



Fourth Quarter 2024 Earnings Presentation

February 25, 2025

Disclaimer

Cautionary Note Regarding Forward-Looking Statements

This presentation (the "Presentation") contains summary information about the activities of Sezzle as of the date of this Presentation. The information in this Presentation is of a general nature and does not purport to be complete and the information in the Presentation remains subject to change without notice. Also, the information in the Presentation should not be relied upon as advice to potential investors or current shareholders. This Presentation has been prepared without taking into account the objectives, financial situation or needs of any particular prospective investor or current shareholder. Before making an investment decision, prospective investors and current shareholders should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek appropriate advice, including financial, legal and taxation advice appropriate to their jurisdiction. The Presentation also includes information regarding our market and industry that is derived from publicly available third-party sources that have not been independently verified by Sezzle.

This Presentation contains certain "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"), including, but not limited to, statements regarding our anticipated new products, our ability to gain future market share, our timeline and intentions relating to operations in international markets, our strategy, our future operations, our financial position, our estimated revenues and losses, our projected costs, our prospects, and the plans and objectives of management. These forward-looking statements are generally identified by the words "could," "believe," "anticipate," "intend," "estimate," "expect," "project" or other words or expressions of similar meaning (or the negative versions of such words or expressions). These forward-looking statements are subject to a number of risks and uncertainties, including those set out in this Presentation, but not limited to: (i) impact of the "buy-now, pay-later" ("BNPL") industry becoming subject to increased regulatory scrutiny; (ii) impact of operating in a highly competitive industry; (iii) impact of macro-economic conditions on consumer spending; (iv) our ability to increase our merchant network and Gross Merchandise Volume ("GMV"); (v) our ability to increase our consumer base and GMV; (vi) our ability to effectively manage growth, sustain our growth rate and maintain our market share; (vii) our ability to promote and maintain our brand; (viii) our ability to maintain adequate access to capital in order to meet the capital requirements of our business; (ix) our ability to manage financial risk of consumer loans facilitated on our platform; (x) impact of exposure to consumer bad debts and insolvency of merchants; (xi) our ability to manage risk with respect to our agreement with our originating bank partner, (xii) impact of the integration, support and prominent presentation of our platform by our merchants; (xiii) impact of any data security breaches, cyberattacks, employee or other internal misconduct, malware, phishing or ransomware, physical security breaches, natural disasters, or similar disruptions; (ivx) 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; (xv) impact of the loss of key partners and merchant relationships; (xvi) impact of exchange rate fluctuations in the international markets in which we operate; (xvii) our ability to protect our intellectual property rights and third party allegations of the misappropriation of intellectual property rights; (xviii) our ability to retain employees and recruit additional employees; (ixx) impact of the costs of complying with various laws and regulations applicable to the BNPL industry in the United States and Canada; (xx) our ability to achieve our public benefit purpose and maintain our B Corporation certification; and (xxi) the other factors identified in the "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2024 and the Company's subsequent filings filed with the Securities and Exchange Commission available at www.sec.gov. 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. 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. Except as otherwise required by applicable law, we disclaim any duty to update any forward-looking statements to reflect events or circumstances after the date of this Presentation.

This Presentation has been prepared in good faith, but no representation or warranty, express or implied, is made as to the fairness, accuracy, completeness, correctness, reliability or adequacy of any statements, estimates, opinions or other information, or the reasonableness of any assumption or other statement, contained in the Presentation (any of which may change without notice). All financial figures are expressed in U.S. dollars unless otherwise stated.

In addition to financial measures presented in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), this Presentation includes certain financial information, including Gross Merchandise Volume ("GMV", formerly known as Underlying Merchant Sales, or UMS), Monthly On-Demand & Subscribers ("MODS"), and Active Subscribers, which has been provided as supplemental measures of operating performance that are key metrics used by management to assess Sezzle's growth and operating performance. For example, GMV is an operating metric in assessing the volume of transactions that take place on the Sezzle Platform, which is an indicator of the success of our merchants and the strength of the Sezzle Platform and MODS is a monthly metric that captures unique users of the On-Demand product and subscribers enrolled in Anywhere and Premium products. Sezzle also use these operating metrics in order to evaluate the effectiveness of our business strategies, to make budgeting decisions, and to compare our performance against that of other peer companies using similar measures. GMV, MODS, and Active Subscribers do not represent revenue earned by Sezzle, are not components of Sezzle's income or included within Sezzle's financial results prepared in accordance with GAAP. The GMV, MODS, and Active Subscribers financial measures used by Sezzle may differ from the non-U.S. GAAP financial measures used by other companies.

No Offer or Solicitation

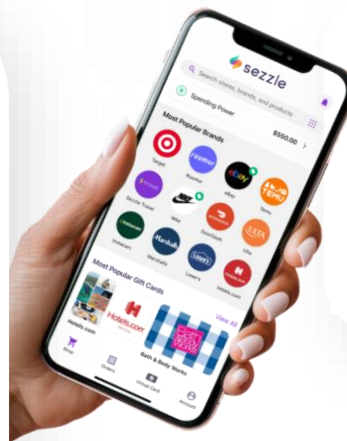
This report shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act or pursuant to another available exemption.

WebBank

Pi4 & Pi2 loans are originated by WebBank except loans in IA, Puerto Rico & CAN. For example, for a \$300 loan Pi4, you make one \$75 down payment today, then three \$75 payments every two weeks for a 35.40% annual percentage rate (APR) & total payments of \$305.99, which includes a \$5.99 Service Fee (finance charge) charged at loan origination. Service fees vary & can range from \$0 to \$5.99 depending on the purchase price & Sezzle product. Actual fees are reflected in checkout.

Quarterly & Annual Snapshot

	4Q24	FY2024
Total Revenue Growth	100.9%	70.1%
Net Income	\$25.4M	\$78.5M
Net Income Margin	25.8%	29.0%
Adjusted Net Income ¹	\$26.5M	\$66.2M
Adjusted Net Income Margin ¹	26.9%	24.4%
Return on Equity ²	34.1%	142.9%



707,000

Monthly On-Demand & Subscribers (MODS³)

2024 & 2025 Recognitions

Forbes

Newsweek

Worth

MINNEAPOLIS/ST. PAUL
BUSINESS JOURNAL

Bankrate



INVESTOR'S
BUSINESS
DAILY

BOSTON BRAND
RESEARCH & MEDIA
A GLOBAL PUBLICATION COMPANY

CNET

¹ Adjusted Net Income and Adjusted Net Income Margin (defined as Adjusted Net Income as a percentage of Total Revenue) are non-GAAP financial measures. For a reconciliation of Net Income to Adjusted Net Income, see Appendix III.

² Return on Equity is calculated by taking Net Income divided by the average of the beginning and ending balances of Stockholders' Equity for the respective period.

³ As of December 31, 2024. Monthly On-Demand & Subscribers (MODS) defined as the combined total of Active Subscribers and Monthly On-Demand users. Monthly On-Demand users are unique users that have made at least one purchase through On-Demand during the month. MODS rounded to the nearest thousand.

Enhanced App Features

39%

Avg. MoM Growth Rate of Product Marketplace Orders in 2024

71%

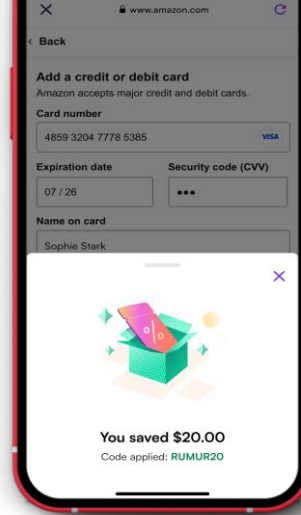
YoY Growth in Annual Sessions¹

~11

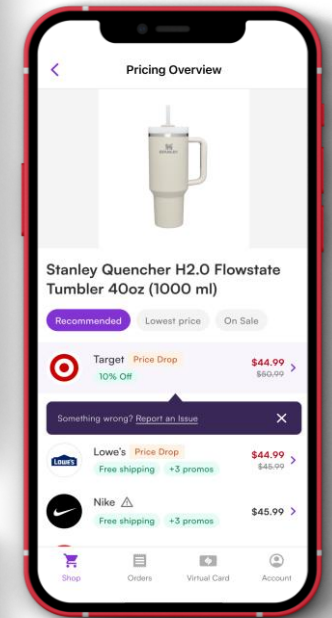
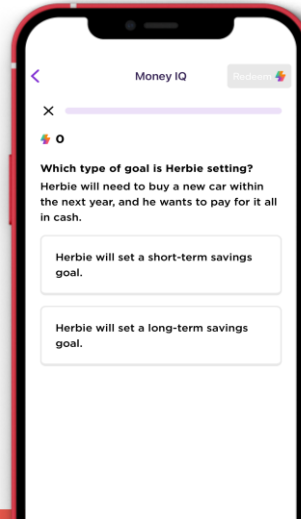
Average Modules Completed by Money IQ User

¹A session occurs when a Sezzle consumer opens the Sezzle app.

Coupons
(Initial Rollout in Feb 2025)
Automatically apply the best coupon at checkout for select merchants, maximizing consumer's savings effortlessly



Money IQ
(Launched Jan 2025)
Empower consumers through interactive personal finance lessons and quizzes

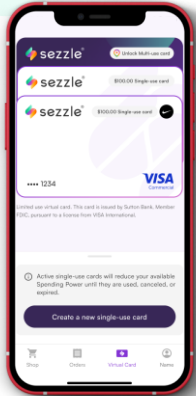


Price Comparison
(Launched Nov 2024)
Compare prices across stores, track price drops, and explore similar products — all in one place

707,000 Monthly On-Demand & Subscribers¹ (MODS²) Engagement Fueling Growth

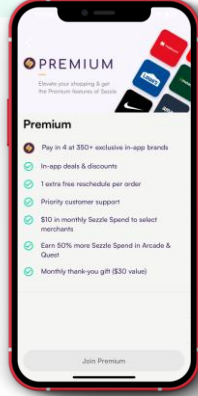
61

NPS⁶



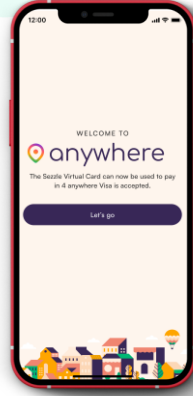
57

NPS



67

NPS



+

+

=

MODS

Sezzle On-Demand

Pay-in-4 anywhere Visa is accepted, with a one-time service fee³ at the point of purchase

Sezzle Subscription (Premium & Anywhere)

Premium: Access to 350+ Premium Merchants through Affiliate & Gift Card platform partners

Anywhere: Pay-in-4 anywhere Visa is accepted including all Premium benefits

~10

More Orders from Subscribers vs. Non-Subscribers during 4Q24 on Average

~34x

Top 10% Anywhere Subscribers 90-days Frequency⁴

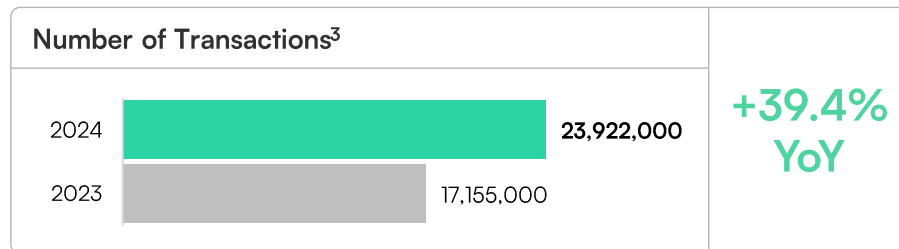
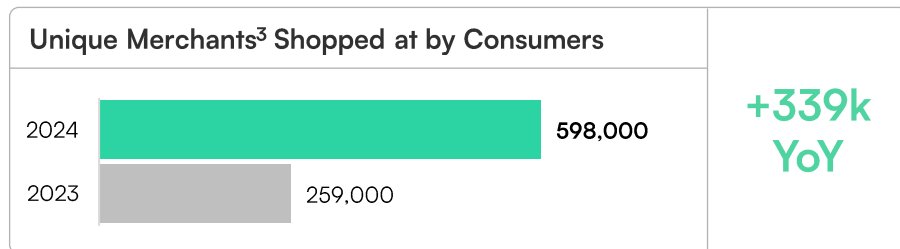
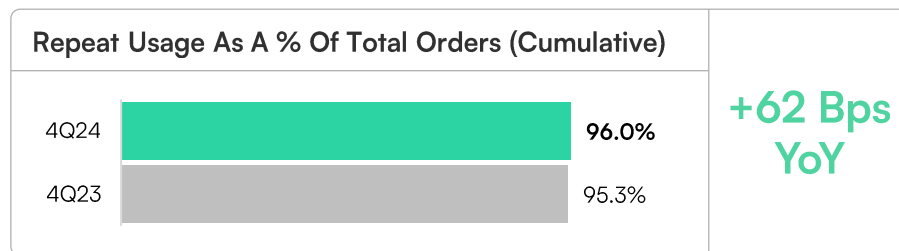
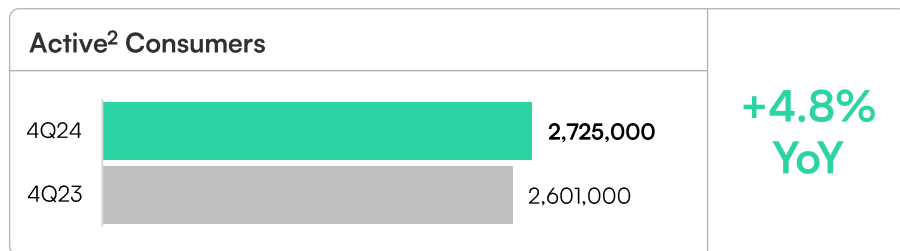
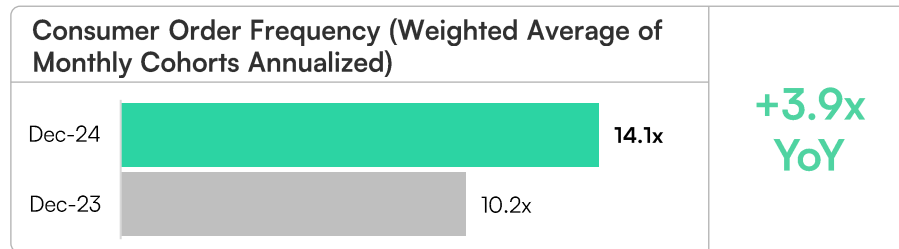
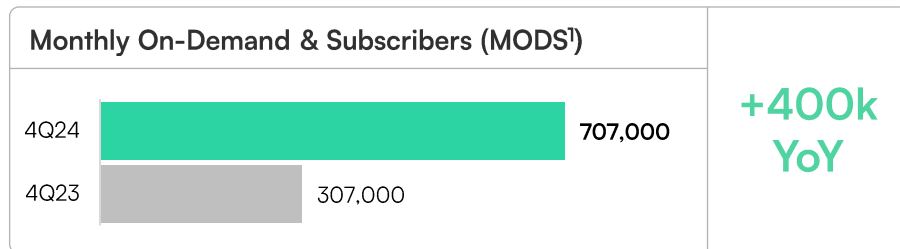
~38%

In-store Orders as % of Total Anywhere Orders⁵

¹ As of December 31, 2024, Active Subscribers rounded to the nearest thousand was 517,000.

² As of December 31, 2024, Monthly On-Demand & Subscribers (MODS) defined as the combined total of Active Subscribers and Monthly On-Demand users. Monthly On-Demand users are unique users that have made a least one purchase through On-Demand during the month. MODS rounded to the nearest thousand. ³ Service Fee (Finance Charge). ⁴ Frequency is defined as the average total number of Sezzle orders placed by active Anywhere subscribers in 4Q24. ⁵ Orders placed during 4Q24. ⁶ Anywhere and Premium NPS as of January 31, 2025. On-Demand NPS as of January 1, 2025.

YoY Engagement Metrics

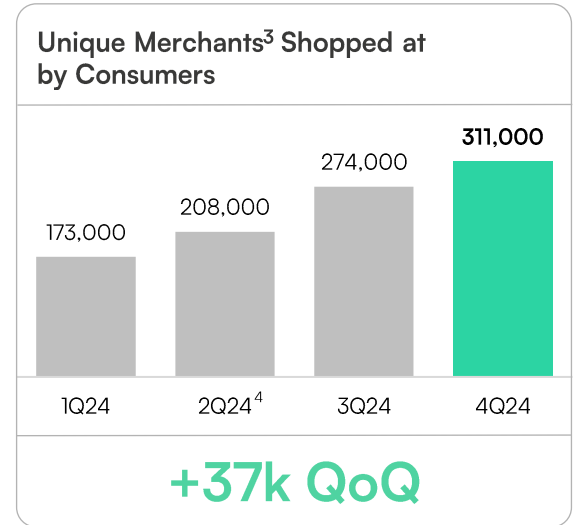
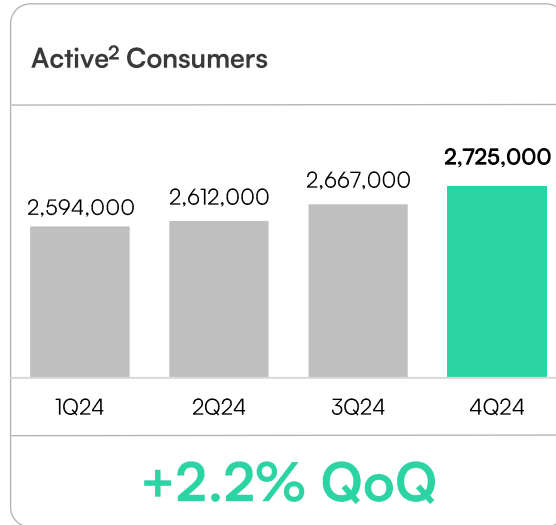
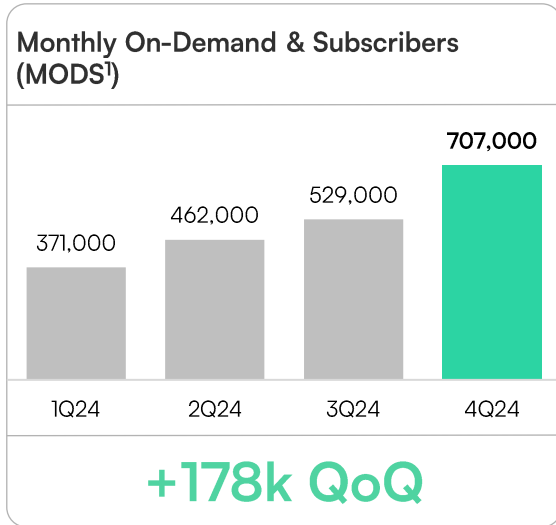


¹ As of December 31, 2024. Monthly On-Demand & Subscribers (MODS) defined as the combined total of Active Subscribers and Monthly On-Demand users. Monthly On-Demand users are unique users that have made a least one purchase through On-Demand during the month. MODS rounded to the nearest thousand.

² Active is defined as having had at least one transaction through the Sezzle platform in the last twelve months, not subject to a minimum required number of transactions criteria (Consumers rounded to nearest thousand).

³ Unique Merchants and Number of Transactions are rounded to the nearest thousand.

Last Twelve Months (LTM) QoQ Engagement Metrics



¹ Monthly On-Demand & Subscribers (MODS) defined as the combined total of Active Subscribers and Monthly On-Demand users. Monthly On-Demand users are unique users that have made at least one purchase through On-Demand during the month. MODS rounded to the nearest thousand.

² Active is defined as having had at least one transaction through the Sezzle platform in the last twelve months, not subject to a minimum required number of transactions criteria (Consumers rounded to nearest thousand).

³ Active Subscribers and Unique Merchants are rounded to the nearest thousand.

⁴ Previously reported as 209,000. Revised to 208,000 based on further analysis of unique merchant classifications.

YoY Progression Overview

	4Q23	4Q24	YoY Change		FY2023	FY2024	YoY Change
Total Revenue	\$48.9M	\$98.2M	100.9% ↑		\$159.4M	\$271.1M	70.1% ↑
Net Income	\$2.9M	\$25.4M	763.0% ↑		\$7.1M	\$78.5M	1006.3% ↑
Adjusted Net Income ¹	\$2.6M	\$26.5M	922.3% ↑		\$5.6M	\$66.2M	1076.9% ↑
Adjusted EBITDA Margin ²	15.9%	33.1%	17.2 Pts ↑		18.8%	32.6%	13.8 Pts ↑
Total Revenue Less Transaction Related Costs ³ as a % of Total Revenue	42.5%	55.3%	12.8 Pts ↑		50.8%	55.7%	4.9 Pts ↑
Non-Transaction Related OpEx ⁴ as a % of Total Revenue	36.0%	27.4%	-8.6 Pts ↓		46.9%	30.4%	-16.5 Pts ↓

¹ Adjusted Net Income is a non-GAAP financial measure. For a reconciliation of Net Income and Adjusted Net Income, see Appendix II.

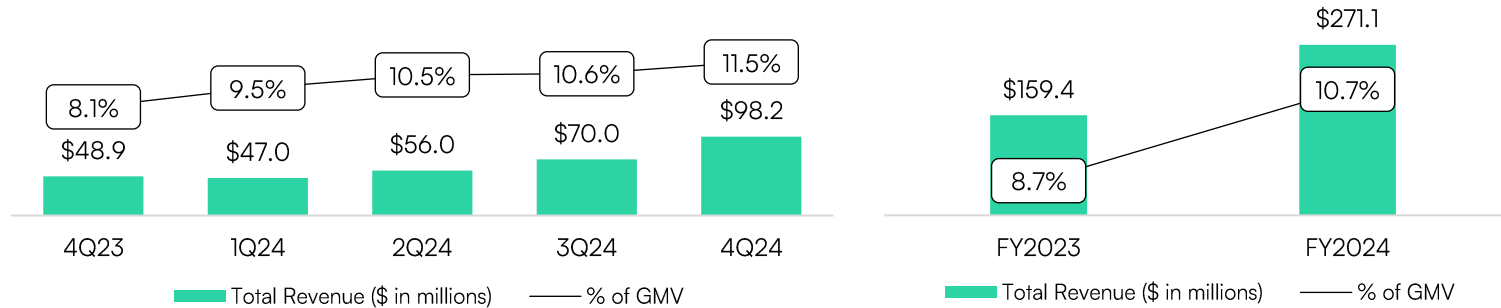
² Adjusted EBITDA Margin is a non-GAAP financial measure equal to non-GAAP Adjusted EBITDA divided by Total Revenue. For a reconciliation of Net Income to non-GAAP Adjusted EBITDA, see Appendix II.

³ Total Revenue Less Transaction Related Costs is a non-GAAP financial measure. For a reconciliation of Operating Income and Total Revenue Less Transaction Related Costs, see Appendix I.

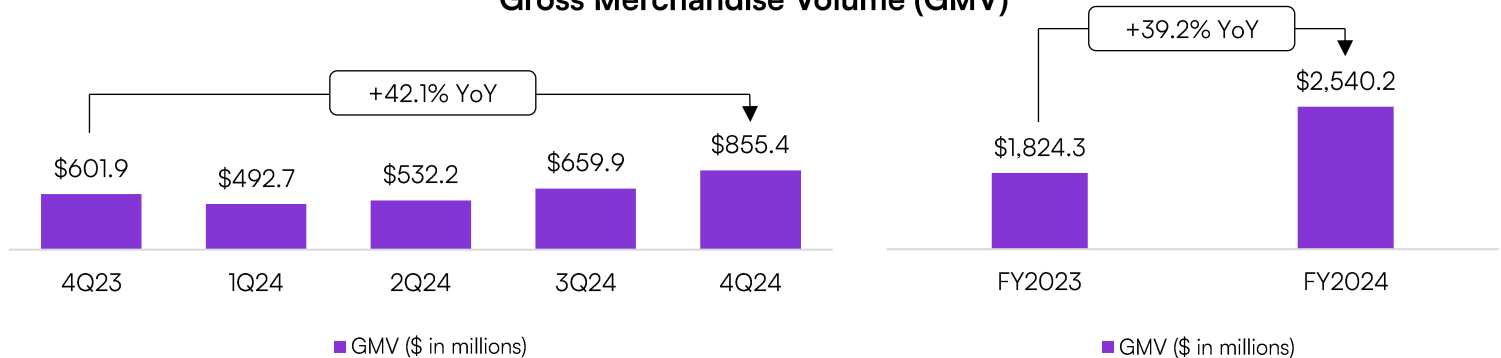
⁴ Non-transaction Related Operating Expenses is a non-GAAP financial measure and is equal to Personnel, Third-Party Technology and Data, Marketing, Advertising, and Tradeshows, and General and Administrative Operating Expenses. See Appendix I for reconciliation of Non-Transaction Related Operating Expenses and respective definitions.

Total Revenue & Gross Merchandise Volume (GMV)

Total Revenue

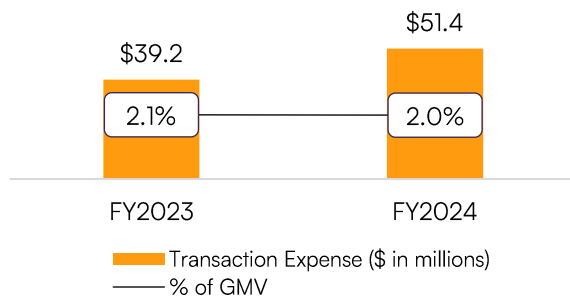
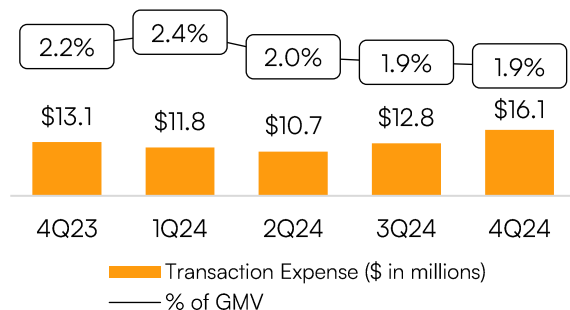


Gross Merchandise Volume (GMV)

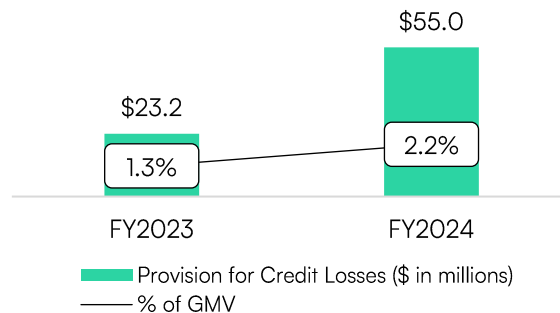
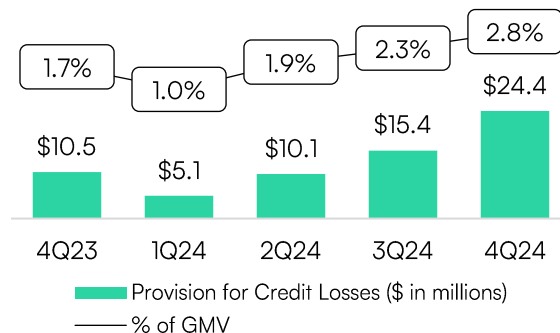


Transaction Related Costs¹

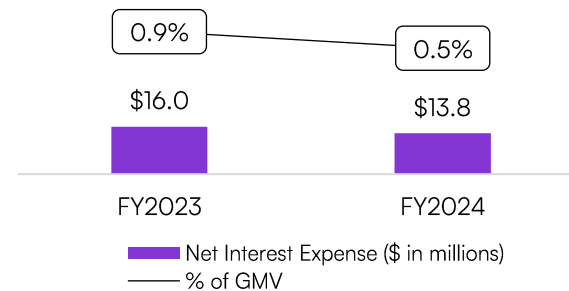
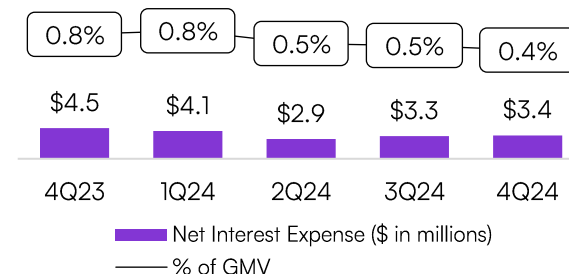
Transaction Expense



Provision for Credit Losses

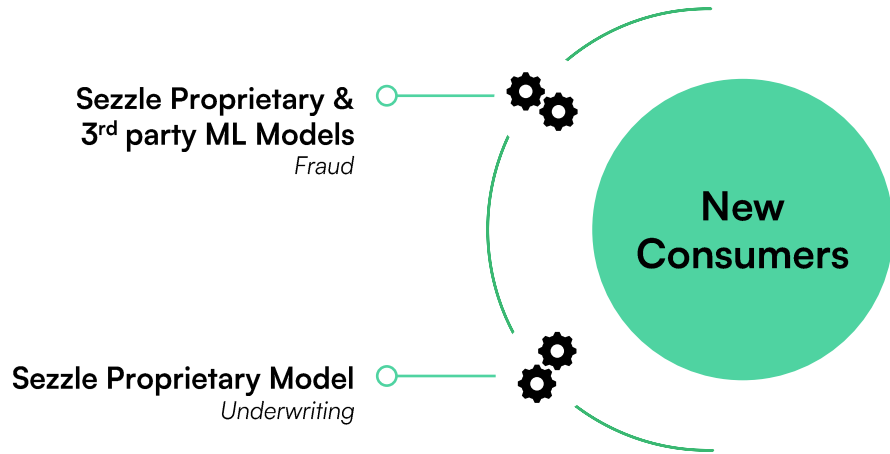


Net Interest Expense

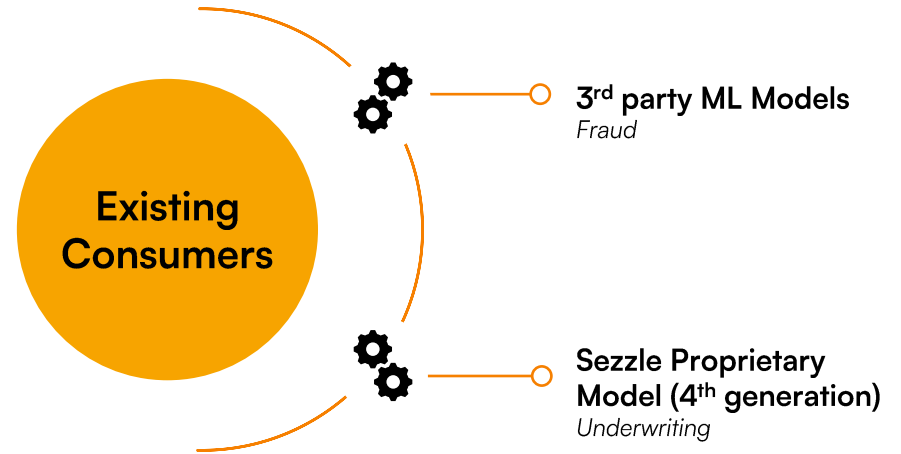
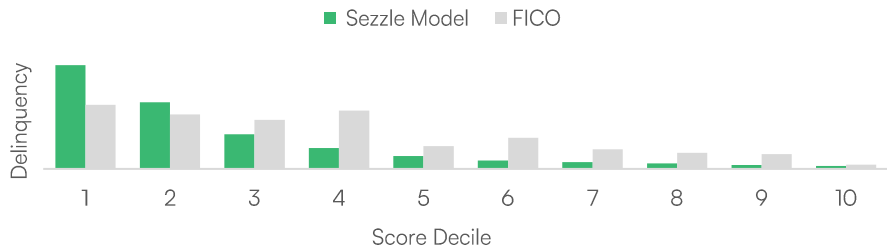


¹ Transaction Related Costs is a non-GAAP financial measure that represents the combined total of Transaction Expense, Provision for Credit Losses, and Net Interest Expense. For a reconciliation of Transaction Related Costs see Appendix II for reconciliation.

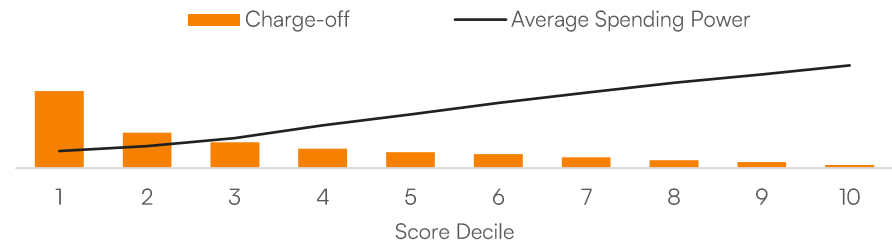
Robust & Proprietary In-House Underwriting Strategy



Sezzle Model is more predictive than FICO for new Sezzle consumers' delinquency



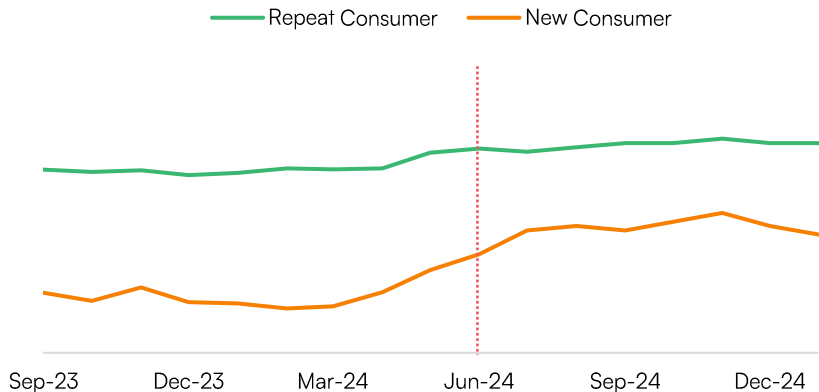
Spending Power allocated directly by Sezzle Model



Controlled Underwriting to Optimize Growth & Profitability

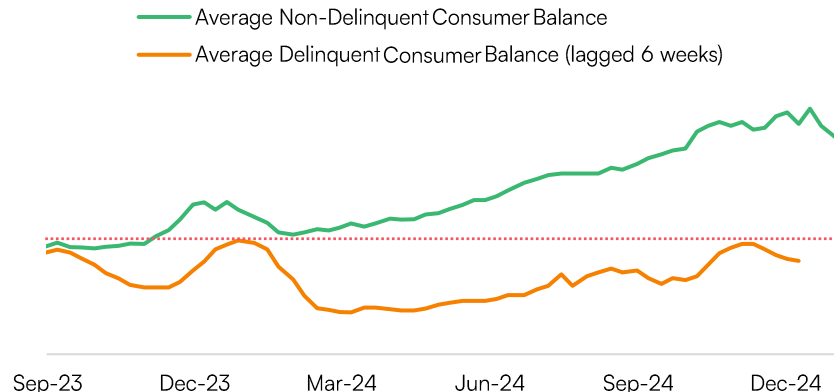
Approval rates increased in the 2H24 for both repeat and new consumers...

Approval Rates



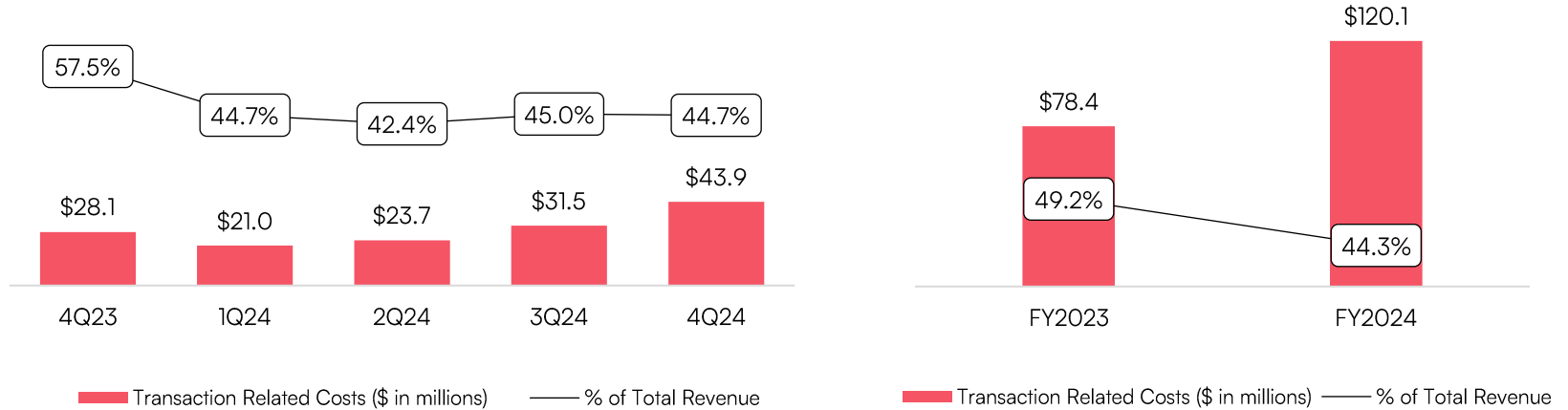
...while the outstanding balance for delinquent consumers remained in-line

Average Consumer Balances



Transaction Related Costs

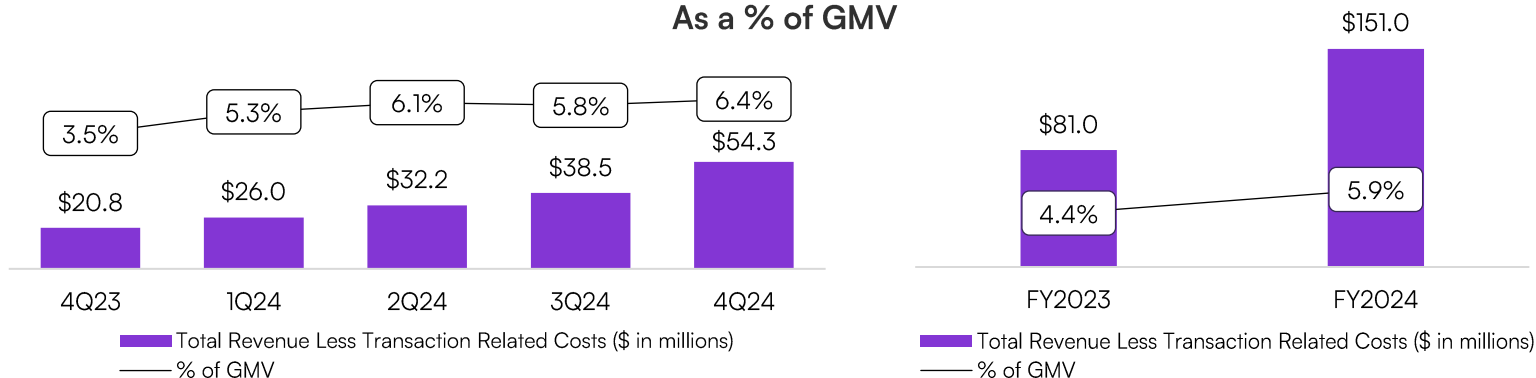
Transaction Related Costs¹



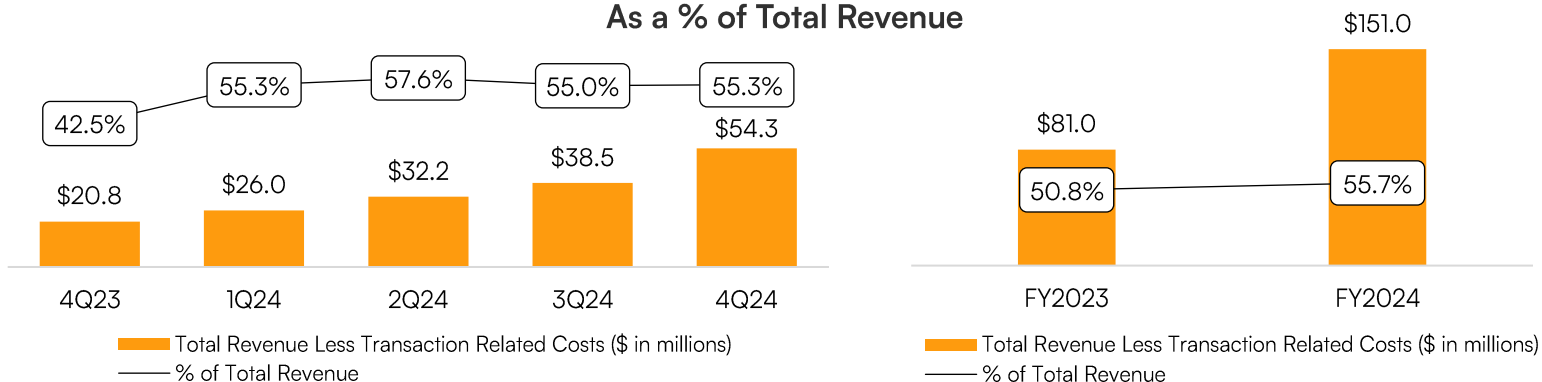
¹ Transaction Related Costs is a non-GAAP financial measure that represents the combined total of Transaction Expense, Provision for Credit Losses, and Net Interest Expense. For a reconciliation of Transaction Related Costs see Appendix II for reconciliation.

Total Revenue Less Transaction Related Costs¹

As a % of GMV



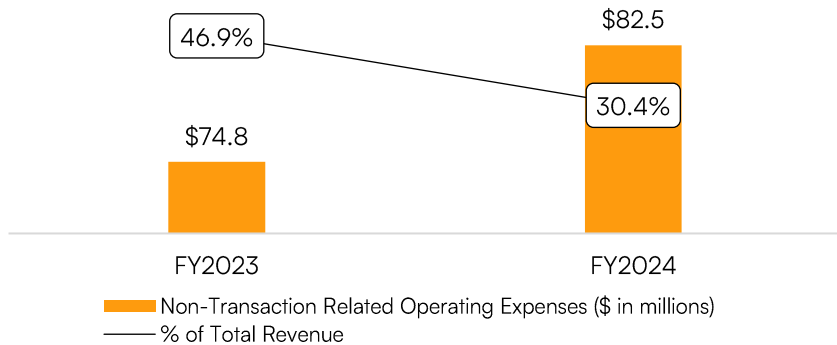
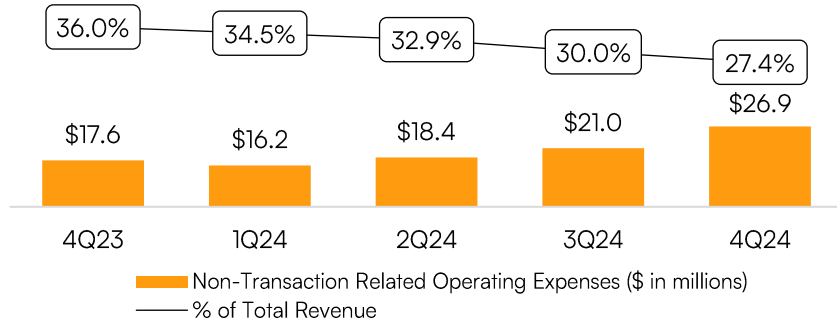
As a % of Total Revenue



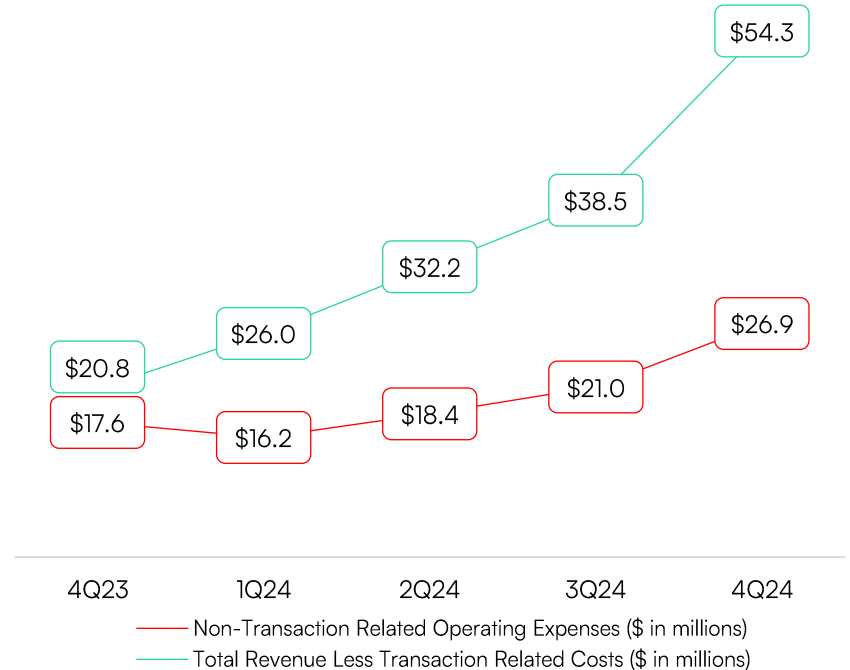
¹Total Revenue Less Transaction Related Costs is a non-GAAP financial measure. For a reconciliation of Operating Income and Total Revenue Less Transaction Related Costs see Appendix I for reconciliation.

Non-Transaction Related Operating Expenses

% of Total Revenue



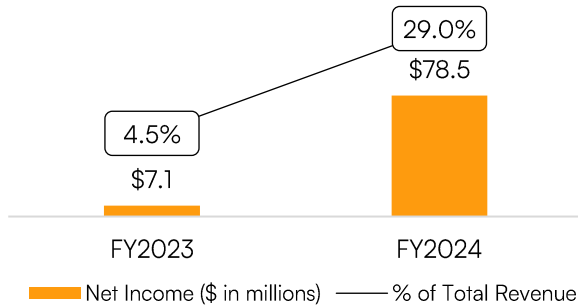
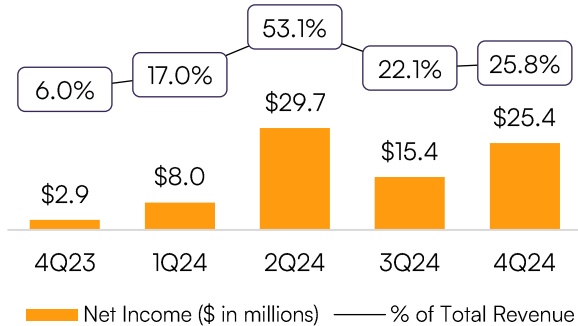
Total Revenue Less Transaction Related Costs vs. Non-Transaction Related OpEx¹



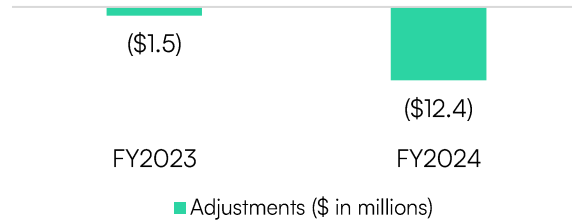
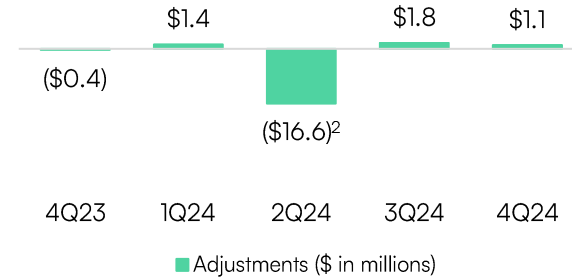
¹Non-Transaction Related Operating Expenses and Total Revenue Less Transaction Related Costs are non-GAAP financial measures. See Appendix I for reconciliations.

Net Income and Adjusted Net Income

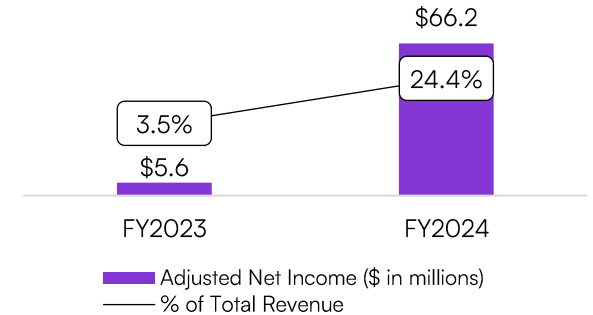
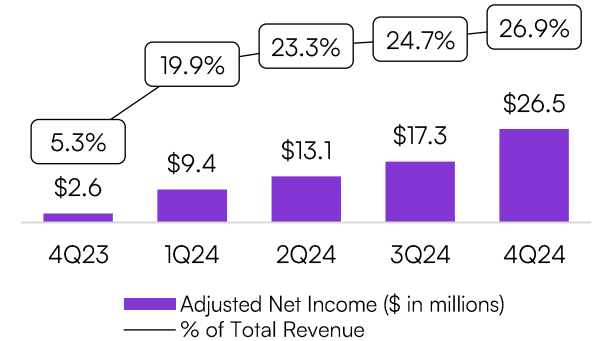
Net Income



Adjustments



Adjusted Net Income¹



¹ Adjusted Net Income is a non-GAAP financial measure. For a reconciliation of Net Income and Adjusted Net Income see Appendix III for reconciliation.

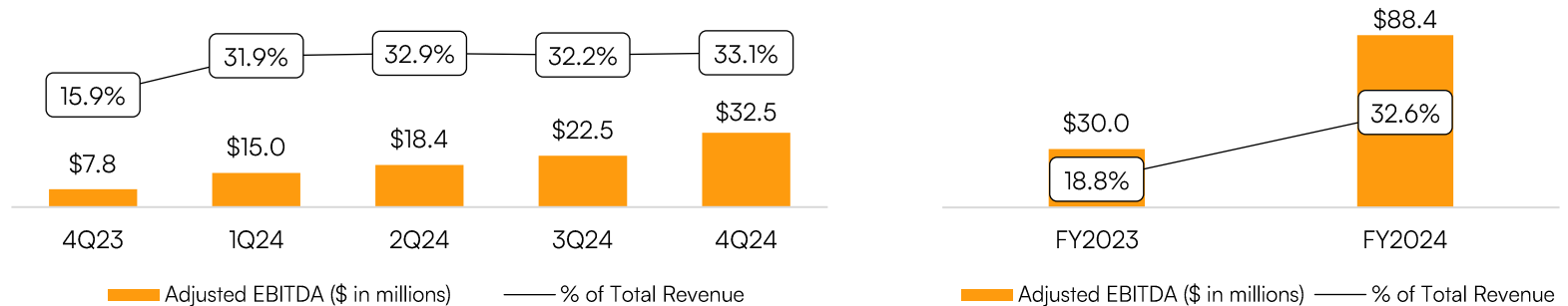
² Includes \$16.8 million discrete income tax benefit from the release of the valuation allowance previously recorded on deferred tax assets.

Net Income and Adjusted EBITDA¹

Net Income & Adjusted Net Income²



Non-GAAP Adjusted EBITDA



¹Adjusted EBITDA is a non-GAAP financial measure. For a reconciliation Adjusted EBITDA, see Appendix II.

²Adjusted Net Income is a non-GAAP financial measure. For a reconciliation of Net Income and Adjusted Net Income see Appendix III for reconciliation.

Select Balance Sheet Metrics

\$ in Thousands	<i>Audited</i> Dec 31, 2023	<i>Unaudited</i> Sep 30, 2024	<i>Unaudited</i> Dec 31, 2024
Key Assets			
Cash and cash equivalents ¹	\$67,624	\$80,063	\$73,185
Restricted cash	\$3,075	\$8,281	\$25,125
Total cash	\$70,699	\$88,343	\$98,310
Total notes receivables, net	\$130,633	\$132,787	\$164,562
Key Liabilities			
Merchant accounts payable	\$74,135	\$70,449	\$68,967
Drawn on line of credit ²	\$95,000	\$95,000	\$105,000
Total Stockholders' Equity¹	\$22,094	\$61,138	\$87,835

¹ On December 22, 2023, and June 20, 2024, our Board of Directors authorized stock repurchase plans to buy back up to \$5 million and \$15 million of outstanding shares, respectively. These plans expired on June 17, 2024, and July 9, 2024, respectively, in accordance with their terms.

² The availability on the line of credit for quarters ending December 31, 2023, September 30, 2024, and December 31, 2024 as follows: \$3.5M, \$17.9M, and \$39.0M, respectively.

Outlook

	2024 Guidance	2024 Actual	2025 Guidance
Total Revenue	55% Growth	70% Growth ✓	25% — 30%
Total Revenue Less Transaction Related Costs ¹ as a % of Total Revenue	55.0%	55.7% ✓	55% — 60%
Effective Income Tax Rate	Mid-single digit	(16.6%) ² ✓	~25%
Net Income	\$71.5M	\$78.5M ✓	\$80.4M
Net Income Per Diluted Share ³	\$12.05	\$13.13 ✓	\$13.25
Adjusted Net Income ⁴	\$58.0M	\$66.2M ✓	\$80.4M
Adjusted Net Income Per Diluted Share ^{3, 4}	\$9.80	\$11.06 ✓	\$13.25

2025 Guidance implies Pre-Tax Net Income Growth in excess of 55%

¹Total Revenue Less Transaction Related Costs is a non-GAAP financial measure. For a reconciliation of Operating Income and Total Revenue Less Transaction Related Costs see Appendix I for reconciliation.

²Effective Income Tax Rate of (16.6%) for FY2024 was driven by the release of the Company's valuation allowance during the year ended December 31, 2024.

³Assumes diluted weighted-averaged share count of 6,067 million.

⁴Adjusted Net Income is a non-GAAP financial measure. For a reconciliation of Net Income and Adjusted Net Income see Appendix III for reconciliation.

Appendices

Appendix I: Reconciliation of GAAP to Non-GAAP Measures

Total Revenue Less Transaction Related Costs

<i>(in \$ thousands)</i>	For the three months ended					For the twelve months ended	
	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Operating income	\$ 30,870	\$ 20,841	\$ 16,699	\$ 13,835	\$ 7,667	\$ 82,246	\$ 22,200
Personnel	14,580	13,424	12,737	11,025	11,700	51,765	46,374
Third-party technology and data	2,871	2,386	2,180	2,157	2,161	9,595	7,816
Marketing, advertising, and tradeshow	5,364	2,726	995	655	1,856	9,740	11,984
General and administrative	4,085	2,417	2,522	2,380	1,912	11,403	8,588
Net interest expense	(3,441)	(3,328)	(2,911)	(4,081)	(4,515)	(13,762)	(15,968)
Total revenue less transaction related costs	\$ 54,329	\$ 38,466	\$ 32,222	\$ 25,971	\$ 20,781	\$ 150,987	\$ 80,994

Non-Transaction Related Operating Expenses

<i>(in \$ thousands)</i>	For the three months ended					For the twelve months ended	
	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Operating expenses	\$ 67,353	\$ 49,117	\$ 39,269	\$ 33,144	\$ 41,234	\$ 188,882	\$ 137,156
Transaction expense	(16,074)	(12,761)	(10,742)	(11,787)	(13,086)	(51,364)	(39,208)
Provision for credit losses	(24,379)	(15,402)	(10,094)	(5,140)	(10,520)	(55,015)	(23,187)
Non-transaction related operating expenses	\$ 26,900	\$ 20,954	\$ 18,433	\$ 16,217	\$ 17,628	\$ 82,503	\$ 74,761

Appendix II: Reconciliation of GAAP to Non-GAAP Measures

Transaction Related Costs

<i>(in \$ thousands)</i>	For the three months ended					For the twelve months ended	
	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Operating expenses	\$ 67,353	\$ 49,117	\$ 39,269	\$ 33,144	\$ 41,234	\$ 188,882	\$ 137,156
Personnel	(14,580)	(13,424)	(12,737)	(11,025)	(11,700)	(51,765)	(46,374)
Third-party technology and data	(2,871)	(2,386)	(2,180)	(2,157)	(2,161)	(9,595)	(7,816)
Marketing, advertising, and tradeshow	(5,364)	(2,726)	(995)	(655)	(1,856)	(9,740)	(11,984)
General and administrative	(4,085)	(2,417)	(2,522)	(2,380)	(1,912)	(11,403)	(8,588)
Net interest expense	3,441	3,328	2,911	4,081	4,515	13,762	15,968
Transaction related costs	\$ 43,894	\$ 31,492	\$ 23,746	\$ 21,008	\$ 28,120	\$ 120,141	\$ 78,362

Adjusted EBITDA

<i>(in \$ thousands)</i>	For the three months ended					For the twelve months ended	
	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Net income	\$ 25,367	\$ 15,446	\$ 29,702	\$ 8,007	\$ 2,939	\$ 78,522	\$ 7,098
Depreciation and amortization	258	233	247	227	231	965	856
Income tax (benefit) expense	2,362	2,163	(16,123)	393	563	(11,205)	611
Equity and incentive-based compensation	1,370	1,456	1,462	905	(134)	5,193	6,931
Other (income) expense, net	(300)	(96)	(50)	92	(727)	(354)	(1,933)
Fair value adjustment on warrants	-	-	-	1,262	377	1,262	456
Net interest expense	3,441	3,328	2,911	4,081	4,515	13,762	15,968
Loss on extinguishment of line of credit	-	-	260	-	-	260	-
Adjusted EBITDA	\$ 32,498	\$ 22,530	\$ 18,409	\$ 14,967	\$ 7,764	\$ 88,405	\$ 29,987

Appendix III: Reconciliation of GAAP to Non-GAAP Measures

Adjusted Net Income

<i>(in \$ thousands; except per share amounts)</i>	For the three months ended					For the twelve months ended	
	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Net income	\$ 25,367	\$ 15,446	\$ 29,702	\$ 8,007	\$ 2,939	\$ 78,522	\$ 7,098
Discrete tax expense (benefit) for valuation allowance release	1,404	1,904	(16,845)	-	-	(13,537)	-
Loss on extinguishment of line of credit	-	-	260	-	-	260	-
Fair value adjustment on warrants	-	-	-	1,262	377	1,262	456
Other (income) expenses, net	(300)	(96)	(50)	92	(727)	(354)	(1,933)
Adjusted net income	\$ 26,471	\$ 17,254	\$ 13,067	\$ 9,361	\$ 2,589	\$ 66,153	\$ 5,621
Diluted weighted-average shares outstanding ¹	6,029	5,906	6,024	5,961	5,739	5,982	5,679
Adjusted net income per diluted share	\$ 4.39	\$ 2.92	\$ 2.17	\$ 1.57	\$ 0.45	\$ 11.06	\$ 0.99

¹Effective May 11, 2023, we performed a 1-for-38 reverse stock split. Share and per-share amounts have been retroactively restated.

Non-GAAP Financial Measures

To supplement our operating results prepared in accordance with generally accepted accounting principles in the United States (“GAAP”), we present the following non-GAAP financial measures: Total revenue less transaction related costs; transaction related costs; non-transaction related operating expenses; adjusted net income; adjusted net income margin; adjusted net income per diluted share; adjusted earnings before interest, taxes, depreciation, and amortization (“Adjusted EBITDA”); and Adjusted EBITDA margin. Definitions of these non-GAAP financial measures and summaries of the reasons why management believes that the presentation of these non-GAAP financial measures provide useful information to the company and investors are as follows:

- Total revenue less transaction related costs is defined as GAAP total revenue less transaction related costs. Transaction related costs is the sum of GAAP transaction expense, provision for credit losses, and net interest expense less certain non-recurring charges as detailed in the reconciliation table of GAAP operating income to non-GAAP total revenue less transaction related costs above. We believe that total revenue less transaction related costs is a useful financial measure to both management and investors for evaluating the economic value of orders processed on the Sezzle Platform;
- Non-transaction related operating expenses is defined as the sum of GAAP personnel; third-party technology and data; marketing, advertising, and tradeshow; and general and administrative operating expenses. We believe that non-transaction related operating expenses is a useful financial measure to both management and investors for evaluating our management of operating expenses not directly attributable to orders processed on the Sezzle Platform.
- Adjusted EBITDA is defined as GAAP net income, adjusted for certain non-cash and non-recurring charges including depreciation, amortization, equity and incentive-based compensation, and merger-related costs, as well as net interest expense as detailed in the reconciliation table of GAAP net income to adjusted EBITDA. We believe that this financial measure is a useful measure for period-to-period comparison of our business by removing the effect of certain non-cash and non-recurring charges, as well as funding costs, that may not directly correlate to the underlying performance of our business.
- Adjusted EBITDA margin is defined as Adjusted EBITDA divided by GAAP total revenue. We believe that this financial measure is a useful measure for period-to-period comparison of our business' unit economics by removing the effect of certain non-cash and non-recurring charges, as well as funding costs, that may not directly correlate to the underlying performance of our business.
- Adjusted net income is defined as GAAP net income, adjusted for certain charges including the release of our deferred tax asset valuation allowance, fair value adjustments on warrants, losses on the extinguishment of our lines of credit, and other income and expense, as detailed in the reconciliation table of GAAP net income to adjusted net income. We believe that this financial measure is useful for period-to-period comparison of our business by removing the effect of certain charges that, in management's view, does not correlate to the underlying performance of our business during a given period.
- Adjusted net income margin is defined as Adjusted net income divided by GAAP total revenue. We believe that this financial measure is a useful measure for period-to-period comparison of our business by removing the effect of certain charges that, in management's view, does not correlate to the underlying performance of our business during a given period.
- Adjusted net income per diluted share is defined as non-GAAP adjusted net income divided by GAAP weighted-average diluted shares outstanding. We believe that this financial measure is a useful measure for period-to-period comparison of shareholder return by removing the effect of certain charges that, in management's view, does not correlate to the underlying performance of our business during a given period.

Non-GAAP Financial Measures (Cont.)

Additionally, we have included these non-GAAP measures because they are key measures used by our management to evaluate our operating performance, guide future operating plans, and make strategic decisions, including those relating to operating expenses and the allocation of resources. Therefore, we believe these measures provide useful information to investors and other users of this press release to understand and evaluate our operating results in the same manner as our management and board of directors. However, non-GAAP financial measures have limitations, should be considered supplemental in nature, and are not meant as a substitute for the related financial information prepared in accordance with U.S. GAAP. These limitations include the following:

- Total revenue less transaction-related costs is not intended to be measures of operating profit or cash flow profitability as they exclude key operating expenses such as personnel, general and administrative, and third-party technology and data, which have been, and will continue to be for the foreseeable future, significant recurring GAAP expenses.
- Transaction related costs exclude significant expenses such as personnel, general and administrative, and third-party technology and data, which have been, and will continue to be for the foreseeable future, significant recurring GAAP expenses.
- Non-transaction related operating expenses exclude significant expenses, including transaction expense and provision for credit losses, which have been, and will continue to be for the foreseeable future, significant recurring GAAP expenses.
- Adjusted EBITDA and adjusted EBITDA margin exclude certain recurring, non-cash charges such as depreciation, amortization, and equity and incentive-based compensation, which have been, and will continue to be for the foreseeable future, recurring GAAP expenses. Further, these non-GAAP financial measures exclude certain significant cash inflows and outflows, which have a significant impact on our working capital and cash.
- Adjusted EBITDA and adjusted EBITDA margin excludes net interest expense, which has a significant impact on our GAAP net income, working capital, and cash.
- Adjusted net income, adjusted net income margin, and adjusted net income per diluted share excludes certain charges such as losses on the extinguishment of our lines of credit, fair value adjustments on our warrants, other income and expense, and the release of our deferred tax asset valuation allowance which have been, and may be in the future, recurring GAAP expenses.
- Long-lived assets being depreciated or amortized may need to be replaced in the future, and these non-GAAP financial measures do not reflect the capital expenditures needed for such replacements, or for any new capital expenditures or commitments.
- These non-GAAP financial measures do not reflect income taxes that may represent a reduction in cash available to us.
- Non-GAAP measures do not reflect changes in, or cash requirements for, our working capital needs.

Other companies, including companies in our industry, may calculate the non-GAAP financial measures differently or not at all, which reduces their usefulness as comparative measures.

Because of these limitations, you should not consider these non-GAAP financial measures in isolation or as substitutes for analysis of our financial results as reported under GAAP, and these non-GAAP financial measures should be considered alongside other financial performance measures, including net income and other financial results presented in accordance with GAAP. We encourage you to review the related GAAP financial measures and the reconciliations of these non-GAAP financial measures to their most directly comparable GAAP financial measures and not rely on any single financial measure to evaluate our business.



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