through our strategic partnership program with our originating partner, we have a direct obligation to purchase receivables extended to consumers by our originating partner. During the three months ended March 31, 2026 and 2025, the total order value of loans purchased from our originating partner was $981.2 million and $706.8 million, respectively, and the carrying value of the receivables on those purchases totaled $749.4 million and $518.7 million, respectively. As of March 31, 2026 and December 31, 2025, the total order value of loans we had an obligation to purchase from our originating partner was $60.3 million and $27.3 million, respectively, and the carrying value of the receivables on those obligations totaled $46.1 million and $20.1 million, respectively.

Note 9. Net Income Per Share

Basic net income per share is computed by dividing net income for the period by the weighted-average number of shares outstanding during the period, including repurchases carried as treasury stock. Diluted net income per share is computed by dividing net income by the weighted-average number of shares outstanding adjusted for the dilutive effect of all potential shares of stock, including the exercise of employee stock options and assumed vesting of restricted stock units (if dilutive). Diluted net income per share was computed using the treasury stock method for stock options and restricted stock units.

The following table presents the calculation of basic and diluted net income per share:

	For the three months ended March 31,	
(in thousands, except per share amounts)	**2026**	**2025**
Numerator:		
Net income	$ 51,303	$ 36,164
Denominator[(1)]:		
Basic shares:		
Weighted-average shares outstanding	33,764	33,852
Diluted shares[(2)]:		
Stock options	326	737
Restricted stock units	842	1,582
Weighted-average shares outstanding	34,932	36,171
Net income per share:		
Basic	$ 1.52	$ 1.07
Diluted	$ 1.47	$ 1.00

(1) Effective March 28, 2025, we performed a 6-for-1 stock split of the Company's common stock, effected through a stock dividend. Share and per share amounts have been retroactively adjusted.

(2) Because their effect would have been anti-dilutive, 4 and 55 shares were excluded from the denominator of diluted net income per share for the three months ended March 31, 2026 and 2025, respectively.

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 together with our consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q ("Form 10-Q"). This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. You should review the "Forward-Looking Statements", "Factors Affecting Results from Operations", and "Risk Factors" sections of this Form 10-Q, and the "Risk Factors" sections on this Form 10-Q and the 2025 Form 10-K for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements described in the following discussion and analysis.

Overview

We are a purpose-driven payments company on a mission to financially empower the next generation. Launched in 2017, we have built a digital shopping and payments platform that provides consumers a flexible alternative to traditional credit. Through our platform, we aim to give consumers control of their spending, ways to save money, and access to responsible credit. Our vision is to create a digital ecosystem benefiting all of our stakeholders—including merchants, consumers, employees, communities, and investors—while continuing to drive ethical and sustainable growth.

The Sezzle Platform offers a payments solution for consumers in the United States and Canada that has the ability to instantly extend credit at the point-of-sale, allowing consumers to purchase and receive merchandise, while paying in installments over time. Consumers pay a portion of the purchase price at the point-of-sale as a down payment, and then pay off the remaining amount over time through scheduled payments. We also offer the ability to "pay-in-full" using the Sezzle Platform.

We provide consumers access to subscription products, short-term credit products at the point of sale, which may be free or subject to fees and/or interest, and access to interest-bearing loans with our third-party partner. We make a majority of our revenue from merchants, partners, consumer fees, and through our two paid versions of the core Sezzle experience: Sezzle Premium and Sezzle Anywhere. Sezzle Premium is a paid subscription service for consumers to access large, non-integrated premium merchants for a recurring fee. Sezzle Anywhere is a paid subscription service that allows consumers to use their Sezzle Virtual Card at any merchant online or in-store, subject to certain merchant, product, goods, and service restrictions, for a recurring fee. Sezzle On-Demand allows consumers who are not subscribed to Sezzle Anywhere to use the Sezzle Platform at any merchant online or in-store (subject to the same restrictions as Sezzle Anywhere) in exchange for a finance charge, which is added to the consumer's initial down payment. Additionally, through collaboration with a third-party partner we enable our consumers access to interest-bearing monthly fixed-rate installment-loan products at participating merchants for larger-ticket items (up to $15,000), which extend up to 48 months.

Factors Affecting Results of Operations

The following key factors have affected our financial performance and are expected to impact our performance going forward.

Sustainable Business Model

Our ability to profitably scale our business long-term is reliant on creating a transparent and sustainable ecosystem of products and services that add value for all of our stakeholders, including our consumers and merchants. We stand at the intersection of digital shopping and a need for credit for consumers who prefer to use credit alternatives other than credit cards or do not have access to traditional credit products. We provide consumers access to subscription products, short-term credit products at the point of sale, which may be free or subject to fees and/or interest, and access to interest-bearing loans with our third-party partner.

We earn fees from our merchants predominately based on a percentage of the GMV value plus a fixed fee per transaction, collectively called a “merchant processing fee.” We generally pay our merchants the full transaction value upfront, net of the merchant processing fee owed to us, and assume all costs associated with consumer payment processing, fraud, and payment default. We also earn income from partners, including interchange fees through our virtual card solution, promotional incentives with third parties, and marketing revenue earned from affiliates. Our merchants have access to a toolkit we provide that can assist in the growth of their businesses. This toolkit includes marketing placements, co-branded marketing, exclusive promotions for consumers using Sezzle, and Sezzle Capital, which facilitates access to small business loans issued by third-party lender.

Acquisition, Monetization, and Retention of Consumers

Our ability to profitably scale our business relies on the acquisition, monetization, and retention of consumers on the Sezzle Platform. Changes in our consumer base have had, and will continue to have, an impact on our results of operations. The success of our business depends on a consumer base that actively engages with the Sezzle Platform. It is costly for us to acquire consumers; therefore, we aim to provide offerings to our consumers that keep them engaged within our ecosystem, such as our in-app product marketplace, price comparison feature, Payment Streaks, Earn tab, and Sezzle Up. High turnover in our consumer base could result in higher than anticipated overhead costs. There is a risk that we may lose consumers for a variety of reasons, including consumers shifting to competitors or other payment options, changes in the general macroeconomic climate, or changes in our underwriting.

Additionally, our results of operations are significantly impacted by our success in monetizing our consumer base who use the Sezzle Platform. A majority of our revenue is earned through consumers using the Sezzle Platform as a payment method when making purchases, especially when using the Sezzle Virtual Card, or when consumers choose to enroll in either of our optional, paid subscription services. There is a risk that we may be unable to successfully monetize consumers who actively engage with the Sezzle Platform, which could adversely impact our results of operations.

Product Innovation

Our expanding product suite enables us to further promote our mission of financially empowering the next generation, and the adoption of these products by our consumers is expected to drive operating and financial performance.

In 2025, we launched price comparison, the Earn tab, and Sezzle Balance. Price comparison is a feature in our product marketplace that provides consumers the ability to compare the price of a product across a variety of different merchants and receive notifications if the price drops. The Earn tab allows consumers the ability to save money through coupons, discounts, and playing games. Sezzle Balance allows consumers to preload funds into a digital wallet for a simplified repayment process.

In 2026, we launched Sezzle Mobile, a mobile phone plan embedded directly within the Sezzle app that offers unlimited talk, text, and 5G data on AT&T’s network, to our consumers.

We continue to seek out new partners to adopt our existing products and strategize on new products to complement our platform and core products, which we believe will have an impact on the continued growth of our business.

Credit Risk Management

A critical component of our business model is the ability to effectively manage the repayment risk inherent in allowing consumers to pay over time, as we absorb the costs of all credit losses on the credit we extend to our consumers. The provision for credit losses is a significant component of our operating expenses, and excessive exposure to consumer repayment failure may impact our results of operations. To that end, a team of Sezzle engineers and risk specialists oversee our proprietary systems, identify transactions with an elevated risk of fraud, assess the credit risk of the consumer, assign spending limits, and manage the ultimate receipt of funds. Because our consumers settle a portion of the purchase value upfront at the point of sale, we believe repayment risk is more limited relative to other traditional forms of unsecured consumer credit.

We believe our systems and processes are currently effective and allow for predominantly accurate, real-time decisions in connection with the consumer transaction approval process. As the availability of data on consumer repayment behavior grows, we believe we can better optimize our systems and ability to make real-time consumer repayment capability decisions over time. Optimizing repayment capacity decisions of our current and future consumer base is a critical component of our operations, and the optimization of our risk management strategy may influence both our profitability and our provision for credit losses and related charge-offs. We also have a collection strategy where we utilize third-party collection agencies, in addition to our internal collections process, which further helps us lower our loss rates and manage credit risk.

Maintaining our Capital-Efficient Strategy

Maintaining our funding strategy and efficient use of capital is important for the ability to grow our business. We have designed a funding strategy that we believe allows us to scale our business and drive rapid growth. Due to the short-term nature of our products, we are able to recycle capital quickly and create a multiplier effect on our committed capital. We primarily rely on revolving credit facilities to fund our receivables over time, and do not currently require additional equity contributions to directly fund product growth.

General Economic Conditions and Regulatory Climate

Our business depends on consumers transacting with merchants, which is affected by changes in general economic conditions. For example, the retail sector is affected by macroeconomic conditions such as unemployment, interest rates, consumer confidence, economic recessions, public health crises, or extended periods of uncertainty or volatility—all of which may influence consumer spending, and suppliers' and retailers' focus and investment in outsourcing solutions. This may subsequently impact our ability to generate income. Additionally, in weaker economic environments, consumers may have less disposable income to spend, and may be less likely to purchase products by utilizing our services. This could also cause our credit losses to increase due to consumers' failure to repay the loans originated on the Sezzle Platform. Our industry is further impacted by numerous consumer finance and protection regulations, both domestic and international, and the prospects of new regulations, including the cost to comply with such regulations, that have an ongoing impact on our results of operations and financial performance.

Seasonality

We experience seasonality as a result of the spending patterns of our consumers. Total revenue and GMV in the fourth quarter have historically been strongest for us, in line with consumers generally spending more during the holiday shopping season. These seasonal volumes have typically been accompanied by increased charge-offs when compared to the prior three quarters. Increased charge-offs accompanying higher seasonal volumes typically result in an increase in the provision for credit losses on an absolute basis and as a percentage of GMV.

Key Operating Metrics

Gross Merchandise Volume

	For the three months ended March 31,		Change	
	2026	2025	$	%
	(in thousands, except percentages)			
Gross Merchandise Volume ("GMV")	$ 1,110,407	$ 808,682	$ 301,725	37.3 %

GMV is defined as the total value of sales made by merchants based on the purchase price of each confirmed sale where a consumer has selected the Sezzle Platform as the applicable payment option. GMV does not represent revenue earned by us, is neither a component of our income, nor included within our financial results prepared in accordance with U.S. GAAP. However, we believe that GMV is a useful operating metric to both us and our investors in assessing the volume of transactions that take place on the Sezzle Platform, including our Sezzle Premium and Sezzle Anywhere products, which is an indicator of the utilization and strength of the Sezzle Platform.

The increase in GMV was driven by increased usage of our subscription products and On-Demand as well as our focus on consumer acquisition, engagement, and retention through increased marketing and advertising initiatives.

Active Consumers and Monthly On-Demand Users and Subscribers

	As of		Change	
	March 31, 2026	December 31, 2025	#	%
	(in thousands, except percentages)			
Active Consumers	3,105	3,049	56	1.9 %
Monthly On-Demand Users and Subscribers	887	918	(31)	(3.3%)

"Active Consumers" is defined as unique consumers who have placed an order with us within the last twelve months. Monthly On-Demand Users and Subscribers (or "MODS") is defined as unique consumers who have placed at least one On-Demand order during the month ended March 31, 2026, plus consumers with an active subscription for either Sezzle Premium or Sezzle Anywhere as of the end of the period.

As of March 31, 2026, we had 0.7 million unique consumers who had an active subscription for either Sezzle Premium or Sezzle Anywhere ("Active Subscribers"), and 0.2 million unique consumers who placed an On-Demand order during the month ended March 31, 2026. The increase in Active Consumers is attributed to increased marketing and advertising initiatives, as well as new product releases. The decrease in MODS is attributed to seasonality, as more consumers utilized On-Demand during the holiday season compared to the first quarter of 2026.

Components of Results of Operations

Total Revenue

Our total revenue is classified into three categories: transaction income, subscription revenue, and income from other sources.

Transaction Income

Transaction income is comprised of all income earned from merchants, consumers, and other third parties that relate to placing and processing orders on the Sezzle Platform. This includes merchant processing fees, partner income, and consumer fees.

We earn income from fees paid by merchants in exchange for our payment processing services. These merchant processing fees are applied to the underlying sales of consumers passing through our platform and are predominantly based on a percentage of the GMV plus a fixed fee per transaction. For orders that result in a financing receivable, merchant processing fees are recognized over the loan's duration using the effective interest method. For orders that do not result in a financing receivable, merchant processing fees are recognized at the time the sale is completed and not deferred over the life of the loan.
We also earn income from partners on consumer transactions. This income includes interchange fees through our virtual card solution and promotional incentives with third parties. Virtual card interchange income related to loans we purchase is recognized at the time the underlying order is placed. Promotional incentives are recognized in the period we fulfil our contractual obligations with third-party platforms for directing traffic or volume to specific merchants or brands.

Transaction income also includes income from consumers who pay a fee to use Sezzle On-Demand, which is recognized over the loan's duration using the effective interest method. Additionally, we earn fees from consumers when they make a scheduled payment using a card or when their payment method fails when attempting to make an installment payment. These fees are recognized at the time the fee is assessed to the extent the fee is reasonably collectible.

Subscription Revenue

We offer our consumers the ability to subscribe to two paid services: Sezzle Premium and Sezzle Anywhere. Sezzle Premium allows consumers to shop at select large, non-integrated premium merchants, along with other benefits, for a recurring fee. Sezzle Anywhere allows consumers to use their Sezzle Virtual Card at any merchant online or in-store, subject to certain merchant, product, goods, and service restrictions, for a recurring fee. Subscription fees are recognized straight-line over the subscription period.

Income from Other Sources

Income from other sources includes all other incomes earned from merchants, consumers, and other third parties not included in transaction income or subscription revenue. This includes late payment fees, reschedule fees, Sezzle Balance load fees, gateway fees, and marketing revenue earned from affiliates. Late payment fees are applied to principal installments that are delinquent, subject to regulations within specific state jurisdictions. Late payment fees are recognized at the time the fee is charged to the consumer to the extent the fee is reasonably collectible.

Personnel

Personnel primarily comprises all compensation paid to employees, contractor payments, employer-paid payroll taxes and employee benefits, equity- and incentive-based compensation, and other employee-related expenses.

Transaction Expense

Transaction expense primarily comprises processing fees paid to third parties to process debit, credit and ACH payments received from consumers, merchant affiliate program and partnership fees, and consumer communication costs. We incur merchant affiliate program and partnership fees when consumers make purchases with merchants who either were referred by another merchant or are associated with partner platforms with which we have a contractual agreement. We incur consumer communication costs when we notify the consumer about the transaction status and upcoming payments. Communications are primarily made via text message and email directly to the consumer.

Third-Party Technology and Data

Third-party technology and data primarily includes cloud-based infrastructure, fraud prevention, obtaining underwriting data that resulted in failed loan applications, and consumer engagement.

Marketing, Advertising, and Tradeshows

Marketing, advertising, and tradeshows primarily comprises costs related to marketing, sponsorships, advertising, attending tradeshows, promotions, and co-marketing the Sezzle brand with our merchants.

General and Administrative

General and administrative expenses are primarily comprised of professional service fees, depreciation and amortization, insurance premiums, travel, meals, and entertainment costs. Professional service fees include legal, compliance, audit, tax, and consulting services to support the growth of our company.

Provision for Credit Losses

We maintain an allowance for credit losses at a level necessary to absorb expected credit losses on notes receivable from consumers. The allowance for credit losses is determined based on our current estimate of expected credit losses over the remaining contractual term and incorporates evaluations of known and inherent risks in our portfolio, historical credit losses, and current economic conditions. In estimating the allowance for credit losses, we utilize a roll rate analysis of delinquent and current notes receivable. A roll rate analysis is a technique used to estimate the likelihood that a loan progresses through various stages of delinquency and eventually charges off. We segment our notes receivable into delinquency statuses and semi-monthly vintages for the purpose of evaluating historical performance and determining the future likelihood of default. We regularly assess the adequacy of our allowance for credit losses and adjust the allowance as necessary to reflect changes in the credit risk of our notes receivable. Any adjustment to the allowance for credit losses is recognized in net income through the provision for credit losses on our consolidated statements of operations and comprehensive income. While we believe our allowance for credit losses is appropriate based on the information available, actual losses could differ from our estimate.

Net Interest Expense

We incur interest expense on a continuous basis as a result of draws on our revolving line of credit to fund consumer notes receivable as well as our Delayed Settlement Incentive Program, whereby merchants may delay their payments owed by us in exchange for daily incentive payments. The interest paid on borrowings under our line of credit is based on SOFR. Daily incentives paid to merchants under the Delayed Settlement Incentive Program are based on a fixed interest rate.

Income Tax Expense

Income tax expense consists of income taxes in various jurisdictions, primarily U.S. federal and state income taxes, and also the other foreign jurisdictions in which we operate. Tax effects of transactions reported in the consolidated financial statements consist of taxes currently due. Additionally, we record deferred taxes related primarily to differences between the basis of receivables, property and equipment, equity based compensation, and accrued liabilities for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Results of Operations

Total Revenue

	For the three months ended March 31,		Change	
	2026	2025	$	%
	(in thousands, except percentages)			
Transaction income	$ 65,723	$ 58,166	$ 7,557	13.0 %
Subscription revenue	33,197	23,428	9,769	41.7 %
Income from other sources	36,619	23,318	13,301	57.0 %
Total revenue	**$ 135,539**	**$ 104,912**	**$ 30,627**	**29.2 %**

For the three months ended March 31, 2026 and 2025, transaction income included merchant and partner income of $27.6 million and $23.5 million, respectively. The increase in merchant and partner income was a result of higher GMV on our virtual card products in the current period.

Transaction income also increased as a result of consumer fees, which totaled $38.1 million and $34.7 million for the three months ended March 31, 2026 and 2025, respectively. The increase in consumer fees was driven by higher fee prices in the current period, resulting in an increase of approximately $9.0 million, offset against a decrease in the number of fees charged in the current period, resulting in a decrease of approximately $5.5 million.

The increase in subscription revenue was primarily driven by the overall growth in our Active Subscribers.

The increase in income from other sources was largely derived from consumer fee income. The increase in consumer fees was primarily driven by a higher number of fees charged in the current period, contributing approximately $12.8 million of additional income. Consumer late payment fees totaled $23.1 million and $16.8 million for the three months ended March 31, 2026 and 2025, respectively. The increase in late payment fees was primarily driven by a higher number of orders becoming past due as a result of GMV growth. Increases in affiliate and advertising revenue also contributed to the increase in income from other sources.

Personnel

	For the three months ended March 31,		Change	
	2026	2025	$	%
	(in thousands, except percentages)			
Personnel	$ 14,667	$ 15,048	$ (381)	(2.5) %

The decrease in personnel was a result of lower bonus expense in the current period, offset against higher contract labor. Recorded within personnel, equity based compensation totaled $1.3 million for both the three months ended March 31, 2026 and 2025.

Transaction Expense

	For the three months ended March 31,		Change	
	2026	2025	$	%
	(in thousands, except percentages)			
Payment processing costs	$ 17,455	$ 14,167	$ 3,288	23.2 %
Affiliate and partner fees	619	822	(203)	(24.7) %
Other transaction expense	446	328	118	36.0 %
Transaction expense	**$ 18,520**	**$ 15,317**	**$ 3,203**	**20.9 %**

The increase in payment processing costs was primarily driven by higher GMV. GMV growth outpaced the increase in payment processing expenses as a result of more efficient processing strategies in place in the current period.

Affiliate and partner fees are incurred by us when consumers make purchases with merchants who either were referred by another merchant or are associated with partner platforms with which we have contractual agreements. The decrease was from lower GMV on such partner platforms.

Other transaction expense is comprised of consumer communication costs and consumer and merchant support–related costs.

Third-Party Technology and Data

	For the three months ended March 31,		Change	
	2026	2025	$	%
	(in thousands, except percentages)			
Third-party technology and data	$ 4,415	$ 3,374	$ 1,041	30.9 %

The increase in expense was driven by higher utilization of cloud-based infrastructure and other third-party services to support the scaling of the Sezzle Platform as a result of higher GMV and our expanded suite of product offerings.

Marketing, Advertising, and Tradeshows

	For the three months ended March 31,		Change	
	2026	2025	$	%
	(in thousands, except percentages)			
Marketing, advertising, and tradeshows	$ 11,246	$ 5,346	$ 5,900	110.4 %

The increase in marketing, advertising, and tradeshow costs was driven by the continued expansion of initiatives to promote consumer acquisition, retention, and engagement.

General and Administrative

	For the three months ended March 31,		Change	
	2026	2025	$	%
	(in thousands, except percentages)			
General and administrative	$ 3,980	$ 3,131	$ 849	27.1 %

The increase was primarily from higher professional service fees related to the overall growth of the business.

Provision for Credit Losses

	For the three months ended March 31,		Change	
	2026	2025	$	%
	(in thousands, except percentages)			
Provision for credit losses	$ 13,675	$ 12,801	$ 874	6.8 %

The increase in the provision for credit losses is primarily driven by higher GMV in the current period. GMV growth outpaced growth in the provision for credit losses primarily as a result of better expected performance on the current year portfolio compared to prior year, as well as better than originally expected performance on prior year vintages recognized in the current year.

As a percentage of total revenue, the provision for credit losses was 10.1% and 12.2% for the three months ended March 31, 2026 and 2025, respectively.

We expect that increases in GMV and revenue will likely result in higher absolute amounts of credit losses. Additionally, we expect changes in our underwriting strategy to affect the amount of credit losses as a percentage of total revenue. However, tightening or loosening our credit standards that apply to our consumers may impact both total revenue and credit losses to different extents, potentially causing changes in credit losses as a percentage of total revenue. Our underwriting strategy continues to evolve and, therefore, it is challenging to predict the effect changes in our underwriting would have on the amount of future credit losses as a percentage of total revenue.

Net Interest Expense

	For the three months ended March 31,		Change	
	2026	2025	$	%
	(in thousands, except percentages)			
Net interest expense	$ 3,015	$ 2,914	$ 101	3.5 %

Net interest expense remained relatively flat, as higher outstanding borrowings on our line of credit during the three months ended March 31, 2026 were offset against higher interest income.

Income Tax Expense

	For the three months ended March 31,		Change	
	2026	2025	$	%
	(in thousands, except percentages)			
Income tax expense	$ 14,686	$ 10,842	$ 3,844	35.5%

Our effective income tax rate for the three months ended March 31, 2026 and 2025 was 22.3% and 23.1%, respectively. Income tax expense includes $1.7 million and $0.8 million of excess tax benefits recorded on equity based compensation for the three months ended March 31, 2026 and 2025, respectively.

We assess all relevant positive and negative evidence to determine if our existing deferred tax assets can be realized at each reporting date. As a result of the positive trends in our net income, during the three months ended March 31, 2026 and 2025 we concluded that it was more likely than not that our U.S. federal and state deferred tax assets are realizable.

Liquidity and Capital Resources

For the three months ended March 31, 2026 and 2025, our net income was $51.3 million and $36.2 million, respectively. As of March 31, 2026, our principal sources of liquidity were cash, cash equivalents, restricted cash, the unused borrowing capacity on our line of credit, and certain cash flows from operations.

As of March 31, 2026, we had cash and cash equivalents of $120.4 million, compared to $64.1 million as of December 31, 2025. Our cash and cash equivalents were held primarily for working capital requirements and the continued investment in our business. As of March 31, 2026 and December 31, 2025, we had restricted cash of $26.9 million and $38.5 million, respectively.

As of March 31, 2026 and December 31, 2025, we had working capital of $298.6 million and $262.1 million, respectively. The increase in working capital was primarily a result of the growth in cash and cash equivalents, as well as notes receivable, net, driven by higher GMV. Additionally, as of March 31, 2026 and December 31, 2025 we had an unused borrowing capacity on our line of credit of $69.0 million and $73.5 million, respectively.

We believe that our existing cash, cash equivalents, restricted cash, our unused borrowing capacity on our line of credit, and certain cash flows from operations will be sufficient to meet our working capital and investment requirements beyond the next twelve months.

Factors Affecting Liquidity and Capital Resources

While we believe that our business will be able to generate enough cash flow from operations and that future borrowings will be available to us in an amount sufficient to enable us to fund our liquidity needs, we cannot provide any assurance. Our ability to meet these needs depends on current economic conditions and other factors, many of which are beyond our control. Material factors that could affect our liquidity and capital resources are consumer delinquencies and defaults, declines in consumer purchases, an inability to access fundraising, macroeconomic conditions, material changes in interest rates, and instability of financial institutions. If our capital is insufficient to satisfy our liquidity requirements, we will need to seek additional equity or debt financing. In an increasing interest rate environment, our ability to raise equity or incur debt could be limited, our borrowing costs could increase, we could be subject to tighter covenants, or we could be required to pledge additional collateral as security. If we are unable to raise additional capital or generate the necessary cash flows, our results of operations and financial condition could be materially and adversely impacted.

Cash Flows

The following table summarizes our cash flows:

(in thousands)	For the three months ended March 31, 2026	2025
Net Cash Provided from Operating Activities	$ 88,978	$ 52,479
Net Cash (Used for) Provided from Investing Activities	(22,493)	6,050
Net Cash Used for Financing Activities	(21,495)	(36,114)
Net increase in cash, cash equivalents, and restricted cash	$ 44,990	$ 22,415

Operating Activities

Our largest source of operating cash is receipts from consumers, and our largest use of operating cash is payments to merchants. Other primary uses of cash from operating activities are for personnel, payment processing costs, and interest payments.

During the three months ended March 31, 2026, net cash provided from operating activities totaled $89.0 million, driven by our $51.3 million net income adjusted for $20.1 million of non-cash adjustments such as credit losses, equity based compensation, deferred income taxes, and depreciation and amortization, and cash inflows of $17.6 million from changes in our operating assets and liabilities. Our cash inflows from changes in our operating assets and liabilities were driven by a $15.1 million increase in other accounts payable related to the timing of payments to taxing authorities and a $6.3 million increase in accrued liabilities related to the collection of consumer down payments on unpurchased originating partner receivables. These were offset against a $5.4 million increase in our other assets related to higher delinquency fees assessed in the current period not yet collected, which resulted in decreased cash receipts from consumers, as well as timing of receipts from partners and taxing authorities. Cash inflows were also driven by a $1.3 million increase in merchant accounts payable related to the timing of payments to merchants. During the three months ended March 31, 2026, cash payments for personnel-related expenses totaled $16.9 million, cash payments for processing costs totaled $16.7 million, cash interest payments totaled $3.8 million, and cash paid for income taxes totaled $0.1 million.

During the three months ended March 31, 2025, net cash provided from operating activities totaled $52.5 million, driven by our $36.2 million net income adjusted for $22.5 million of non-cash adjustments such as deferred income taxes, credit losses, equity based compensation, and depreciation and amortization, and offset against cash outflows of $6.2 million from changes in our operating assets and liabilities. Our cash outflows from changes in our operating assets and liabilities were driven by a $3.6 million decrease in merchant accounts payable related to the timing of payments to merchants and a $0.9 million decrease in our accrued liabilities related to the timing of payments to vendors and personnel, both of which resulted in increased cash payments to third parties in the current period. Our other receivables also increased by $4.4 million related to higher delinquency fees assessed in the current period not yet collected, which resulted in decreased cash receipts from consumers in the current period. During the three months ended March 31, 2025, cash payments for personnel-related expenses totaled $18.0 million, cash payments for processing costs totaled $15.9 million, cash interest payments totaled $3.2 million, and cash paid for income taxes totaled $0.1 million.

Investing Activities

Net cash (used for) provided from investing activities was ($22.5) million and $6.1 million for the three months ended March 31, 2026 and 2025, respectively. Cash outflows for investing activities were from purchases and originations of notes receivable, net of repayments; purchasing computer equipment; and payments of salaries to employees who create capitalized internal-use software.

Financing Activities

Net cash used for financing activities during the three months ended March 31, 2026 and 2025 was $21.5 million and $36.1 million, respectively.

Our net cash used for financing activities during the three months ended March 31, 2026 was primarily driven by repurchases of common stock totaling $25.7 million, offset against net proceeds from our line of credit totaling $4.2 million. $24.8 million of our common stock repurchases were made under our stock repurchase plan, with the remaining repurchases representing withheld shares of common stock from employees to cover minimum statutory withholding tax obligations owed for vested restricted stock units issued under our equity incentive plans.

Our net cash used for financing activities during the three months ended March 31, 2025 was comprised of net payments to our line of credit totaling $34.2 million and repurchases of common stock totaling $2.4 million, offset against proceeds from stock option exercises totaling $0.5 million.

Line of Credit

Refer to Note 7. Line of Credit on the accompanying Notes to the Consolidated Financial Statements for discussion about our lines of credit.

Loan Commitments

Refer to Note 8. Commitments and Contingencies on the accompanying Notes to the Consolidated Financial Statements for discussion about our direct obligation to purchase loans from our originating partner.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. These principles require 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 management believes to be reasonable. Our actual results may differ materially from our estimates because of certain accounting policies requiring significant judgment. To the extent that there are material differences between our estimates and actual results, our future consolidated financial statements will be affected.

We evaluate our significant estimates on an ongoing basis, including, but not limited to, estimates related to our allowance for credit losses. We believe this estimate has the greatest risk of affecting our consolidated financial statements; therefore, we consider this to be our critical accounting policy and estimate. Refer to Note 1. Principal Business Activity and Significant Accounting Policies within the Notes to Consolidated Financial Statements and “Critical Accounting Policies and Estimates” within Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations in our 2025 Annual Report on Form 10-K for a complete discussion of our significant accounting policies and critical accounting estimates.

New Accounting Pronouncements

Refer to Note 1. Significant Accounting Policies on the accompanying notes to our consolidated financial statements for discussion about recent accounting pronouncements.

Off Balance Sheet Arrangements

We do not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, that would have been established for the purpose of facilitating off balance sheet arrangements (as that term is defined in Item 303(a)(4)(ii) of Regulation S-K) or other contractually narrow or limited purposes. As such, we are not exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in those types of relationships. We enter into guarantees in the ordinary course of business related to the guarantee of our performance and the performance of our subsidiaries.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks during our ordinary course of business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices, interest rates, and foreign currency exchange rates. Our primary risk exposure is the result of fluctuations in interest rates and foreign currency exchange rates. Management establishes policies and programs around our investing and funding activities in order to mitigate market risks. We continuously monitor risk exposures.

Interest Rate Risk

We are exposed to interest rate risk primarily from our revolving line of credit. As of March 31, 2026 and December 31, 2025, we had a revolving line of credit facility of $225 million available to us. We are obligated to pay interest on borrowing under our line of credit as well as other customary fees, including an unused commitment fee. Borrowings under our line of credit bear interest at a floating rate based on the U.S. Federal Reserve's Secured Overnight Financing Rate ("SOFR"); therefore, we are exposed to risks related to fluctuations in SOFR to the extent of our outstanding borrowings. As of March 31, 2026 and December 31, 2025, we had $145.5 million and $141.3 million, respectively, outstanding under our line of credit. For the three months ended March 31, 2026, a 100 basis point hypothetical adverse change in SOFR during the year would have resulted in an additional $0.3 million of interest expense recorded within net interest expense on our consolidated statements of operations and comprehensive income, based on actual borrowings on our line of credit during the three months ended March 31, 2026.

Interest rates may also adversely impact our consumers' spending levels and ability to repay outstanding amounts owed to us. Higher interest rates could lead to larger payment obligations for consumers under other lenders, such as mortgages and credit cards, which may reduce our consumers' ability to remain current on their installment plans with us. This may lead to increased delinquencies, charge-offs, and credit losses on our notes receivable, which would have an adverse effect on our net income.

Foreign Currency Risk

During the ordinary course of business, we enter into certain transactions denominated in the Canadian dollar, which exposes us to foreign currency exchange rate risk. We have experienced and will continue to experience fluctuations in our net income as a result of transaction gains or losses related to revaluing monetary assets and liabilities that are denominated in currencies other than the functional currency of the entities in which they are recorded. We considered historical trends in foreign currency exchange rates and concluded it was reasonably possible that a 10% change in exchange rates could occur in the near term. If a hypothetical 10% foreign currency exchange rate change was applied to total monetary assets and liabilities denominated in currencies other than the functional currency of the entities in which they were recorded at the balance sheet date, it would not have a material impact on our financial results. At this time, we have not entered into derivatives or other financial instrument transactions in an attempt to hedge our foreign currency exchange risk due to its immaterial nature. In the future, we may enter into such transactions should our exposure become more substantial.

We are also subject to foreign currency exchange risk related to translation, as a number of our subsidiaries have functional currencies other than the U.S. Dollar. Translation from these foreign currencies to the U.S. Dollar is performed for balance sheet accounts using exchange rates in effect at the balance sheet date and for revenue and expense accounts using an average exchange rate for the period. Resulting translation adjustments are reported as a component of accumulated other comprehensive loss on the consolidated balance sheets. A hypothetical adverse 10% change in all of our subsidiaries' functional currencies against the U.S. Dollar compared to the exchange rate during the three months ended March 31, 2026 and 2025 would have resulted in an additional foreign currency translation adjustment of approximately $1.5 million.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of March 31, 2026, Sezzle conducted an evaluation, under supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rules 13a-15 and 15d-15 of the Securities Exchange Act of 1934, as amended (Exchange Act).

Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective at a reasonable assurance level, due to the material weakness described in Management's Annual Report on Internal Control over Financial Reporting as disclosed in the Company's 2025 Form 10-K. Disclosure controls and procedures are defined by Rules 13a-15(e) and 15d-15(e) of the Exchange Act as controls and other procedures that are designed to ensure that information required to be disclosed by us in reports filed with the SEC under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in reports filed under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company's annual or interim financial statements will not be prevented or detected on a timely basis.

Management previously identified a material weakness in internal control over financial reporting as we did not design and maintain effective controls to evaluate the appropriate classification of the cash flows related to our notes receivable. This material weakness resulted in the restatement of our Consolidated Statement of Cash Flows for the year ended December 31, 2024, as well as a material misclassification of the Consolidated Statements of Cash Flows for and for the three months ended March 31, 2025 and 2024, six months ended June 30, 2025 and 2024, and nine months ended September 30, 2025 and 2024. If not remediated, this material weakness could result in misstatements of the aforementioned cash flow statements or related disclosures that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected.

Remediation Plan

To remediate the material weakness in its internal control over financial reporting related to the classification of notes receivable in our Consolidated Statements of Cash Flows, we have introduced enhancements to the design of our disclosure controls and procedures as they relate to the classification of our notes receivable.

Changes in Internal Control Over Financial Reporting

As of March 31, 2026, our management, with the participation of our Principal Executive Officer and Principal Financial Officer, evaluated our internal control over financial reporting. Based on that evaluation, our Principal Executive Officer and Principal Financial Officer concluded that no changes in our internal control over financial reporting occurred during the three months ended March 31, 2026 have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Except as set forth below, we are not currently involved in any material legal proceedings, other than ordinary routine litigation incidental to the business, to which we or any of our subsidiaries is a party or of which any of their property is subject.

On June 9, 2025, we filed a lawsuit against Shopify, Inc., in the U.S. District Court for the District of Minnesota asserting federal and state antitrust violations. The lawsuit alleges that Shopify has been engaging and continues to engage in monopolistic and anticompetitive business practices in order to stifle competition for “buy now, pay later” service options on Shopify’s e-commerce platform. Sezzle is a seeking an injunction to prevent Shopify from continuing its anticompetitive conduct and to restore competition and consumer choice. Sezzle is also seeking damages, which could be tripled under applicable laws. Shopify has denied the allegations and filed a motion to dismiss the complaint. A hearing on such motion was held on December 8, 2025. As of the date of this report, the court has not issued a ruling on such motion and its outcome, including the timing of that outcome, cannot be predicted with certainty.

While the outcome of these matters cannot be predicted with certainty, we do not believe that the outcome of any of these matters, individually or in the aggregate, will have a material adverse effect on our consolidated balance sheets, operations and comprehensive income, or cash flows.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors described in Part I, Item 1A. Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2025.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

During the three months ended March 31, 2026, we withheld shares of common stock from employees to cover minimum statutory withholding tax obligations owed for vested restricted stock units issued under our equity incentive plans. We also repurchased shares in the open market under our stock repurchase plan, as described in our Current Reports on Form 8-K filed December 15, 2025. The table below presents information with respect to such common stock purchases made by us during the three months ended March 31, 2026, as follows:

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased(1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under Publicly Announced Plans or Programs(2)
January 1, 2026 through January 31, 2026	—	$ —	—	$ 100,000,000
February 1, 2026 through February 28, 2026	118,343	57.97	118,343	93,140,196
March 1, 2026 through March 31, 2026	275,433	68.59	261,430	75,174,927
Total	**393,776**	**$ 65.40**	**379,773**	**$ 75,174,927**

(1) 14,003 shares were surrendered to satisfy minimum statutory tax obligations under our equity incentive plans.
(2) On December 12, 2025, the Board of Directors authorized a stock repurchase program to repurchase up to $100 million of our outstanding shares. This program commenced on December 12, 2025 and does not have a fixed expiration date.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Rule 10b5-1(c) and/or non-Rule 10b5-1 Trading Arrangements

During the quarter ended March 31, 2026, none of the officers (as defined in Exchange Act Rule 16a-1(f)) or directors of the Company adopted or terminated a "Rule 10b5-1 trading arrangement," (as defined in Item 408(a) of Regulation S-K) intended to satisfy the affirmative defense conditions of Exchange Act Rule 10b5-1(c) or any non-Rule 10b5-1 trading arrangement. However, our officers (as defined in Exchange Act Rule 16a-1(f)) and directors may adopt 10b5-1 Plans or non-Rule 10b5-1 trading arrangements in the future.

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	File Number	File Date	
10.1	Employment Agreement between Sezzle Inc. and Lee Brading, dated January 26, 2026*	8-K	001-41781	1/29/2026	
31.1	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
31.2	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
32.1	Certification of the Chief Executive Officer as Adopted Pursuant to 18 U.S.C. Section 1350 Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X
32.2	Certification of the Chief Financial Officer as Adopted Pursuant to 18 U.S.C. Section 1350 Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X
101.INS	XBRL Instance 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

* Indicates a management contract or compensation plan, contract, or arrangement.

SIGNATURE

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

SEZZLE INC.

Dated: May 6, 2026	By:	/s/ Charles Youakim
		Charles Youakim Chief Executive Officer (Principal Executive Officer)
	By:	/s/ Lee Brading
		Lee Brading Chief Financial Officer (Principal Financial Officer)

Exhibit 31.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

Certifications

I, Charles Youakim, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sezzle 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 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 6, 2026

/s/ Charles Youakim
Charles Youakim
Chairman and Principal Executive Officer

Exhibit 31.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

Certifications

I, Lee Brading, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sezzle 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 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 6, 2026

/s/ Lee Brading
Lee Brading
Principal Financial Officer

Exhibit 32.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
AS ADOPTED PURSUANT TO 18 U.S.C. SECTION 1350
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Sezzle Inc., a Delaware corporation ("the Company"), for the quarter ended March 31, 2026, as filed with the Securities and Exchange Commission on the date hereof ("the Report"), the undersigned officer of the Company certifies pursuant to 18 U.S.C. Section 1350, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: May 6, 2026

/s/ Charles Youakim
Charles Youakim
Chairman and Principal Executive Officer

Exhibit 32.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
AS ADOPTED PURSUANT TO 18 U.S.C. SECTION 1350
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Sezzle Inc., a Delaware corporation (“the Company”), for the quarter ended March 31, 2026, as filed with the Securities and Exchange Commission on the date hereof (“the Report”), the undersigned officer of the Company certifies pursuant to 18 U.S.C. Section 1350, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: May 6, 2026

/s/ Lee Brading
Lee Brading
Principal Financial Officer