



Investor Presentation

May 2024

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, our base of consumers and Underlying Merchant Sales (“UMS”); (v) our ability to effectively manage growth, sustain our growth rate and maintain our market share; (vi) our ability to maintain adequate access to capital in order to meet the capital requirements of our business; (vii) impact of exposure to consumer bad debts and insolvency of merchants; (viii) impact of the integration, support and prominent presentation of our platform by our merchants; (ix) impact of any data security breaches, cyberattacks, employee or other internal misconduct, malware, phishing or ransomware, physical security breaches, natural disasters, or similar disruptions; (x) 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; (xi) impact of the loss of key partners and merchant relationships; (xii) impact of exchange rate fluctuations in the international markets in which we operate; (xiii) impact of our delisting from the Australian Securities Exchange and trading on the Nasdaq Capital Market as our sole trading exchange; (xiv) our ability to protect our intellectual property rights and third party allegations of the misappropriation of intellectual property rights; (xv) our ability to retain employees and recruit additional employees; (xvi) impact of the costs of complying with various laws and regulations applicable to the BNPL industry in the United States and Canada; (xvii) our ability to achieve our public benefit purpose and maintain our B Corporation certification; and (xviii) the other factors identified in the “Risk Factors” section of our Annual Report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”) on February 29, 2024, subsequent quarterly reports on Form 10-Q, and subsequent reports on Form 8-K. 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.

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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 Underlying Merchant Sales (“UMS”) and Active Consumers, 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, UMS 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. 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. UMS and Active Consumers 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 UMS and Active Consumers 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.

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Sezzle at a Glance

Prized BNPL Platform

A W A R D E D B Y



Forbes

DIGITAL
JOURNAL

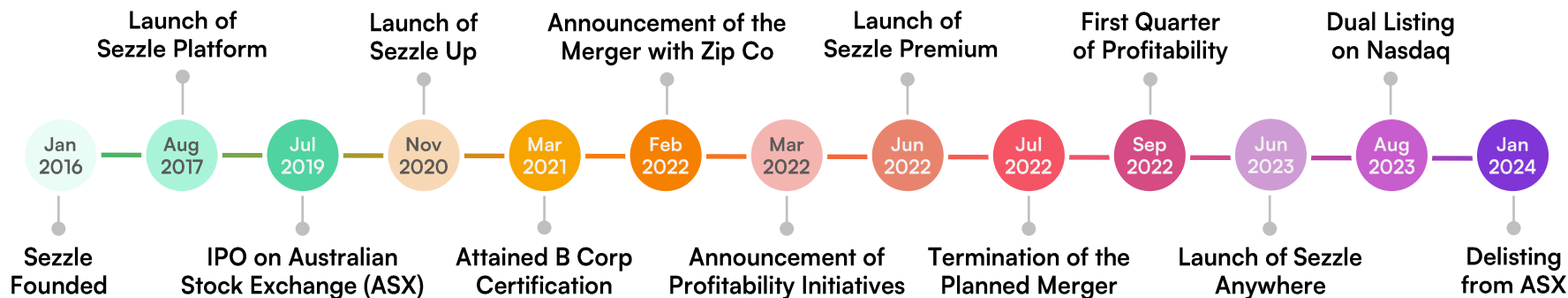


Money

MINNEAPOLIS/ST. PAUL
BUSINESS JOURNAL

FORTUNE

BuySide from WSJ



S I N C E L A U N C H

\$7+ Billion

Underlying Merchant Sales

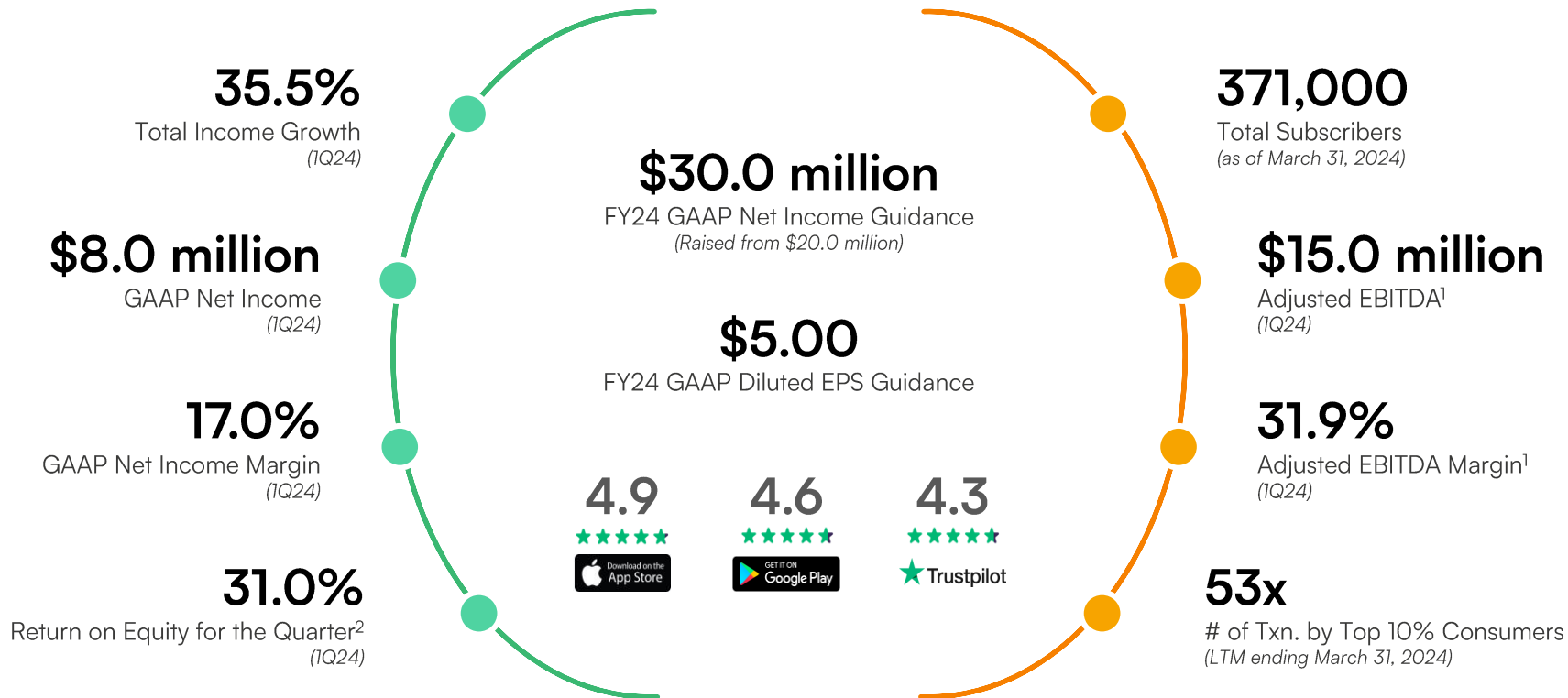
65+ Million

Total Orders

14+ Million

Completed Sign-Ups

1Q24 Snapshot



¹ Adjusted EBITDA Margin is a non-GAAP financial measure equal to non-GAAP Adjusted EBITDA divided by GAAP Total Income. For a reconciliation of GAAP net income to non-GAAP Adjusted EBITDA, see Appendix II.

² Return on Equity is calculated by taking 1Q24 Net Income divided by the average of the beginning and ending balances of Shareholders' Equity for the respective period.

OUR MISSION

Financially Empowering the Next Generation



Sezzle Investment Highlights

Profitable Pure-Play BNPL

Achieved GAAP Net Income for every quarter since 3Q22, driven by the success of FY22 and FY23 Initiatives

Delivering Shareholder Value

Announced \$5.0 million share buyback in December 2023, delivered \$8.0 million in Net Income in 1Q24, and provided Net Income guidance of \$30.0 million for FY24

Prudent, Simple, and Sustainable Capital Structure

Sole debt funding through the receivables line of credit and no hybrid securities

Responsible, Transparent Lending

One free installment reschedule per order and low default rates through proprietary AI-driven underwriting algorithms

Providing Financial Access to the Underserved

Primarily serve consumers with limited access to traditional credit products (e.g., younger generation and prime-to-be)

Stakeholder-Focused Approach

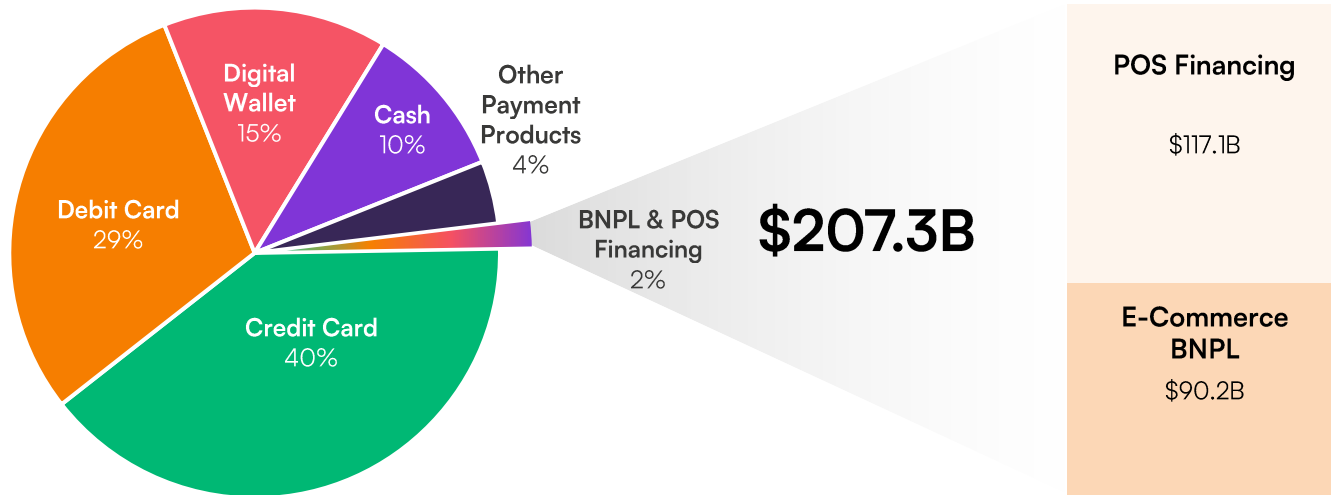
Only BNPL that is a certified B Corporation with governance and values aligned to enhance the well-being of all stakeholders

The Markets We Serve

The Nascent and Growing BNPL Market

Buy Now, Pay Later (BNPL) represents less than 2%
of North America's Total Commerce Transaction Value

Sezzle represents less than 1%
of North America's Total BNPL Market



**Significant Opportunity
for Market Growth in
North America**

BNPL Market Penetration by Country



5%



13%



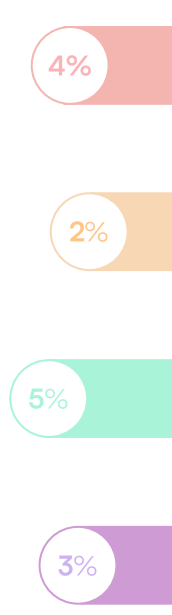
14%



23%

Projected U.S. BNPL Growth vs. Retail Sales Growth

U.S. Retail Sales Growth



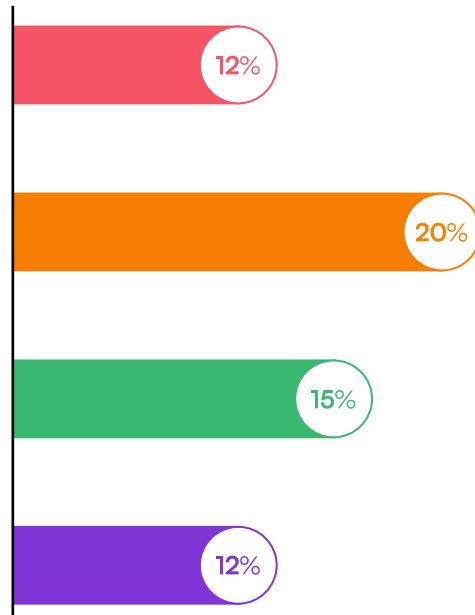
2024

2025

2026

2027

U.S. BNPL Growth



Source: eMarketer, Oberlo

Sezzle Footprint

Core Markets



United States

- Represented 91.3% of the Company's total Underlying Merchant Sales (UMS) in FY23



Canada

- Represented 8.7% of the Company's total UMS in FY23
- Highest rated & most reviewed BNPL app in Canada's App Store and Google Play Store
- The only BNPL that offers consumers the ability to build credit through Pay-in-4

Discontinued Markets (2022)



Brazil



India

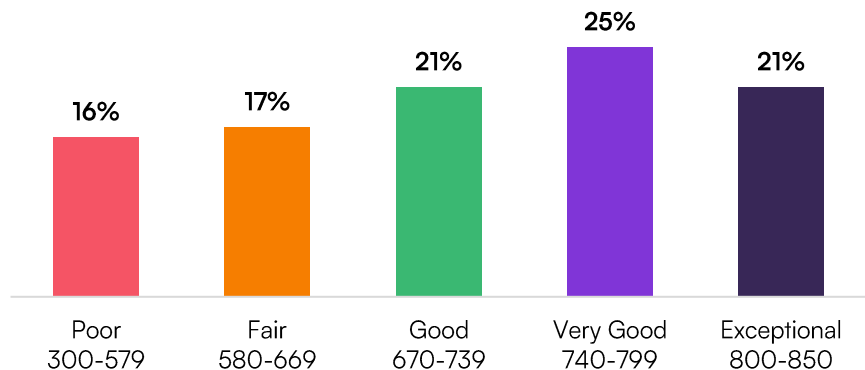


EU

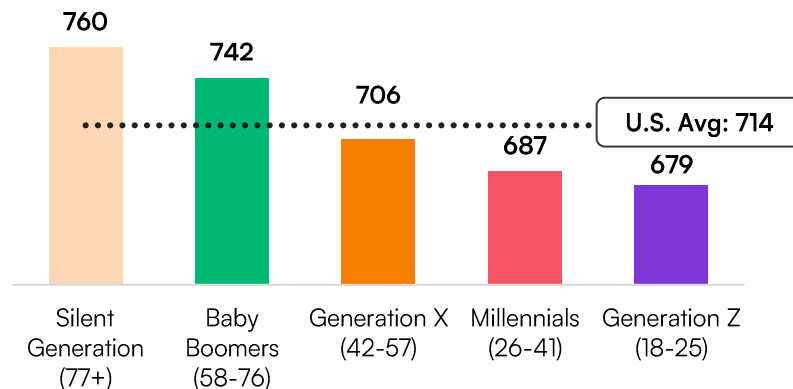
U.S. Consumer Credit Market Snapshot

Younger generations struggle with below average credit scores

2022 U.S. FICO Distribution³



2022 Average FICO by Generation³



49M

Adults who are either credit invisible or unscorable¹



25%

Adults who have been rejected at least once when applying for credit products²

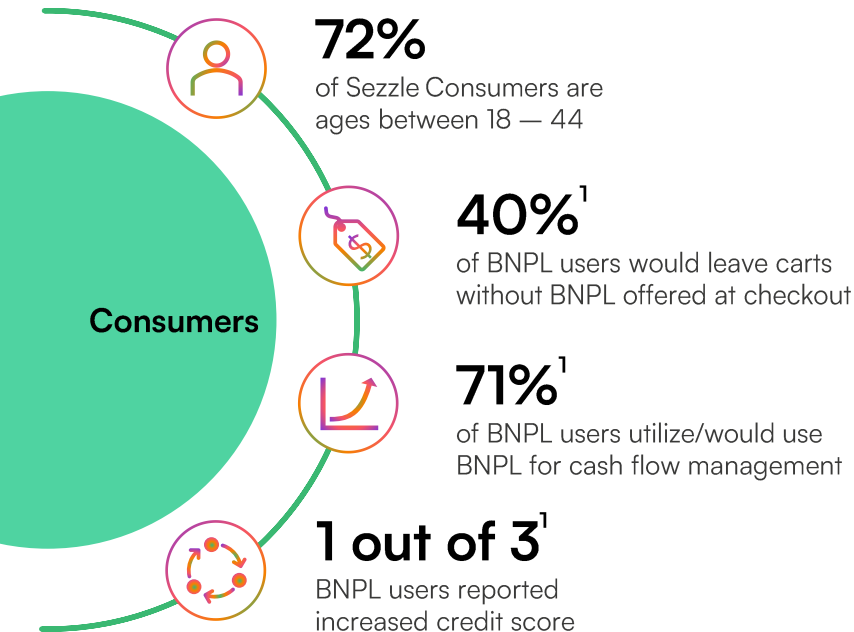
¹ Credit invisible are those with no mainstream credit profile at the credit bureaus; unscorable are those with some information in their mainstream credit file, but not enough to generate a conventional score. 2022 Financial Inclusion and Access to Credit, Oliver Wyman & Experian.

² How Credit Insecurity is Changing U.S. Consumers' Borrowing Habits, PYMNTS

³ Experian

Why Millions of Consumers Choose Sezzle

Increasing **financial inclusion** by providing credit to those who often face challenges in accessing traditional credit options



★ Trustpilot

A Better Way to Buy

“Sezzle is easy to use, easy to navigate, but really it’s a better way to budget... it’s helping me manage my money better.”

Caroline (Feb 1, 2024)

★ Trustpilot

I absolutely love Sezzle

“I use it everywhere, the grocery store, restaurants. It definitely comes in handy when I’m shopping with my wife and kids.”

Quinton (Feb 17, 2024)

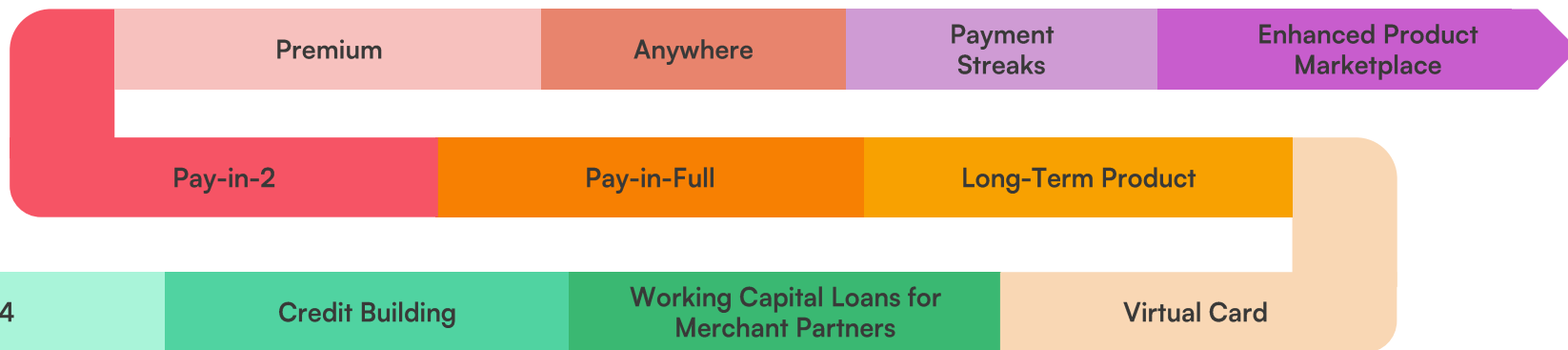
¹ PYMNTS studies

Note: App Store and Trustpilot ratings as of February 21, 2024

Robust & Expanding Product Ecosystem

We're Building an All-Encompassing Services Platform

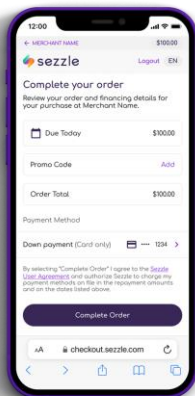
From credit building to paying later anywhere, we are constantly evolving to match the needs of our users



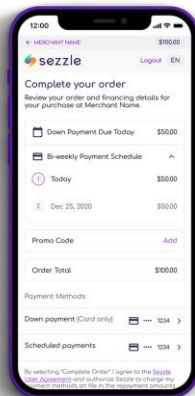
Comprehensive Suite of Payment Options

Offering a full suite of payment options, allowing consumers to choose based on their schedule and needs

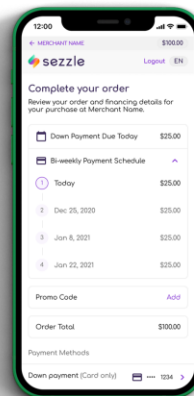
Pay-in-Full



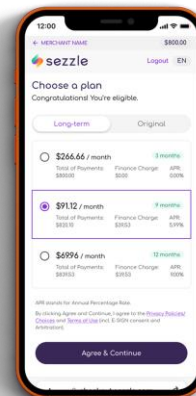
Pay-in-2



Pay-in-4



Long-Term



Example: \$100 Purchase

100%

\$100

Time of purchase

50%

50%

\$50

Time of purchase

\$50

Week 2

25%

25%

25%

25%

\$25

Time of purchase

\$25

Week 2

\$25

Week 4

\$25

Week 6

Monthly With APR¹

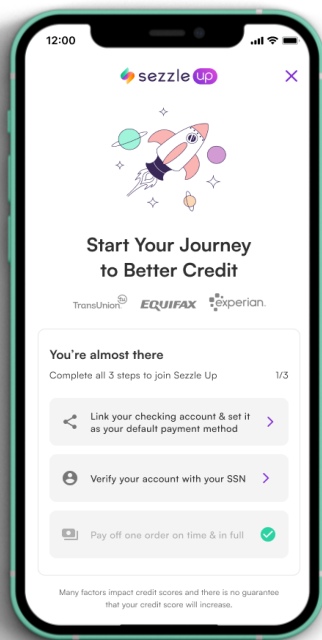
\$8.33

Each Month

¹ Length of loan and APR varies by user and merchant offering and is determined by Sezzle's long-term lending partner.

Helping Consumers Build Credit

The only BNPL provider in North America to offer credit reporting optionality through Pay-in-4 in the U.S. and Canada



TransUnion^{tu}

EQUIFAX

experian

Innovis

Files Sezzle Up consumer purchase activities to all major credit bureaus in the U.S.

Lower

2nd payment failure rate for average Sezzle Up consumer versus non-Sezzle Up consumer

Higher

Order count per Sezzle Up consumer versus non-Sezzle Up consumer

Over 371,000 Subscribers¹ Across Premium & Anywhere

★ Trustpilot

"I can purchase, anything...anywhere. I love sezzle and would recommend to everyone!! You can buy tickets to a show, groceries, clothes, pay bills. It is a lifesaver."

Sezzle Customer (Apr 30, 2024)

Available in the US and now in Canada (Premium)

~32%

In-store Orders as % of Total Anywhere Orders²

~30x

Top 10% Anywhere Subscribers 90-days Frequency³

6+

More Orders from Subscribers vs. Non-Subscribers during 1Q24 on Average

★ Trustpilot

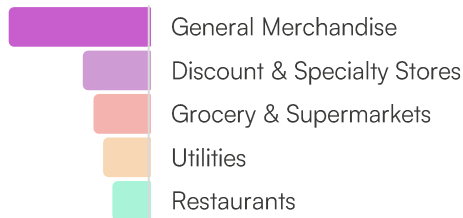
"I've been a sezzle premium member for almost 2 years now & its fantastic...the purchase limit keeps things realistic."

Sezzle Customer (Apr 29, 2024)

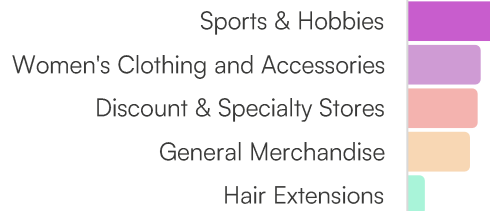
66

NPS⁴

Top 5 Anywhere Verticals



Top 5 Non-Anywhere Verticals



48

NPS⁴

¹ As of March 31, 2024; subscribers rounded to the nearest thousand. ² Orders placed during 1Q24. ³ Date as of April 1, 2024. ⁴ NPS as of April 1, 2024.

Unlocking Growth For Our Merchant Partners

Driving **traffic and incremental revenue** through
a frictionless checkout experience and customized marketing capabilities



<6 Months¹
Payback period



Up to 57%¹
Average Order Value Lift



110%¹
Return on Investment (ROI)

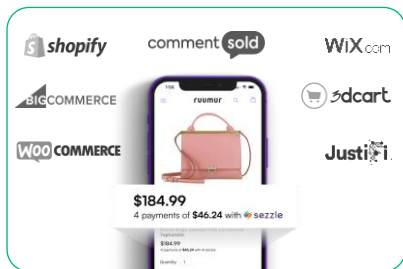
¹ 2023 The Total Economics Impact of Sezzle, Forrester Research, Inc.

Expanding Our Merchant Ecosystem

Initial Business Model

Launched in 2Q22

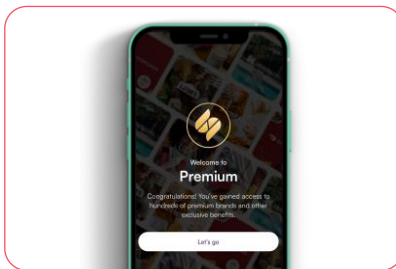
Launched in 2Q23



Direct & Virtual Card Integration

Economics for Sezzle:

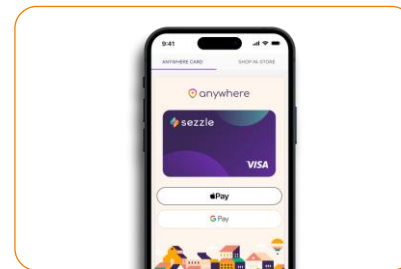
- Merchant discount rate (MDR)
 - Interchange revenue (VC integration)



Premium

Economics for Sezzle:

- Affiliate & Gift Card commission
 - Interchange revenue
 - Subscription revenue



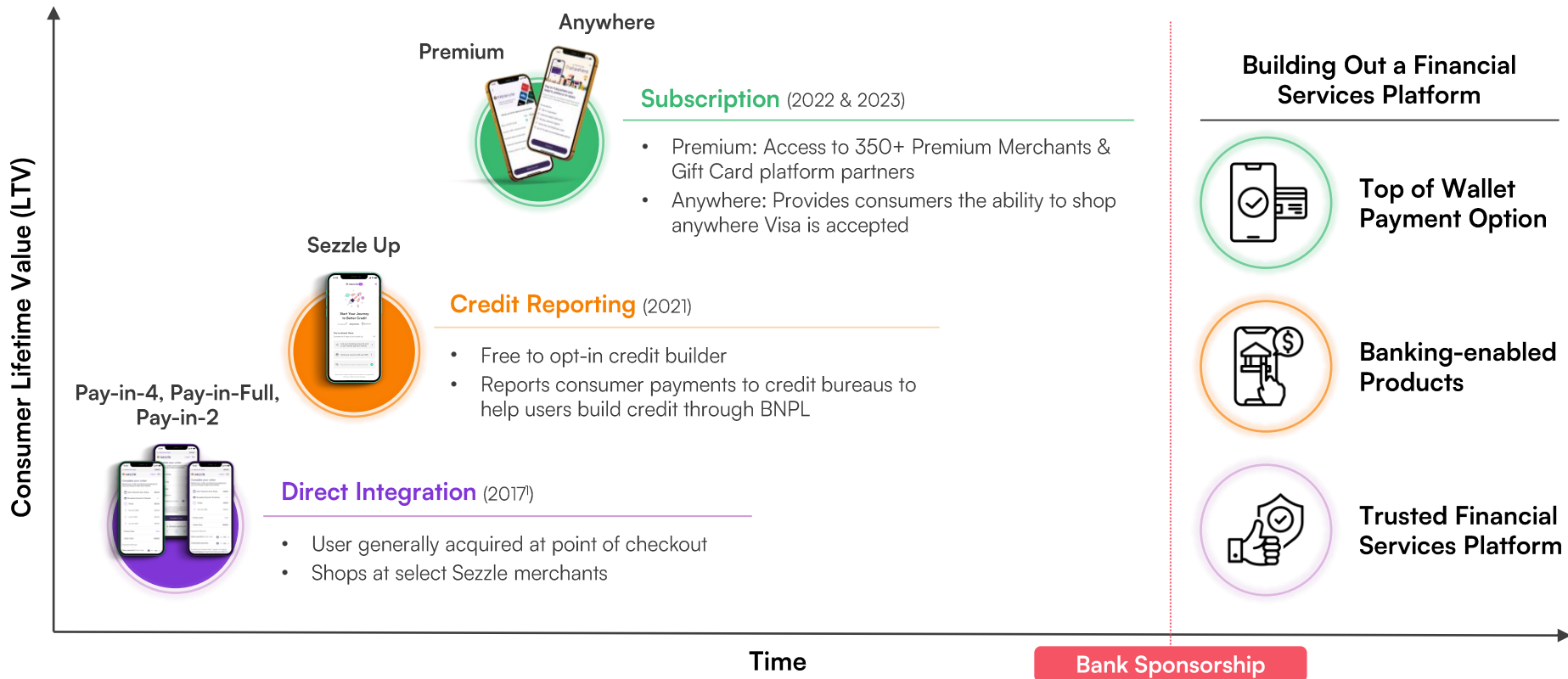
Anywhere

(Anywhere VISA is accepted)

Economics for Sezzle:

- Interchange revenue
- Subscription revenue

Building An All-Encompassing Services Platform



¹Pay-in-4 was first introduced in 2017. Pay-in-2 and Pay-in-Full were introduced later in 2023.

Growing Profitably Through Strong Execution

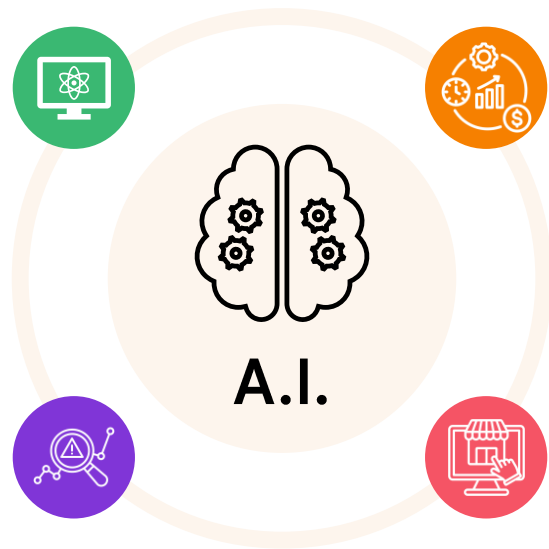
Increasing Operational Efficiency & Productivity with Proprietary A.I. Models

Enhanced Underwriting

Baby Prophet (new consumers signups), Prophet(v4) (existing consumers) models evaluate credit using Sezzle internal data and determine spending power

Fraud Detection

False Prophet machine learning (ML) model for fraud identification



Payment Processing (near future)

Improved payment processing flow (e.g., minimize payment processing costs)

Personalized Shopping (near future)

Tailored merchant and product views for consumers

Early Focus on Profitability Beginning in FY22



Revenue Initiatives

- Introduced Sezzle Premium
- Offboarded or renegotiated pricing with merchants and network partners
- Affiliate merchant enhancements
- Incentivized consumers to shift from card to ACH
- Introduced Pay-in-Full



Cost Initiatives

- Improved credit underwriting
- Reduction in workforce (RIF)
- Ceased payment operations in India
- Began wind-down of Europe and Brazil
- Reduced, renegotiated, and eliminated non-critical third-party tech and marketing spend

Mar
2022

\$10 million

Announced reduction of workforce (RIF)

April
2022

\$17+ million

Announced initiatives to accelerate path to profitability

July
2022

\$50+ million

Expanded list of initiatives and raised benefit to \$50M

Sep
2022

\$60+ million

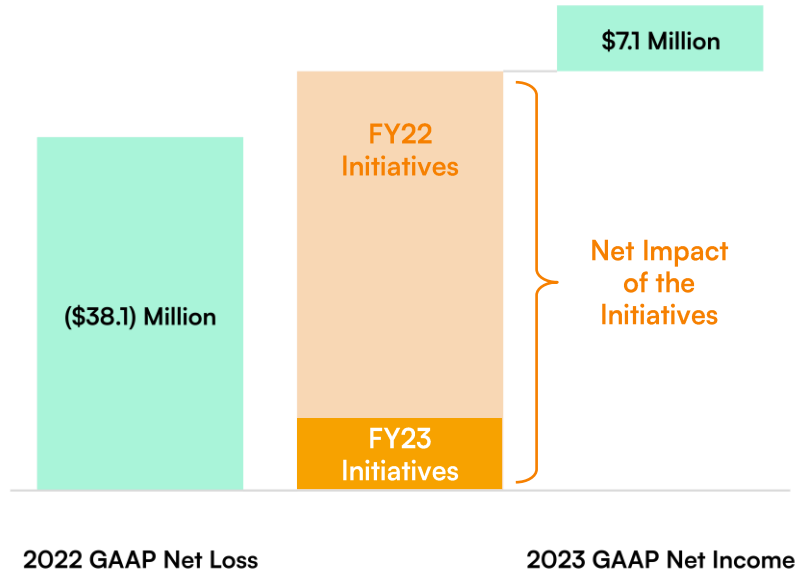
Further raised the impact from the initiatives by \$10M

\$70 million

Annualized Impact
at the end of FY22

Initiatives Drive Profitability

Initiatives Exceeding Expectations



FY2024 Initiatives In the Works



New Product Launches

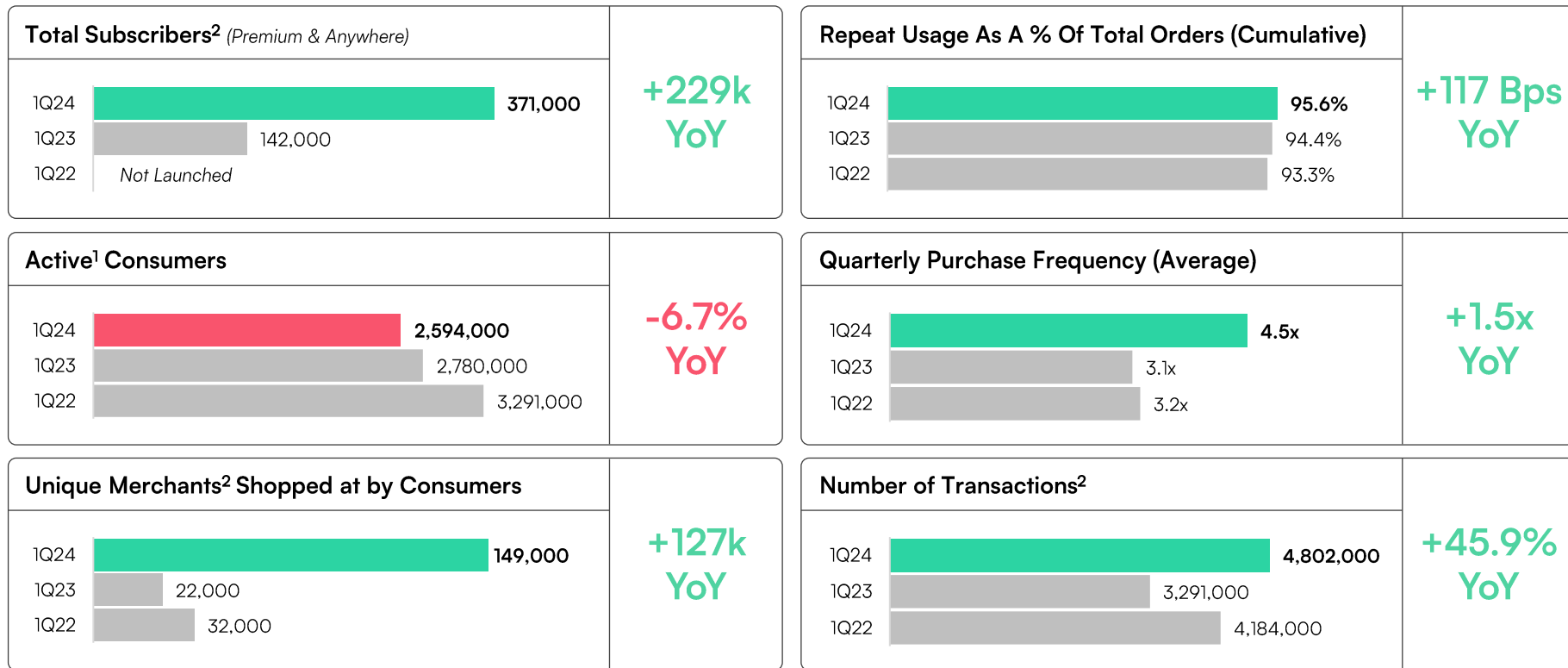
- Payment Streaks,
- Product Marketplace, and
- Bank-enabled Products



Bank Sponsorship

- Unification of standards across the U.S.
Regulatory approach & consistency of fees
- Bank-enabled Products

1Q24 Engagement Metrics



¹Active 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).

²Subscribers, Unique Merchants, and Number of Transactions are rounded to the nearest thousand.

Note: Active Consumer numbers have been adjusted to exclude Brazil, Europe, and India, which have been discontinued.

YoY Progression Overview

	1Q23	1Q24	YoY Change
Total Income	\$34.7M	\$47.0M	35.5% ↑
GAAP Net Income	\$1.7M	\$8.0M	364.3% ↑
Adjusted EBITDA Margin¹	23.8%	31.9%	802 Bps ↑
Total Income Less Transaction Related Costs² as a % of Total Income	61.6%	55.3%	-633 Bps ↓
Non-Transaction Related OpEx³ as a % of Total Income	55.7%	34.5%	-21.2 Pts ↓

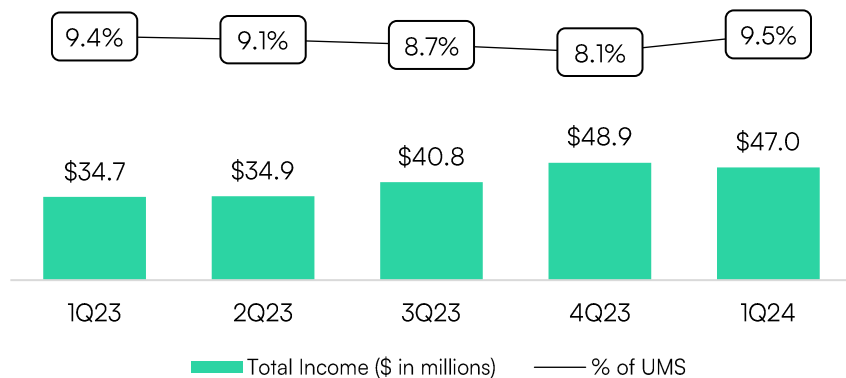
¹ Adjusted EBITDA Margin is a non-GAAP financial measure equal to non-GAAP Adjusted EBITDA divided by GAAP Total Income. For a reconciliation of GAAP net income to non-GAAP Adjusted EBITDA, see Appendix II.

² Total Income Less Transaction Related Costs is a non-GAAP financial measure. For a reconciliation of GAAP Operating Income and Total Income Less Transaction Related Costs see Appendix I for reconciliation.

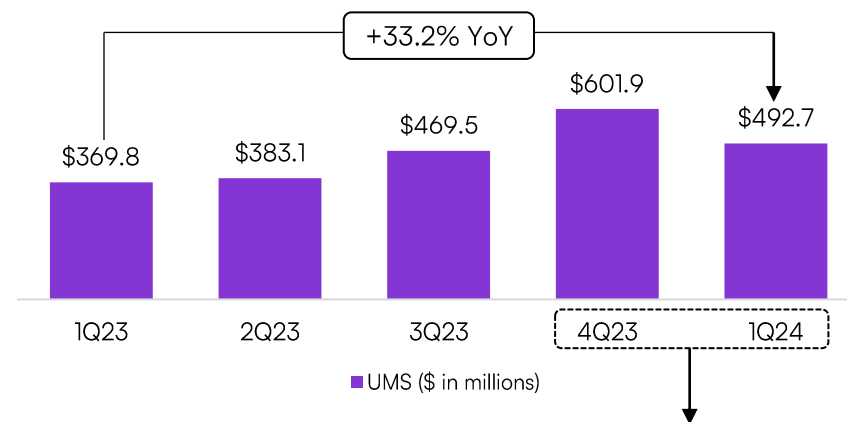
³ Non-Transaction Related Operating Expenses is a non-GAAP financial measure and is equal to GAAP Personnel, Third-Party Technology and Data, Marketing, Advertising, and Tradeshows, and General and Administrative Operating Expenses. See Appendix I for reconciliation of Non-Transaction Related Operating Expenses and respective definitions.

Total Income & UMS

Total Income



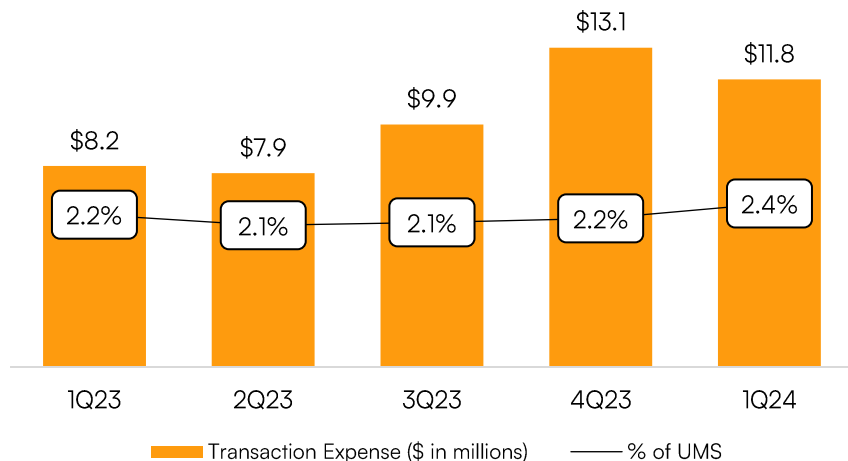
Underlying Merchant Sales (UMS)



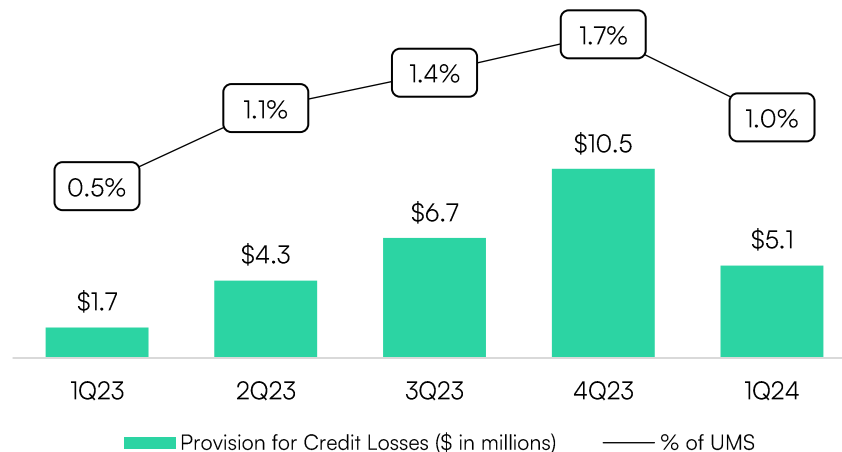
18.1% QoQ seasonal decrease is consistent with past performance

Transaction Expense & Provision for Credit Losses

Transaction Expense

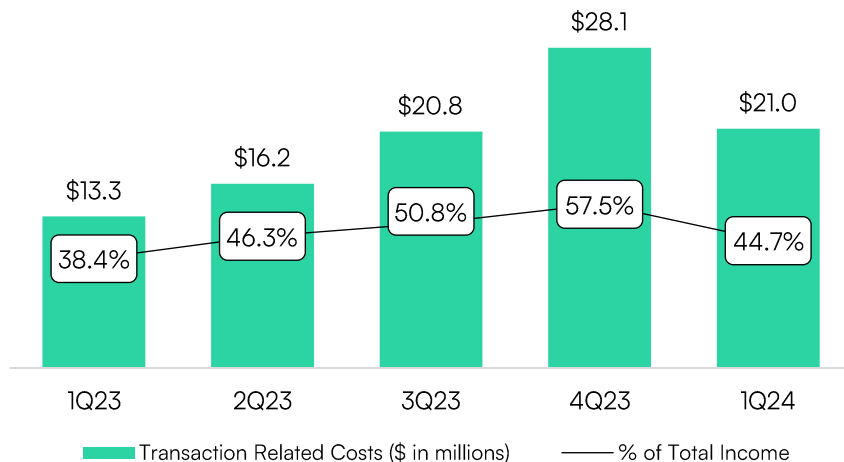


Provision for Credit Losses

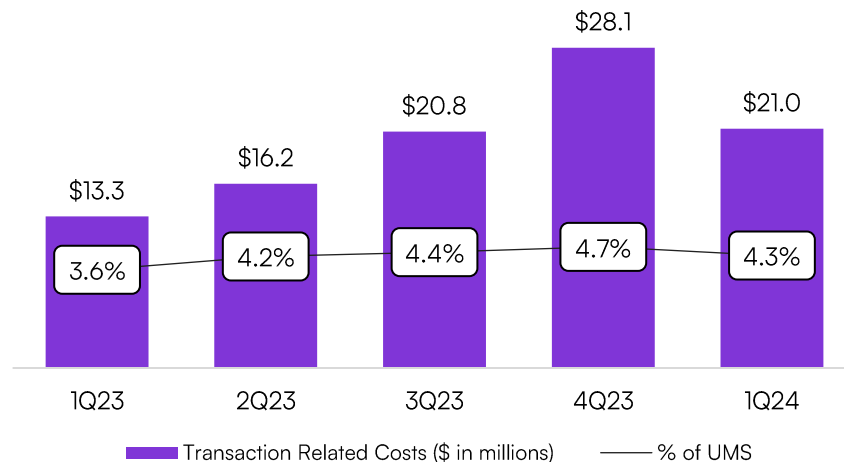


Transaction Related Costs¹

As a % of Total Income



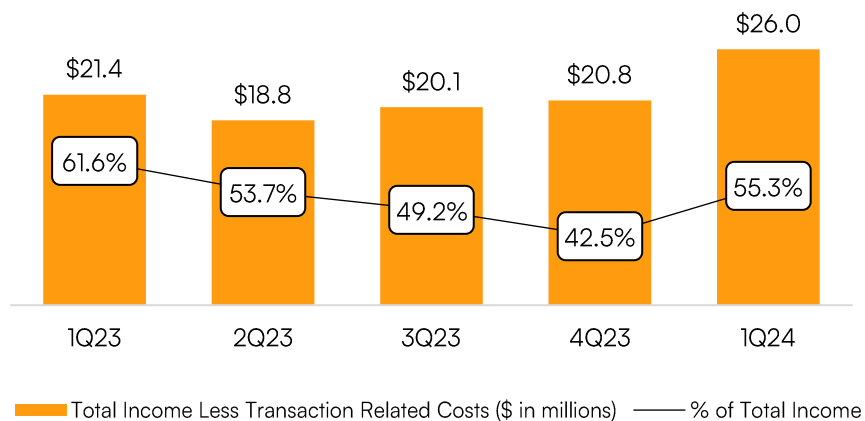
As a % of UMS



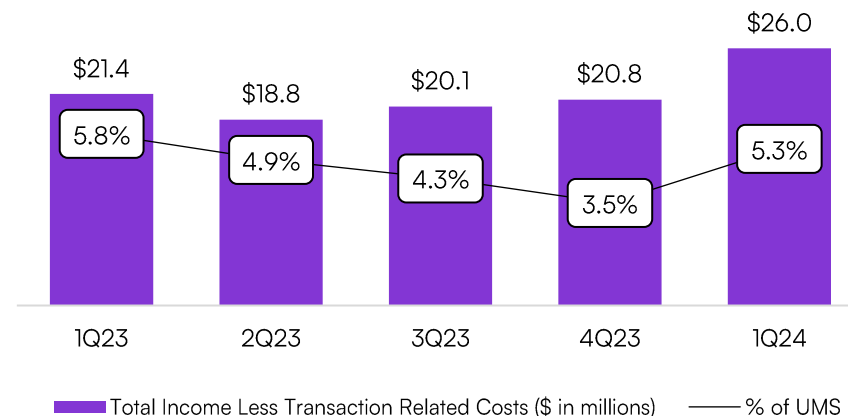
¹Transaction Related Costs is a non-GAAP financial measure. For a reconciliation of GAAP Transaction Related Costs see Appendix II for reconciliation.

Total Income Less Transaction Related Costs¹

As a % of Total Income

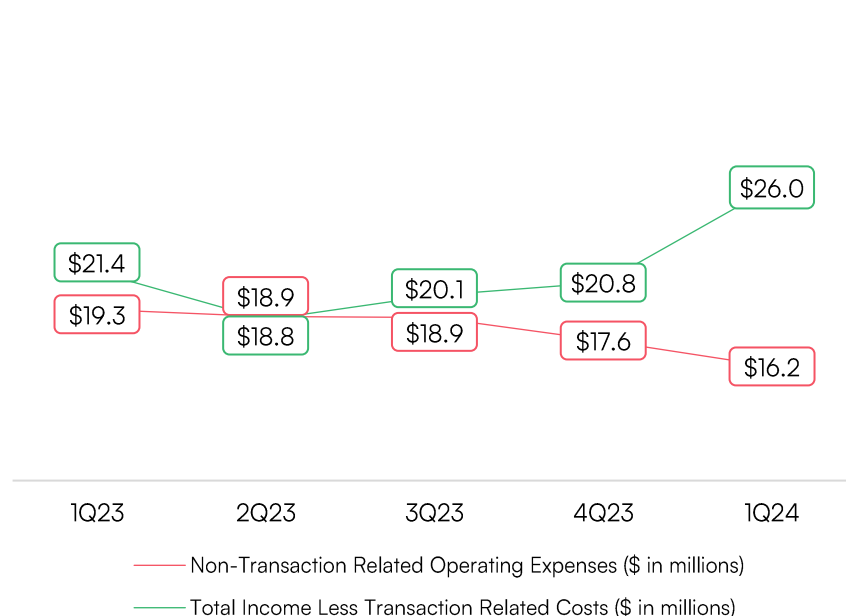
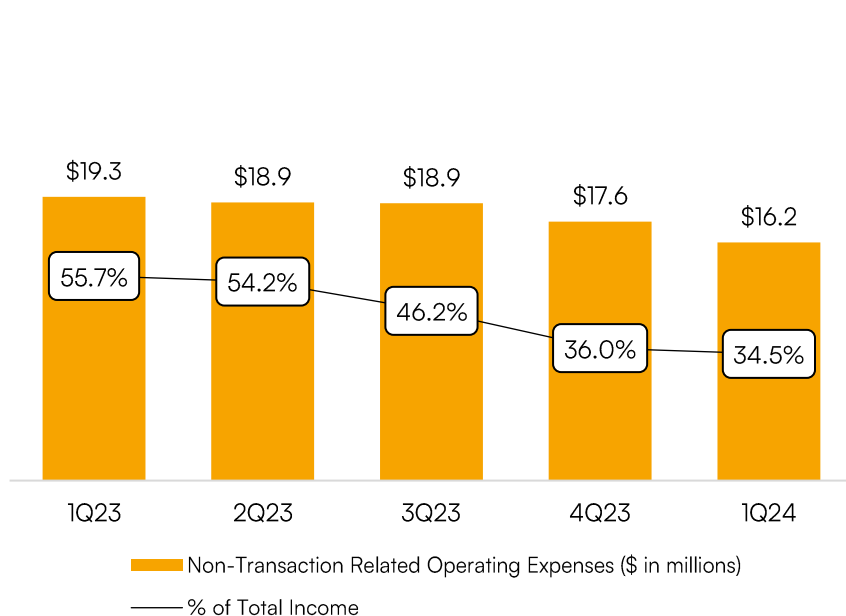


As a % of UMS



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

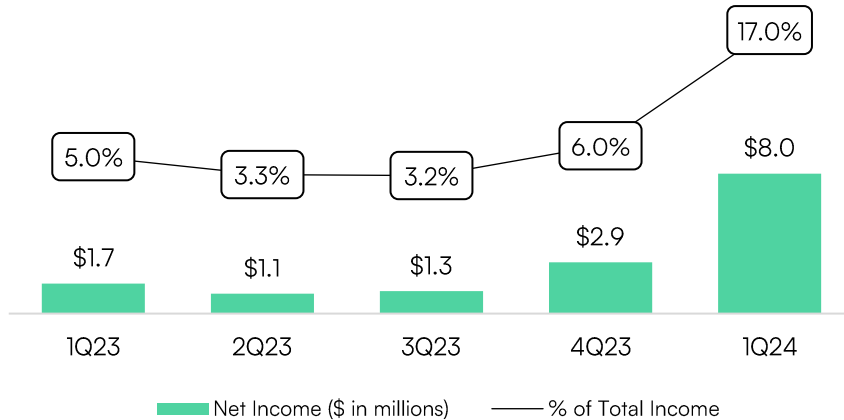
Non-Transaction Related Operating Expenses¹



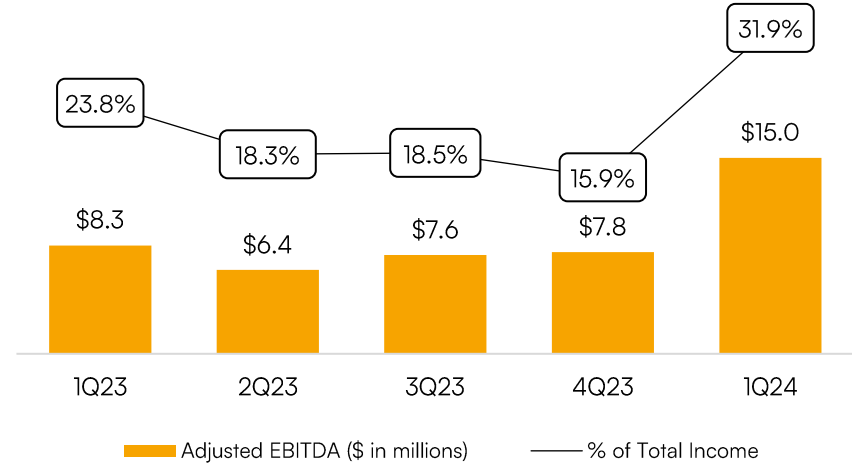
¹Non-Transaction Related Operating Expenses is a non-GAAP financial measure equal to GAAP Personnel, Third-party Technology and Data, Marketing, Advertising, and Tradeshow, and General and Administrative operating expenses. See Appendix I for reconciliation of Non-Transaction Related Operating Expenses to GAAP Operating Expenses and respective definitions.

Net Income and Adjusted EBITDA¹

GAAP Net Income




Non-GAAP Adjusted EBITDA



¹ Adjusted EBITDA is a non-GAAP financial measure. For a reconciliation of GAAP net income and Adjusted EBITDA see Appendix II for reconciliation.

New Facility Lowering Borrowing Costs and Providing Liquidity for Growth

Lender	
Size	\$150 million plus \$75 million accordion
Term	3 years
Spread	3-month Term Secured Overnight Financing Rate (SOFR) + 6.75% with a SOFR floor of 2.00%
Advance	85% - 90% of eligible originations, dependent upon receivable performance
Unused Additional Interest	0.5% of unused funds, paid annually
Minimum Utilization	\$60 million throughout the life of the facility; previous facility minimum utilization was \$80 million
Other	Covenants, representations & warranties, and reporting obligations typical of a similar receivables warehouse facility


Select Balance Sheet Metrics

\$ in Thousands	Unaudited Mar 31, 2023	Audited Dec 31, 2023	Unaudited Mar 31, 2024
Key Assets			
Cash and cash equivalents	\$59,039	\$67,624	\$77,785
Restricted cash	\$1,542	\$3,075	\$4,400
Total cash	\$60,581	\$70,699	\$82,185
Total notes receivables, net	\$84,781	\$130,633	\$103,332
Key Liabilities			
Merchant accounts payable	\$65,274	\$74,135	\$73,733
Drawn on Line of Credit	\$59,800	\$95,000	\$72,000
Total Stockholders' Equity	\$13,663	\$22,094	\$29,613

Note: The availability on the Line of Credit for quarters ending March 31, 2024, December 31, 2023, and March 31, 2023, as follows; \$3.6M, \$3.5M, and \$0.5M, respectively.

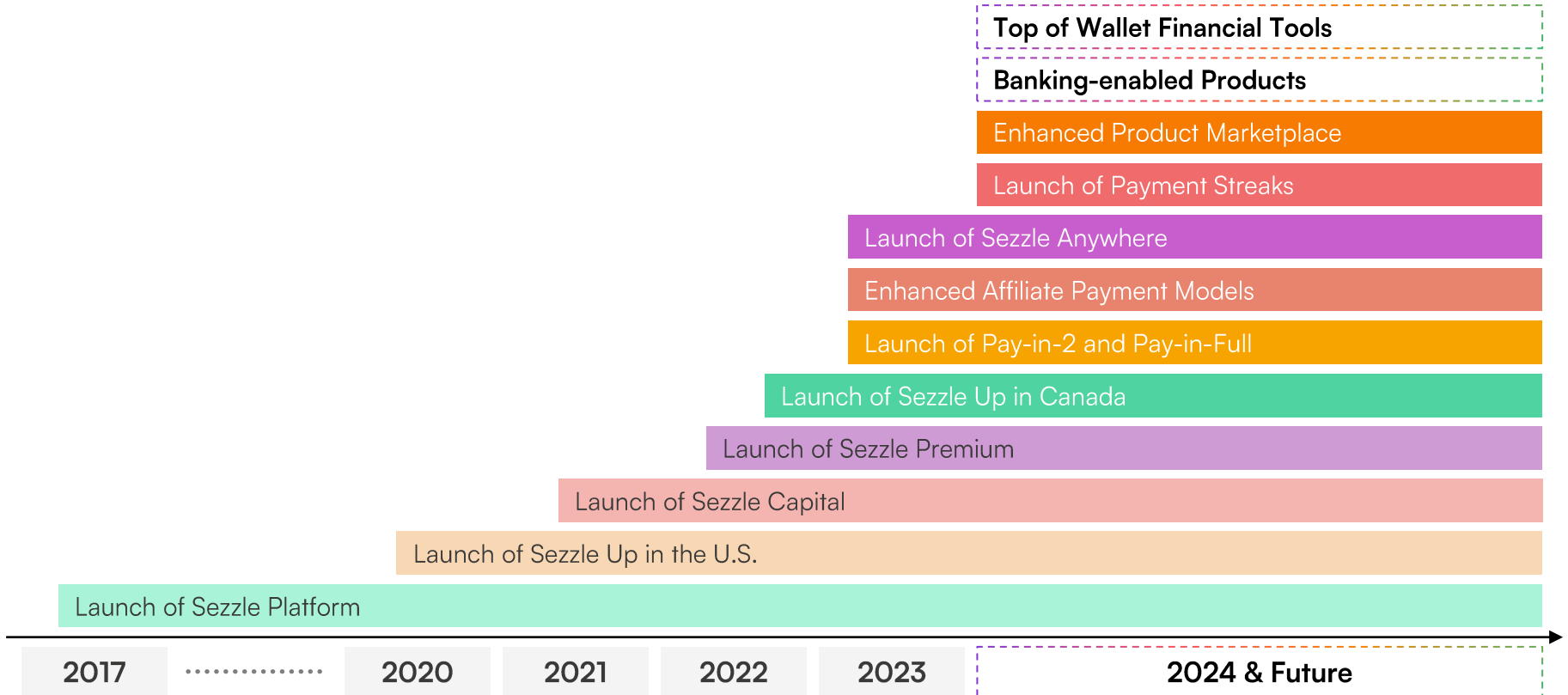
FY2024 Outlook

	2022 Actual	2023 Actual	Updated 2024 Guidance	Previous 2024 Guidance
Total Income	\$125.6M	\$159.4M	\$200M; up 25%	\$191M; up 20%
Total Income less Transaction Related Costs as a % of Total Income	37.5%	50.8%	50.0%	50.0%
GAAP Net Income (Loss)	(\$38.1M)	\$7.1M	\$30.0M	\$20.0M
GAAP Diluted Earnings (Loss) Per Share	(\$7.00)	\$1.25	\$5.00	N/A - New guidance

<i>Market data as of 5/14/2024¹</i>	S&P 500	Nasdaq Comp.	Russell 2000	Russell 3000	 (FY24 Guidance)
Market Capitalization / Forward Earnings (Price / Forward EPS)	21.0x	28.5x	26.1x	21.3x	13.3x

¹ Source: S&P Capital IQ

Our Long-Term Vision



Sezzle Recap



Financial Performance

- Only profitable pure-play BNPL
- Prudent, simple, and sustainable capital structure



Product Innovation

- Responsible and transparent lending practices
- Providing financial access to the Next Generation

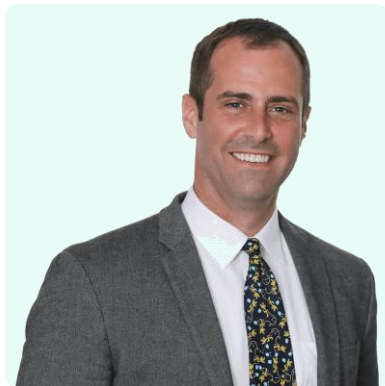


Sustainability

- Only B-Corp Certified BNPL
- Stakeholder-focused approach

Sezzle Leadership

Executive Team



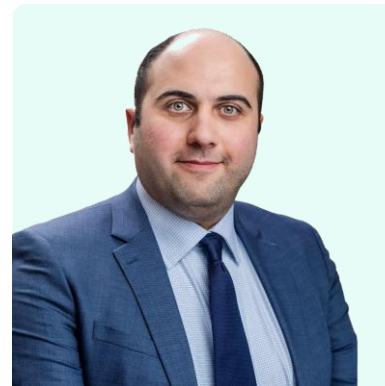
Charlie Youakim
*Co-founder,
Executive Chairman & CEO*



Paul Paradis
*Co-founder,
Chief Revenue Officer*



Karen Hartje
Chief Financial Officer



Amin Sabzivand
Chief Operating Officer

Appendices

Appendix I: Reconciliation of GAAP to Non-GAAP Measures

Total Income Less Transaction Related Costs

(in \$ thousands)	For the three months ended				
	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Operating income (loss)	\$ 13,835	\$ 7,667	\$ 5,350	\$ 3,763	\$ 5,420
Personnel	11,025	11,700	11,079	12,017	11,574
Third-party technology and data	2,157	2,161	2,003	1,904	1,749
Marketing, advertising, and tradeshow	655	1,856	3,615	3,314	3,199
General and administrative	2,380	1,912	2,184	1,698	2,799
Net interest expense	(4,081)	(4,515)	(4,143)	(3,933)	(3,377)
Total income less transaction related costs	\$ 25,971	\$ 20,781	\$ 20,088	\$ 18,762	\$ 21,364

Non-Transaction Related Operating Expenses

(in \$ thousands)	For the three months ended				
	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Operating expenses	\$ 33,144	\$ 41,234	\$ 35,494	\$ 31,174	\$ 29,254
Transaction expense	(11,787)	(13,086)	(9,937)	(7,946)	(8,239)
Provision for credit losses	(5,140)	(10,520)	(6,677)	(4,296)	(1,694)
Non-transaction related operating expenses	\$ 16,217	\$ 17,628	\$ 18,880	\$ 18,932	\$ 19,321

Appendix II: Reconciliation of GAAP to Non-GAAP Measures

Transaction Related Costs

(in \$ thousands)	For the three months ended				
	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Operating expenses	\$ 33,144	\$ 41,234	\$ 35,494	\$ 31,174	\$ 29,254
Personnel	(11,025)	(11,700)	(11,079)	(12,017)	(11,574)
Third-party technology and data	(2,157)	(2,161)	(2,003)	(1,904)	(1,749)
Marketing, advertising, and tradeshow	(655)	(1,856)	(3,615)	(3,314)	(3,199)
General and administrative	(2,380)	(1,912)	(2,184)	(1,698)	(2,799)
Net interest expense	4,081	4,515	4,143	3,933	3,377
Transaction related costs	\$ 21,008	\$ 28,120	\$ 20,756	\$ 16,174	\$ 13,310

Adjusted EBTDA and Adjusted EBITDA

(in \$ thousands)	For the three months ended				
	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Net income (loss)	\$ 8,007	\$ 2,939	\$ 1,294	\$ 1,140	\$ 1,725
Depreciation and amortization	227	231	218	206	201
Income tax expense	393	563	16	21	12
Equity and incentive-based compensation	905	(134)	1,984	2,437	2,645
Other income and expense, net	92	(727)	(15)	(1,079)	(113)
Fair value adjustment on warrants	1,262	377	(89)	(252)	420
Adjusted EBTDA	\$ 10,886	\$ 3,249	\$ 3,408	\$ 2,473	\$ 4,889
Net interest expense	4,081	4,515	4,143	3,933	3,377
Adjusted EBITDA	\$ 14,967	\$ 7,764	\$ 7,551	\$ 6,406	\$ 8,265

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 income less transaction related costs; transaction related costs; non-transaction related operating expenses; adjusted earnings before taxes, depreciation, and amortization (“Adjusted EBTDA”); adjusted operating expenses; 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 income less transaction related costs is defined as GAAP total income 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 income less transaction related costs above. We believe that total income 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 EBTDA 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 detailed in the reconciliation table of GAAP net income to adjusted EBTDA. 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 that may not directly correlate to the underlying performance of our business.
- 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 income. 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.

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 income 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 EBTDA, 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 excludes net interest expense, which has a significant impact on our GAAP net income, working capital, and cash.
- 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.

Thank You

Lee Brading, CFA

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