

Sezzle Inc.

Fourth Quarter Financial Results Conference
Call

Tuesday, February 25, 2025, 5:00 PM Eastern

CORPORATE PARTICIPANTS

Charles Youakim - *Executive Chairman, Chief Executive Officer*

Karen Hartje - *Chief Financial Officer*

Paul Paradis - *President*

Lee Brading - *Head of Corp Dev and Investor Relations*

PRESENTATION

Operator

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

I would now like to turn the call over to Charlie Youakim. Please go ahead.

Charles Youakim

Thank you and good afternoon, everyone, and welcome to Sezzle's 2024 fourth quarter earnings call. My name is Charlie Youakim, I'm the CEO and Executive Chairman of Sezzle. I'm joined today by our Chief Financial Officer, Karen Hartje, our Head of Corp Dev and IR, Lee Brading and our President Paul Paradis.

In conjunction with this conference call, we filed our earnings announcement with the SEC and posted it and the earnings presentation on our investor website at sezzle.com. To retrieve the documents, please go to the investor relations section of our website. There you will find the press release and the earnings presentation under the investor relations section of our website.

Please note the cautionary note on forward-looking statements and the reconciliation of GAAP to non-GAAP measures included in the presentation, which also covers our statements on today's call.

I'm very excited to share our fourth quarter and full year 2024 results, as well as, an updated guidance for 2025. It's hard to imagine that 2024 was only our seventh year as a company. To say that we are in early innings is an understatement, and I mean early innings as a company and a sector.

We've had to execute at a high level for our entire history to gain market share on our larger peers. With head starts' ranging from 5 years to 20 years relative to us, almost every major competitor in our industry has raised over \$1 billion in equity compared to our \$120 million, and we're still gaining share. I'm not sure how familiar you are with the book and film Moneyball, but I think we might be the Oakland A's of the BNPL industry.

We've had to do more with less as we don't have the luxury to blow cash. And by the way, I don't think blowing cash is a strategy. And yet here we stand, outpacing most of the longer-established peers in terms of profitability and growth. I'm extremely proud of our team as our success is directly connected to their creativity, dedication and hard work. Our team is a winning team and our sector is a growth sector. It's a great combination.

It is clear that Buy Now Pay Later as a payment segment is here to stay. Various third-party reports call for the BNPL industry to continue at double-digit annual growth rates for the next 5 years to 10 years. While we continue to ride the BNPL wave, we also believe that we can continue to outpace and take share within this segment.

And logically, it just makes sense why BNPL continues to grow. The BNPL product can give users greater flexibility in payments and match their payments to their budgeting needs. And in

a worst-case scenario, it can help users avoid the cycle of debt, because if they can't make a payment, then they aren't allowed to make another purchase. The same can't be said for some other payment methods. Credit cards tend to be the inverse. Once a customer can't make the full payment, they become a revolver and in many ways stuck with a balance for a period of time. We love our alignment with responsible repayment.

One knock on the BNPL space has been that it doesn't enable users to build their credit histories. Well, we have an answer for that, but we are unique. We have a product that consumers can opt into if they want to build their credit history, Sezzle Up. It's both free and optional for our customers. Please take a look at Sezzle reviews when you get a chance. You'll see how many users are talking about the positive results from Sezzle Up, which we're proud of.

Another great example of the early innings concept is the launch of our banking partnership with WebBank at the end of September 2024, which has positioned us well for the future. The program has lived up to our expectations and has enabled us to launch a key new product with On-Demand.

On-Demand was just introduced to consumers in Q4 after we went live with WebBank. It is still very early in its history, only a matter of months at this point, but we believe that we have succeeded with yet another initiative at the company with the launch of On-Demand. We've added another product that we know our customers want and our improved activation rates support that idea. We will provide further details later in the presentation.

As we look back at 2024, it was fulfilling to see the fruits of our labors turn up in the financial performance. In 2024, net income increased more than 10-fold compared to 2023 on a topline that outpaced the industry.

As we look forward to 2025, we anticipate another year of industry outperformance as we expect double-digit revenue growth with our pretax net income rising at least 55% compared to 2024. Meanwhile, we remain focused on enhancing the shopper experience and launching new products that consumers want and need. Although, we have several products...future product offerings under consideration, our near-term focus is on maximizing our On-Demand launch and improving the shopping experience and engagement in our app.

We will touch on these topics in greater depth in the presentation. So, let's go to slide three where we can start to dive into the quarterly and annual results. In 2024, we exceeded expectations on the top and bottom line. In Q4, we experienced heavy engagement during the holiday season with our revenue growing more than 100% year-over-year. We met the Rule of 40 and our own Rule of 100 on revenue growth alone for the fourth quarter. It's also great to see us delivering a strong margin at the net income level as well, not to mention a healthy return on equity for shareholders.

This quarter, because of the success of On-Demand, we're introducing a new concept, MODS, which stands for Monthly On-Demand & Subscriber users. In December, we had 707,000 MODS at the quarter end. That represents 130% year-on-year increase and an increase of 178,000 users since the end of the third quarter. We are excited by this increase in activity as On-Demand was live on a limited basis in the quarter because we were still rolling it out to all users. We tend to roll out products gradually as we launch them and we're a bit more cautious about new products in the fourth quarter when some users tend to overspend.

One other item on 2024. Back at the end of the second quarter, we gave guidance of a mid-2s for principal loss rate as a percentage of GMV for the back half of the year, which we nailed. We believe that 2025's principal loss rate will be in the range of 2.5% to 3% as we continue to prioritize growth. Newer user groups have higher loss rates and now that we have built a better mousetrap, we want to put it to use. As discussed earlier, we are highly focused on improving shopper engagement in the app.

Slide four represents some of the initiatives we're working on. Many enhancements are recent or just launching, so we have yet to see the full potential of the offerings. Our product marketplace continues to gain momentum as orders placed there averaged a growth rate of 39% month-over-month growth during 2024.

I'm also very excited about couponing. Who doesn't want to take advantage of discounts on purchases? I'm sure even investors on this call use couponing apps, but I'm certain that our typical customer uses them heavily and in many cases needs them to stretch their paycheck. We believe this product will solve a need for our customers, increasing their retention and loyalty to us, all while we pull in adjacent customer groups that we can introduce Buy Now Pay Later to you. We are just starting to roll out couponing and other shopping features, so will likely be until Q3 or Q2 that we see the full benefit from the increased shopper activity.

But now let's talk further about a key product that was launched, on-Demand, shown on slide five. We couldn't have launched this Pay-in-4 product without the banking partnership. On-Demand fills the need as it allows customers to use Pay-in-4 everywhere Visa is accepted, even if the shopper doesn't have Sezzle Premium or Anywhere. When we launched the product, there were two areas that we felt it would help.

First, it would make us more competitive for enterprise merchants as we could pass on some of the costs to the consumer at the checkout. Enterprise merchants love lowering their costs and this design helps scratch that itch.

Second, it would create a greater customer activation within the purchase funnel as non-subscribers can choose to incur a one-time service fee at the point of sale instead of signing up for a subscription to shop Anywhere Visa is accepted. On-Demand has a much lower barrier to entry than our subscription products, and over time, we believe it will become a bridge into subscriptions.

I'm happy to say that our initial thesis was correct. In Q4, we signed three enterprise-level merchants, Backcountry, Bealls and Rural King, with GMVs ranging from approximately \$700 million to over \$1.5 billion. Meanwhile, the activation rates of users downloading our mobile app to placing an order have risen 35% from September to January. Again, just getting started, but early indications are positive. Don't just take our word for it. Look at the NPS scores from consumers, a 61 for On-Demand. It's clearly a great complementary product with Premium and Anywhere, which have similar NPS scores of 57 and 67, respectively.

We noted last quarter that we expect to see a tradeoff from subscription to On-Demand, as consumers will have more options when shopping with Sezzle. We even noted that the interplay between On-Demand and our subscription products could even cause subscriber count to decline. Nonetheless, we believe On-Demand is a win-win, as we expect it will lead to a successful long-term consumer conversion and higher LTV shoppers, which ultimately leads to greater financial performance for Sezzle. Based on what we're seeing early on, it looks like

the average topline revenue from an On-Demand user is very similar to a Premium user, which makes us even more confident in our approach.

Speaking of engagement and performance, please turn to slide six, where everything is green. We are experiencing strong year-over-year engagement across the platform. We have talked a lot about our performance from the viewpoint of the consumer. What's great to see here is that consumers are also shopping at a much higher number of merchants with Sezzle than they have in the past.

During the year, consumers shopped at 598,000 different merchants. While we are integrated directly with over 20,000 merchants, with our On-Demand and subscription products, it doesn't matter, as those users can shop pretty much Anywhere and it shows in the number of unique merchants shopped at by consumers in our results. The year-over-year comparisons are impressive, but we are also seeing incredible sequential growth, as shown on slide seven, across MODS, active consumers and unique merchants shopped.

With that, I'm happy to turn the call over to our CFO, Karen Hartje, who will go over our quarterly and yearly financial results in greater detail. Karen.

Karen Hartje

Thanks, and happy birthday, Charlie. Hello to all. On to slide eight. I feel a little bit like a broken record for the last several quarters as we keep reaching new highs. But that's a problem I will happily accept, as it is always great to share a performance when the results are this good. The strong holiday season plus the Bank Program launch led to 100% year-over-year increase in revenue for the fourth quarter compared to the prior year's period.

Our outperformance for the quarter drove total revenue for the year to \$271 million, a 70% increase from 2024. As a reminder, we have provided adjusted numbers to remove the non-recurring items, which can mostly be attributable to the release of the valuation allowance previously recorded on our deferred tax assets. We believe this provides a more reflective run rate of the company's results and will be useful as we report in 2025 for comparison purposes.

Adjusted net income was \$26.5 million for the quarter and \$66.2 million for the year. Each is up approximately 10 times or more compared to the prior year's period. The significant gains year-over-year were driven by revenue growth, unit economic gains and our ability to further leverage non-transaction operating expenses.

We will jump into the details of each of these beginning on slide nine. For the year and fourth quarter, year-over-year revenue growth outpaced the rise in GMV driven by subscription growth and fee unification because of the Bank Program. As a result, revenue reached a new high of 11.5% for the quarter and 10.7% for the year.

We have bundled our transaction related costs of transaction expense, provision for credit losses and net interest expense on slide 10. Each of these have behaved as anticipated. Transaction expense, which is primarily payment processing, was flat sequentially at 1.9% of GMV. We continue to believe we can maintain a level around 2%.

Net interest expense continued its downward trend as we benefited from the lower cost facility that we entered last April. We have the opportunity to further lower our net interest expense by the end of 2025 as our facility can be refinanced in October without any early prepayment penalties.

Last but not least, our provision for credit losses performed in line with our expectations and the guidance we gave to the market back in second and third quarters that our provision would be in the mid-2024. Note the reason for the increase in the second half relative to the first half was twofold. First, natural seasonality as the provision typically reaches its high point in the fourth quarter. And second, and more importantly, we made a conscious decision to open up the funnel to more consumers given the confidence we have in our underwriting models. As Charlie mentioned, we expect provision to be between 2.5% to 3% of GMV in 2025.

Let's quickly review a summary of Sezzle's underwriting ecosystem on slide 11. Amongst our many proprietary machine learning models, we have specific models for new customers to Sezzle and returning consumers. Our models are strong predictors of consumer performance and enable us to properly set spending power levels for consumers. We are currently developing the fifth generation model for existing consumers, which will take into consideration our recent fourth quarter launch of On-Demand.

So, let's see how we put our money where our mouth is on slide 12. Again, to remind you that our goal is to optimize not only our growth, but also our profitability. As you can see from the graph on the left, late in second quarter, we began increasing approval rates for both repeat customers and new customers, which correlates with us having a higher provision in the second half. However, we believe that our underwriting models have allowed us to do so judiciously.

The chart on the right shows that we have increased the balances for non-delinquent customers while keeping average balances for delinquent customers in check. Our ability to separate performing versus non-performing customers is crucial to us, opening the funnel per se. For further proof, our financial performance bears out our actions. On slide 13, you can see that our transaction related costs, inclusive of the provision for credit losses, declined in the quarter, both sequentially and year-over-year.

To come full circle, turn to slide 14. Throughout the year, we have provided guidance that our total revenue less transaction related costs would be 55% for the year. I'm happy to report that we were ahead of that number as we achieved 55.7%, which includes our provision for credit losses.

Now let's move on from our unit economic discussion and turn to slide 15, which internally we have fondly come to call Charlie's slide. Quite simply, in terms of financial performance, our goal is to make the green line on the right outpace the growth...the red line below it.

As a technology driven company, we believe we should be able to continue to leverage our operations and we look forward to widening the gap. The main components of non-transaction related operating expenses are personnel, data and third-party tech, marketing, and G&A. The wildcard, so to speak, amongst these is marketing and advertising. That said, we are very focused on payback and return on CAC. Generally, we target a six month payback.

All of this is translated to a strong performance on the bottom line as shown in slide 16, for both net income and adjusted net income. We've been able to post adjusted net income margin above 20% for three straight quarters. We've also been able to generate an EBITDA margin in excess of 30% for four straight quarters as shown on slide 17.

Our improved profitability has strengthened our balance sheet and our liquidity is reflected on slide 18. At year end, we had \$98.3 million in cash on the balance sheet and \$39 million of

unused borrowing capacity available. \$25.1 million of the cash balance is restricted with \$20.3 million designated as long-term restricted cash, which is required to be maintained as a reserve account under the terms of our marketing and servicing agreement with our originating partner, WebBank.

I'm guessing by this point you've already reviewed slide 19 before even listening to our presentation. Let me highlight a couple of items before turning it over to Q&A. Prior to today, the only numeric guidance we have given for 2025 was an EPS of \$12 for both net income and adjusted net income. We are bumping up our 2025 EPS guidance to \$13.25. For 2025, we will continue to present an adjusted number for comparison purposes and to remove non-recurring items.

Further, we have provided additional metrics for 2025 that, we have traditionally given for previous periods. An important call out is that we will be provisioning for a full tax burden in 2025. I guess, that's the penalty for being profitable, which is why we've added the note at the bottom, 2025 guidance implies pre-tax net income growth in excess of 55%.

With that, I would like to turn the call over to the Operator as we are ready to answer your questions. Operator, will you please open the lines for Q&A?

QUESTION AND ANSWER

Operator

Thank you. To ask a question you may press "*" then "1", on your touchtone phone. If you are using a speaker phone please pick up your handset before pressing the keys. If at any time your question has been addressed and you would like to withdraw your question, please press "*" then "2."

First question comes from Mike Grondahl with Northland. Please go ahead.

Mike Grondahl

Hey, guys. Congratulations on a very strong finish to the year. My first question, the year-over-year revenue growth in 3Q was 71% and that accelerated to 100% revenue growth in 4Q? What were the biggest drivers of that? If you could kind of rank them in order, that would be great? Thank you.

Charles Youakim

Thanks, Mike. I think one of the biggest drivers was...there's probably two big ones, the first being the partnership with WebBank. As we had mentioned to a number of our investors prior to the WebBank partnership, one of the key elements of the WebBank partnership was allowing us to basically unify our fee structure across the United States. In many states, we were going state-by-state with state licenses and some of those state licenses basically restricted us to...basically no penalty fees or late fees whatsoever, which basically made our model non-ideal in a number of states. So that was one element, I would say, is by going live with WebBank, unifying the fee structure, it led to increased revenue, increased trust margin, and then more to the bottom line. And then additionally, allowing us to launch a new product, we saw the number with MODS going up to 707,000 over the quarter. It created basically another growth metric or another growth factor for us as a company, which really helped out in terms of driving revenue.

Karen, anything else to add to that?

Karen Hartje

No. You took the words right out of my mouth.

Mike Grondahl

Charlie, just as a follow-up to that. I don't know, would holiday season be the third driver with that acceleration? I'm trying to understand where just seasonality comes into play, too?

Charles Youakim

Not necessarily, because its year-on-year. I guess, I see you're going quarter-on-quarter, that's true, but we're going year-on-year results, though, in terms of the growth rates, so 100% increase over year-on-year, it's still holiday season to holiday season. I guess On-Demand being another "Anywhere product", it allows people to shop at more places. Before we had our Anywhere products or our more open network products, we were restricted to our directly integrated merchants. And in prior years, you go back and look at our results from like four years ago, November would be like our peak month, because that's when a lot of people did a lot of online shopping. But now that we have these Anywhere products, it actually turns out that we've become more December-weighted in terms of our volumes, which I think also helps. So, the more Anywhere products helps to basically carry the momentum through all of the quarter rather than weighted to the early half of the quarter, where people were shopping online only.

Mike Grondahl

Got it. And then congratulations on the 707,000 subscribers, the MODS number now. Clearly, it sounds like On-Demand was pretty strong and successful. Any comments specifically on Anywhere or Premium, you know, I know those two were \$529,000 at the end of September. I know you're not breaking the three out, but any just high level comments on Anywhere, in Premium and how they operated in 4Q?

Charles Youakim

Well, basically, we maintained subscriber numbers pretty well throughout the quarter. But the real focus besides restrictions on introducing Anywhere or...On-Demand to new consumers, when we could introduce consumers to a product, we were tending to lean towards On-Demand because we knew that it had kind of better activation rates because of the lower barrier to entry. And we're really playing into our strategy early, get customers through a lower friction, lower barrier entry first to get them into On-Demand when we can. And then over time, our viewpoint is that as the customer transacts frequently with On-Demand, they'll start to make the decision that, hey, I might be better off with the subscription product. We're starting to lead a little bit more into this new strategy. But of course, with existing subscribers, we don't introduce On-Demand. They already have the product that they need. So, we don't even really talk about it with existing subscribers.

So, our viewpoint is through 2025, we're probably going to continue to lead with On-Demand and then watch the customer utilize that product and then probably start to introduce them to subscription again. Kind of like how Uber works for many people. I'm sure a lot of people on the call use Uber getting introduced to...I think it's called UberOne, the subscription product. I think that's kind of like how we'll start to evolve with our subscriptions. And as we mentioned in the call, what we're seeing right now on the top line revenue side, On-Demand looks pretty similar to Premium already. So, you can start to kind of get the idea that some of these customers are transacting enough with On-Demand which where they might be better off moving into subscription. So we just think it's going to take some time for that to evolve probably the next year for us to kind of mix the whole batter together. So over time we think it becomes the bridge that we are predicting it to be.

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Mike Grondahl

Got it. And lastly, the press release talks about the enhanced product marketplace kind of driving consumer engagement and it said orders grew by an average of 39% month-over-month, average session activity increased 70%. Can you talk and describe a little bit about what that is and what you're trying to create there?

Charles Youakim

We just want to make the app really the go-to for these customers. And the reason you're seeing this month-on-month growth rate is that we're a very tech-oriented company and people follow tech-oriented companies or have been involved with them. We're very...we have a lot of releases throughout the year, I mean 100's maybe around 1,000 per year. I don't know the exact numbers, but we basically believe in these micro releases of improvements to our apps and to our systems. And so, as the products improving over the year, as customers keep on coming into our app, they keep on seeing more and more features. And many customers may use this for a couple of months, they come back in, they're impressed by what they're seeing, the new options available to them. And our view is that we're going to keep on doing this through 2025, through 2026, really focusing on the shopping side. And over time, we believe that will draw more eyeballs into our app, but also I think even maybe more importantly, create a stronger retention for customers that have been introduced. And I think the app engagement and what you're seeing in terms of the purchase activity in the app is really showing that it's starting to work.

Mike Grondahl

Great. Thanks a lot.

Charles Youakim

Thanks, Mike.

Operator

Once again if you have a question, please press "*" then "1." The next question comes from Hal Goetsch with B. Riley. Please go ahead.

Hal Goetsch

Hey, thank you. Hey, Charlie and team, congratulations on a great year. My question about the funnel for mid-market merchants and maybe even enterprise merchants, it seems like the Buy Now Pay Later field is going to be a handful of players, maybe five to six and you're one of them. And I'm just wondering when and you guys buy a little deeper, you have a lot of features. I was just wondering how your funnel is shaping up for signing up more small, middle market, regional and even national accounts now?

Charles Youakim

It's still strong. I think our view is that and probably improving from what we've been seeing over the last few months. And I think that's not even including the idea that On-Demand is basically a newer idea. We mentioned in the call here, but maybe just to clarify for investors following the company. Before we used to go to merchants, we would basically just talk about our core product, which was installing Sezzle on your website, no fees at all passed on to the customer. Basically, the merchant would have to subsidize the entire transaction. And that worked for a number of merchants.

But as you get into larger-and-larger mid-to-enterprise merchants, many of them are very cost constrained in terms of what they want to do with processing products. And in some cases, when you go into an enterprise or mid-market merchant, they have you talk to their processing team and their processing team is very focused on cost. Sometimes you get into their marketing teams focused on driving traffic, sometimes you get into their processing teams driven on cost. I think as you get bigger and bigger into bigger and bigger merchants, it tends to be more towards the processing team. And so, when they're looking at costs, they're comparing you to payment processing, credit card processing, which is around 2% or so. And when we came in your early days with Buy Now Pay Later, we were charging 6 plus 30. Actually, that's our rack rate today for SMBs for small to medium sized businesses. But of course, enterprise merchants scoff at that. They want to keep their processing costs low.

So, with On-Demand, we can pass on a lot of the fee structure to the consumer now in terms of a service fee, even in the merchant checkout. And that's a new product that has just started to help us build up more of the pipeline on the enterprise side. So, we've been having some good momentum. As you saw that as you mentioned, we did three nice signings here in the fourth quarter. But we think that it's going to continue to improve in quality as we have introduced On-Demand into more and more situations.

Hal Goetsch

Okay. So, Charlie, you're saying those three merchants you signed that's more of an On-Demand or the consumer pays?

Charles Youakim

No. In those cases, no. But I think we've already had just net through execution, we've had some good growth in terms of enterprise merchant signings with those three. But we think that we have a chance to add even more now that we have On-Demand in the mix. But it takes a while to create the pipeline with enterprise. It's not like a two month activity. It's usually a few months.

Hal Goetsch

Last two for me real quick. Is there a monetization in couponing you can do? And then two on the capital allocation, if you generate another \$80 million in adjusted net income, and you're basically trending toward really not even needing a warehouse line. What are your plans when you generate that kind of cash with the warehouse lying down a year from now? Thanks.

Charles Youakim

Yes. So, in terms of the generating cash, I think the great news about being a strongly profitable company is it just creates a lot of options for you. One of the options is, yes, we could basically drive down to the point, maybe not in the next 12 months, but in the next 12 to 24 months where you know, depending on your growth rate versus your margins, you could basically deplete the need for a line of credit. It also gives you the opportunities for buybacks, for dividends, for M&A you know, I think that's the nice thing about being a profitable company, it gives you lots of options. And it's not like we're in a rush on any of these fronts. We just think that keep on executing, keep on doing a great job, keep on building up the cash and then we can evaluate the options as they come.

And then by the way, Hal's first question, just to remind me.

Hal Goetsch

Yes, is there any monetization potential on the coupon?

Charles Youakim

For couponing. Yes, basically with all the shopping side of the activities, there are monetization channels. What we're trying to think about now is the trade-off. How much of it did we give to the customer to create attraction and retention versus how much of it we retain? And so, we'll probably be experimenting with that. But I mean, these are definitely we talk about kind of Honey for mobile as like the way we kind of talk about new productization within the company. I mean Honey was a profitable company. So, you can definitely monetize on these items. For us, it's just like thinking about as we launch these features, how much should we give? how much do we keep with us? But they're definitely profitable. It's definitely a profitable business in its own right. But we're looking at it a little bit differently maybe. We're looking at more for attraction and retention because we've got this great money making machine with our Buy Now Pay Later product set. So, we'll probably be experimenting with that a bit.

Hal Goetsch

Okay. Excellent. Thanks guys.

Charles Youakim

Thanks Hal.

Operator

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

CONCLUSION**Charles Youakim**

Thank you, operator. Again, I'd like to thank the Sezzle team. We continue to make tremendous strides in our business and I know our team will continue to lead the way. I know the business school books never talk about a team as a competitive advantage, but I disagree. I know our team creates a competitive advantage and that's why we're winning with Moneyball. And in closing, I don't have a Charlie Munger quote this time around, but even better, I have a Charlie Munger story all in his own words.

He says, back in the late-80s, we started buying Coca Cola stock. Not a complicated decision. Here's a company selling sugar water all over the world. Got a brand stronger than Fort Knox and people aren't going to stop drinking it anytime soon. We picked up shares at a decent price about 600,000,000 worth by 1988 or so. People thought we were nuts paying that much for a soda company. Analysts said it was overvalued, market was jittery, all the usual noise. What did we do? We sat on it, didn't trade it, didn't tinker, didn't listen to the chatter, and just held the damn stock. Why? Because it was a business that we understood run by people who knew what they were doing with a moat wider than the Mississippi.

Fast forward a couple decades, by the 2000s that \$600 million turned into billions. Today it's worth over \$20 billion and that's not counting the dividends we've collected along the way, which are millions every year now. The trick wasn't in some fancy footwork. We didn't outsmart the market with clever thinking or clever timing or slick moves. We just bought it and forgot about it. Let the company do its job. People think investing is about action, but the big money is in the waiting. You find something good, you park your ass and you don't budge unless the story changes. That's it. I couldn't agree more with Charlie Munger. Have a great evening everyone and thanks operator we can end the call.

Operator

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