



First Quarter 2026 Earnings Presentation

May 6, 2026

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 forward-looking statements within the meaning of 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 forward-looking statements regarding anticipated new products, our ability to gain future market share, our timeline and intentions relating to operations, our business strategy, our estimated revenues and losses, our prospects, and the plans and objectives of management. These forward-looking statements generally can be identified by the use of words such as "anticipate," "expect," "plan," "could," "may," "will," "believe," "estimate," "forecast," "goal," "project," other words or expressions of similar meaning (or the negative versions of such words or expressions). These forward-looking statements are based on our current expectations and assumptions and on information currently available to us. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied, including but not limited to those set out in this Presentation and: (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 gross merchandise value (GMV); (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) our ability to comply with the applicable requirements of Visa and other payment processors; (ix) impact of the integration, support and prominent presentation of our platform by our merchants; (x) impact of any data security breaches, cyberattacks, employee or other internal misconduct, malware, phishing or ransomware, physical security breaches, natural disasters, or similar disruptions; (xi) 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; (xii) our ability to protect our intellectual property rights and third party allegations of the misappropriation of intellectual property rights; (xiii) impact of the costs of complying with various laws and regulations applicable to the BNPL industry in the United States and Canada; (xiv) the impact of litigation, regulatory investigations and actions, and compliance issues on our business; (xv) significant and sudden declines or volatility in the trading price of our common stock and market capitalization; and (xvi) other factors identified in the "Risk Factors" section of our most recent Annual Report on Form 10-K (the "Annual Report") and the Company's subsequent filings filed with the SEC available at www.sec.gov. Except as required by law, we undertake no obligation to update or revise any forward-looking statements contained in this Presentation or oral forward-looking statements made in connection with this Presentation 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

Loans are originated by Sezzle and third party lenders, including WebBank. Refer to your loan agreement for lender information. All loans are subject to credit approval. Pay Later: For example, for a \$300 loan, \$75 down payment + \$7.49 service fee today, then 3 payments of \$75 every 2 weeks, 45.0% APR. Service fees vary by loan amount. Paid subscription may be required. Pay Monthly: For example, a \$1,000 loan over 6 months would result in 6 monthly payments of \$166.67 at 0.00% APR, \$178.90 at 24.99% APR, or \$184.29 at 35.99% APR. Minimum purchase amount and down payment may be required.

1Q26 Snapshot

1Q26 Results

GMV Growth (YoY)	37.3%
Total Revenue Growth (YoY)	29.2%
Net Income	\$51.3M
Net Income Margin	37.9%
Adjusted EBITDA ¹	\$71.1M
Adjusted EBITDA Margin	52.5%
Total Revenue Less Transaction Related Costs ² as a % of Total Revenue	74.0%
Last Twelve Months (LTM) Return on Equity ³	92.0%

FY2026 Updated Guidance

	Feb Guidance	May Guidance
Total Revenue Growth	25%—30%	30%—35%
Adjusted Net Income ⁴	\$170.0M ↑ 32.4% YoY	\$180.0M ↑ 40.2% YoY
Adjusted Net Income Per Diluted Share ⁴	\$4.70 ↑ 30.9% YoY	\$5.10 ↑ 42.1% YoY

1Q26 Consumer Engagement Highlights

Average Quarterly Purchase Frequency	7.1x
1Q25 Average Quarterly Purchase Frequency	6.1x
Monthly On-Demand & Subscribers (MODS) ⁵	887k
YoY Growth	34.8%

¹ Adjusted EBITDA is a non-GAAP financial measure. For a reconciliation of Adjusted EBITDA, see Appendix II. ² 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. ³ Return on Equity is calculated as Net Income over the last twelve months divided by average shareholders' equity during the same period. ⁴ Adjusted Net Income is a non-GAAP financial measure. For a reconciliation of Net Income and Adjusted Net Income see Appendix III. FY2026 Non-GAAP adjusted financial guidance reflects add-backs for estimated FY2026 expenses associated with Corporate Strategic Projects. ⁵ As of March 31, 2026. 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.

Strategic *Pivot to Subscribers*, Yielding Higher-Value Engagement

44K

Net New Subscribers in 1Q26

9

More Orders from Subscribers
vs. Non-Subscribers on Average

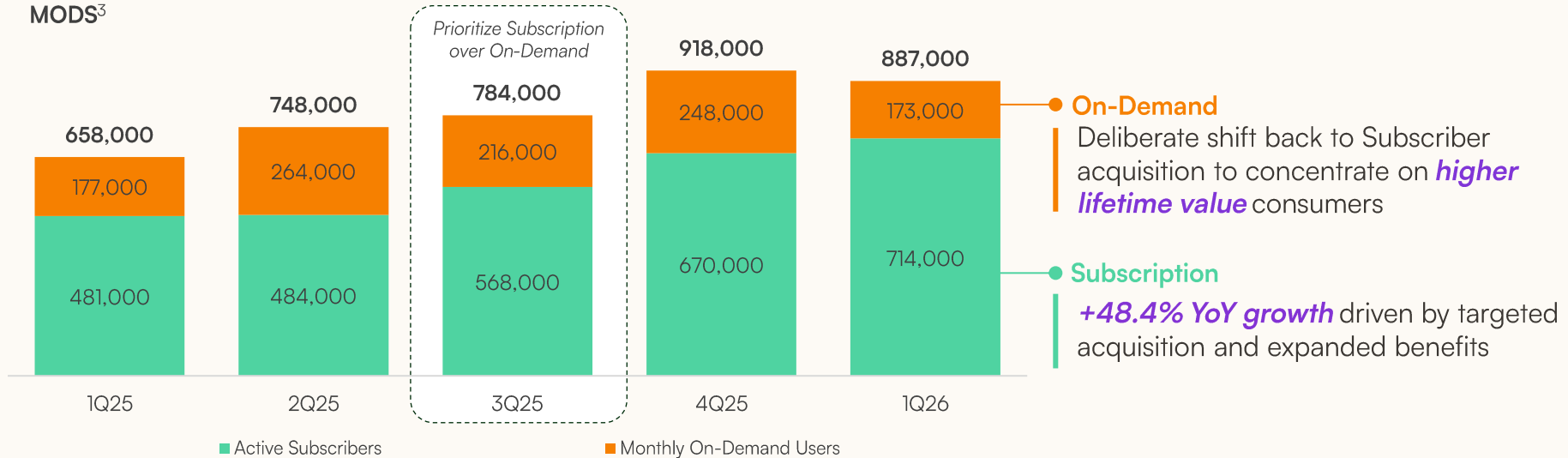
>35x

Top 10% Anywhere Subscribers
90-days Frequency¹

37%

In-store Orders as % of
Total Anywhere Orders²

MODS³

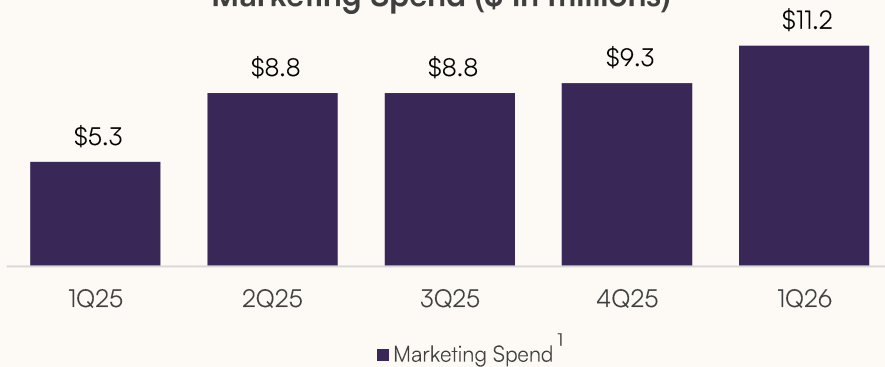


¹ Frequency defined as average Sezzle orders per active Anywhere subscriber for 1Q26. Represents the 90-day frequency at the 90th percentile. ² Orders placed during 1Q26. ³ Monthly On-Demand & Subscribers (MODS) defined as the combined total of Active Subscribers and Monthly On-Demand users. Monthly 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.

Accelerating Growth with Efficient Acquisition & Stronger Retention

<6 months Marketing Payback Period

Marketing Spend (\$ in millions) ¹



¹ Marketing Spend corresponds to the Marketing, Advertising, and Tradeshows line item presented in the Company's Consolidated Statements of Operations and Comprehensive Income (unaudited).

Acquisition

Digital Ads • In-App Incentives • Checkout Cross-Sell

Subscribers deliver higher LTV & stronger returns on marketing spend

+48.4%

YoY Growth in Active Subscribers

Retention & Engagement

Earn Tab • Gamification • Sweepstakes

In less than a year, the Earn Tab has become a daily engagement hub that keeps Sezzle top of wallet and drives purchase frequency

+55%

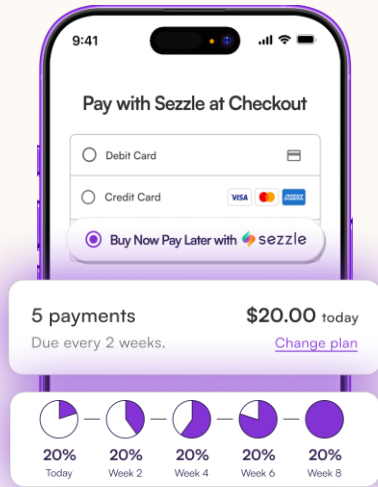
BNPL conversion within 30 days of first Earn Tab activity

4.8M

Earn Tab visits since launch in June 2025

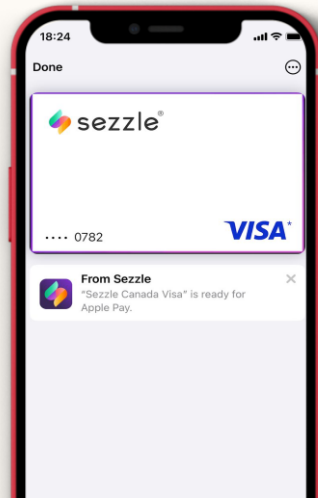


Delivering More for Consumers



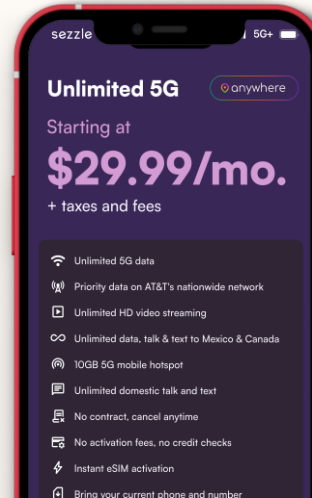
Pay-in-5

Expanded short-term installment optionality to meet evolving consumer preferences



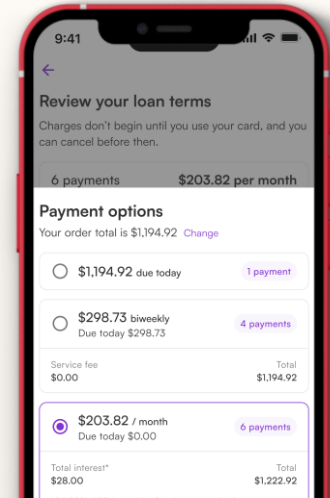
Virtual Card in Canada¹

First closed-end BNPL virtual card in Canada, live with select integrated merchants including JD Sports & SoftMoc



Sezzle Mobile Plan¹

On AT&T's network, offering a competitively priced unlimited wireless plan starting at \$29.99²



Enhanced Long-Term Lending¹

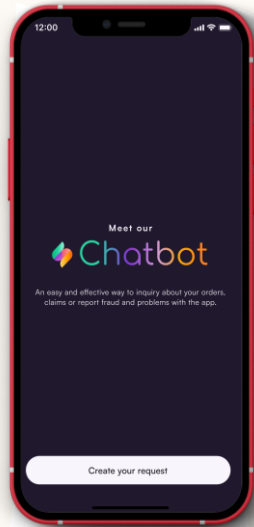
Expanding long-term lending³ capabilities across the entire BNPL product suite

¹ Launched in 2Q26. ² \$29.99 starting price applies to Sezzle Anywhere members; rates may vary. ³ Length of loan and APR vary by user and merchant offering and are determined by Sezzle's long-term lending partner. Loan origination is subject to applicable licensing requirements.

AI-Driven Efficiency at Scale

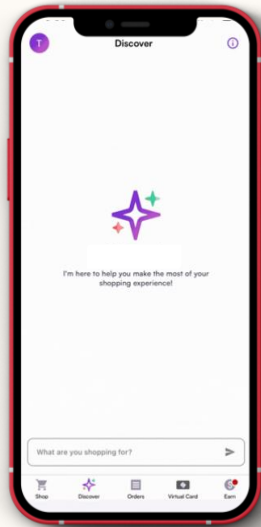
From underwriting to support, proprietary AI is driving operating leverage while enhancing the consumer experience

Consumer-Facing AI Features



AI Support Chatbot

Resolving 60–70% of chats without escalation



AI Shopping Assistant (beta)

Driving stronger click-to-order conversion

Internal AI Initiatives



AI Chargeback Agent

Faster review time, higher throughput



Leveraging AI Coding Assistants Across Engineering

Faster builds, shorter development cycles, rapid prototyping



Sezzle Codebox

Proprietary platform democratizing development across the organization



Sezzle Intelligence Assistant (SIA)

In-house BI & data intelligence platform for faster insights, deeper visibility



Support AutoQA Tool

Automated ticket scoring for compliance and retention insights



Sezzle Forge

Centralized company knowledge hub powering faster decision-making

We're Building an *All-in-One* Services Platform

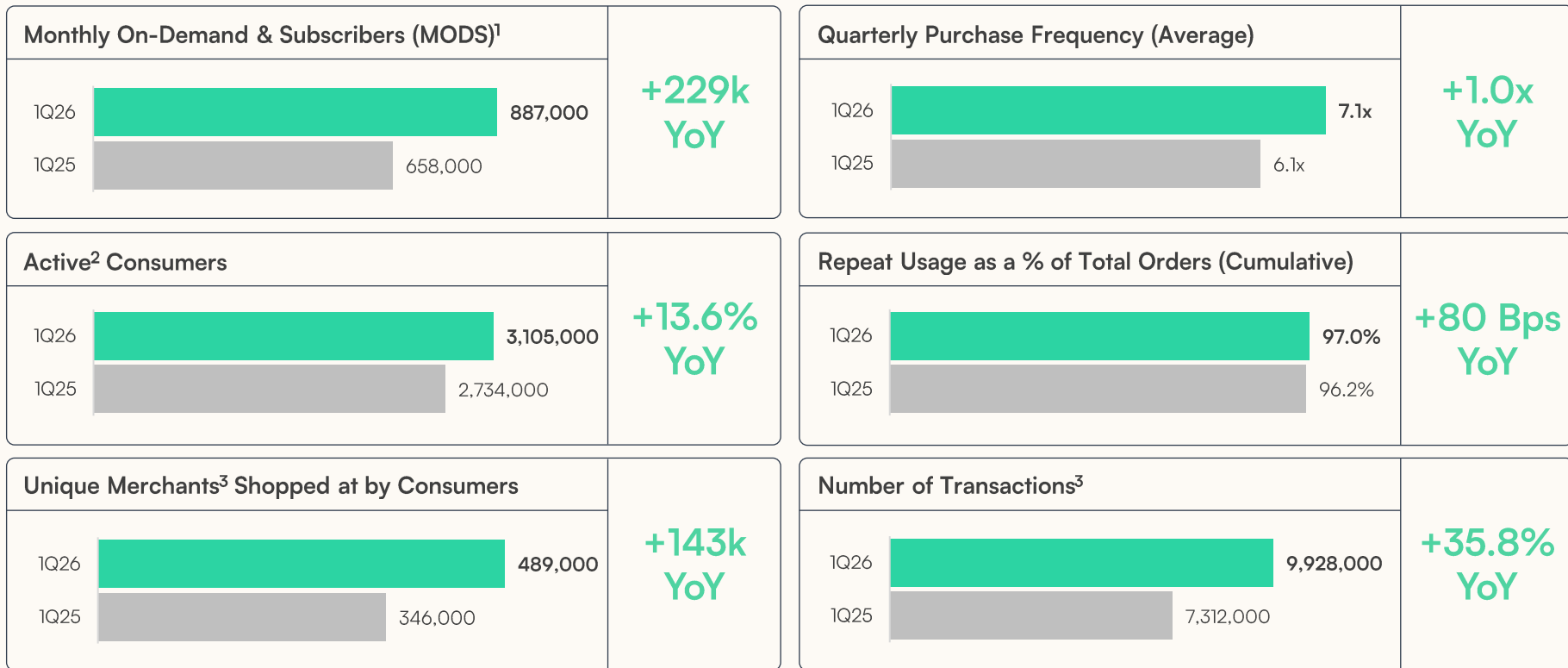
● Financial Tools ● Shopping & Engagement Features

Product Roadmap

- Post-Purchase Split Program
- Deposit Accounts
- Debit & Secured Credit Cards
- Enhanced Long-Term Lending¹ ✓ *Limited launch in May 2026*
- Sezzle Mobile ✓ *Launched in Apr 2026*
- Agentic Commerce (beta)
- Receipt Scanning & Rewards (beta)



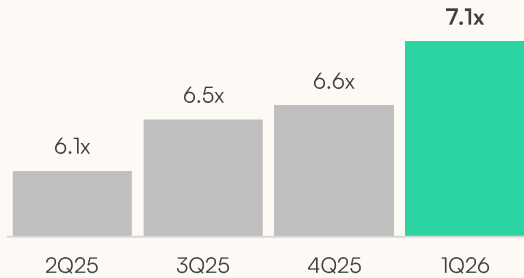
YoY Engagement Metrics



¹Monthly 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. ²Active 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). ³Unique Merchants and Number of Transactions are rounded to the nearest thousand.

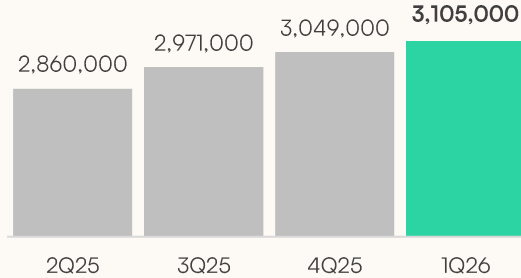
Last Twelve Months (LTM) QoQ Engagement Metrics

Quarterly Purchase Frequency (Average)



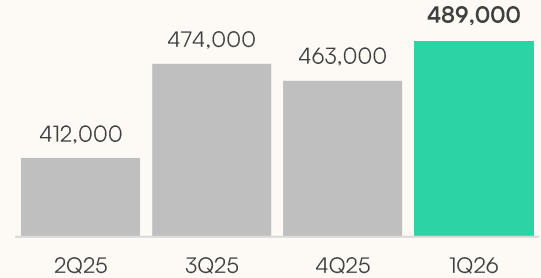
+0.5x QoQ

Active¹ Consumers



+1.8% QoQ

Unique Merchants² Shopped at by Consumers



+26k QoQ

¹ 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).

² Unique Merchants are rounded to the nearest thousand.

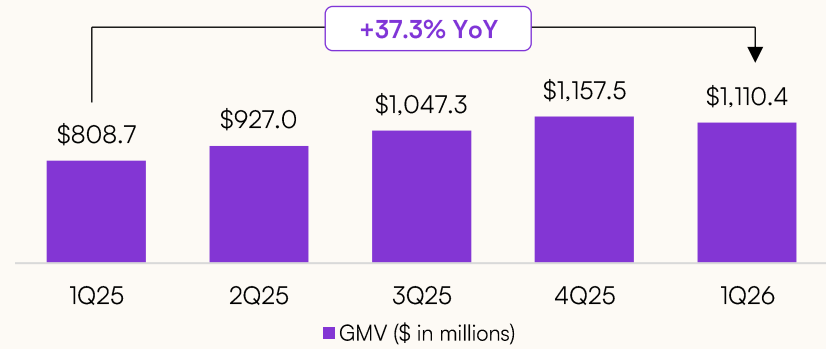
YoY Progression Overview

	1Q25	1Q26	YoY Change
Total Revenue	\$104.9M	\$135.5M	29.2% ↑
Net Income	\$36.2M	\$51.3M	41.9% ↑
Adjusted Net Income¹	\$35.3M	\$50.0M	41.5% ↑
Adjusted EBITDA Margin²	49.0%	52.5%	3.5 Pts ↑
Total Revenue Less Transaction Related Costs³ as a % of Total Revenue	70.4%	74.0%	+3.6 Pts ↑
Non-Transaction Related Operating Expenses⁴ as a % of Total Revenue	25.6%	25.3%	-0.3 Pts ↓

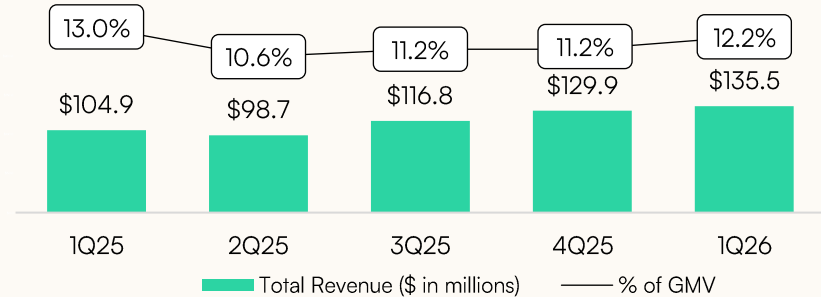
¹ Adjusted Net Income is a non-GAAP financial measure. For a reconciliation of Net Income and Adjusted Net Income, see Appendix III. Adjusted prior periods to include the windfall/shortfall to income tax expense for equity-based compensation and corporate strategic project costs. ² Adjusted EBITDA Margin 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. Adjusted prior periods to include corporate strategic project costs. 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 Tradeshow, and General and Administrative Operating Expenses. See Appendix I for reconciliation of Non-Transaction Related Operating Expenses and respective definitions.

Gross Merchandise Volume (GMV) & Total Revenue

Gross Merchandise Volume (GMV)

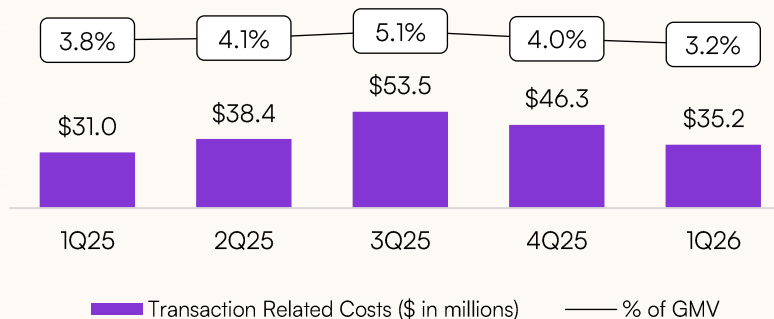


Total Revenue

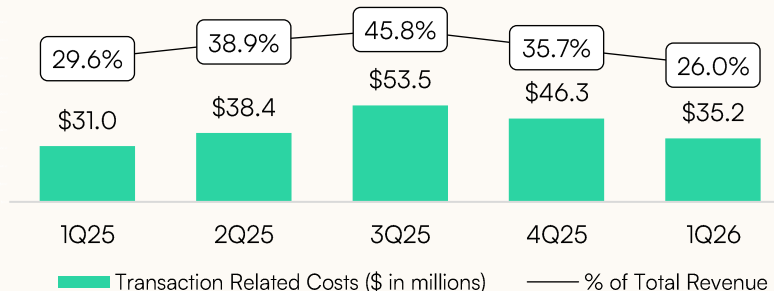


Transaction Related Costs¹

As a % of GMV



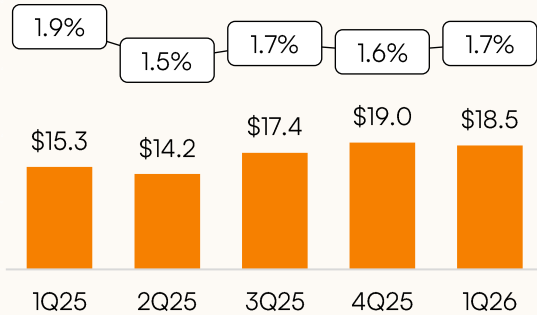
As a % of Total Revenue



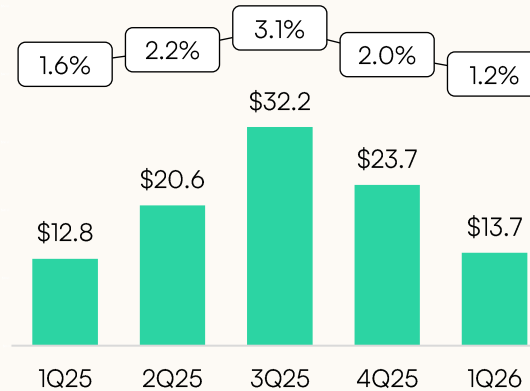
¹Transaction Related Costs is a non-GAAP financial measure that represents the combined total of Transaction Expense, Provision for Credit Losses, and Net Interest Expense. For a reconciliation of Operating Expenses to Transaction Related Costs, see Appendix II.

Transaction Related Costs¹

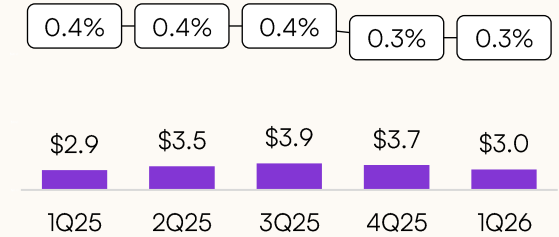
Transaction Expense



Provision for Credit Losses



Net Interest Expense



Transaction Expense (\$ in millions) — % of GMV

Provision for Credit Losses (\$ in millions) — % of GMV

Net Interest Expense (\$ in millions) — % of GMV

Advancing our credit decisioning and collections toolkit



Expanding
Data Sources



Accelerating Model
Iteration Velocity

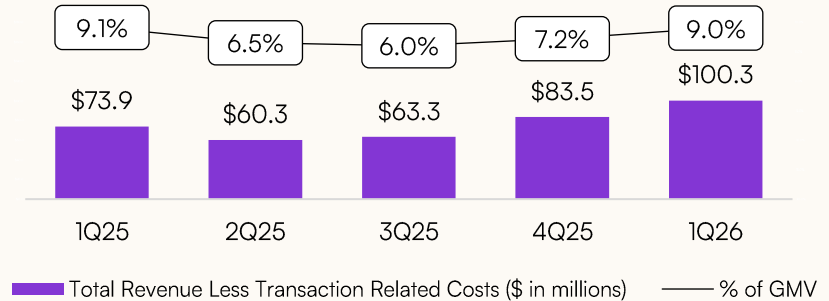


Enhancing Repayments
through Machine Learning

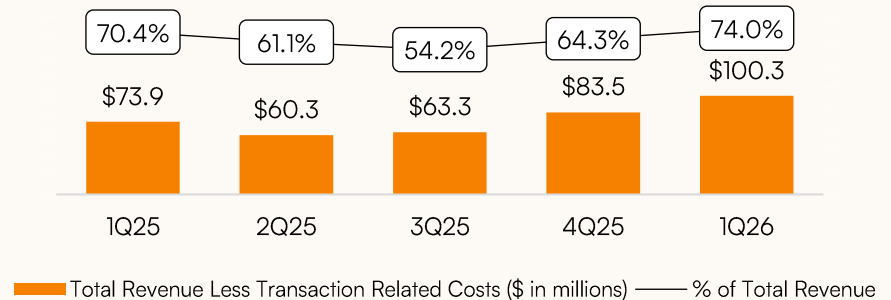
¹Transaction Related Costs is a non-GAAP financial measure that represents the combined total of Transaction Expense, Provision for Credit Losses, and Net Interest Expense. For a reconciliation of Transaction Related Costs, see Appendix II.

Total Revenue Less Transaction Related Costs¹

As a % of GMV

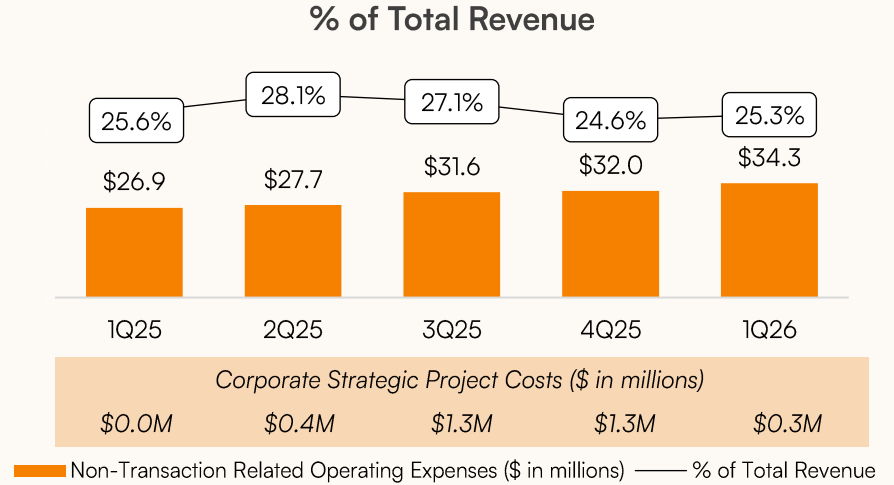


As a % of Total Revenue



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

Non-Transaction Related Operating Expenses¹



Corporate Strategic Project Costs Included in Non-Transaction Related Operating Expenses:



Capital Markets Exploration
(Completed in 4Q25)



Antitrust
Litigation

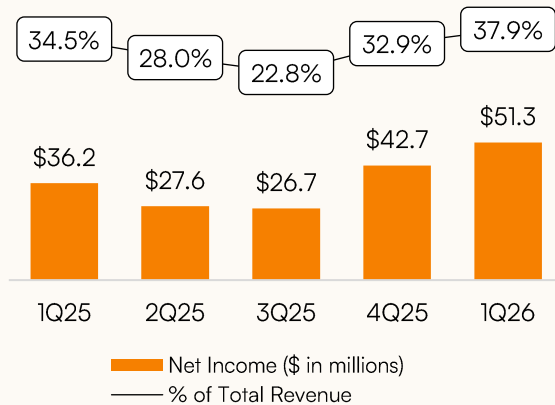


Banking Charter
Application

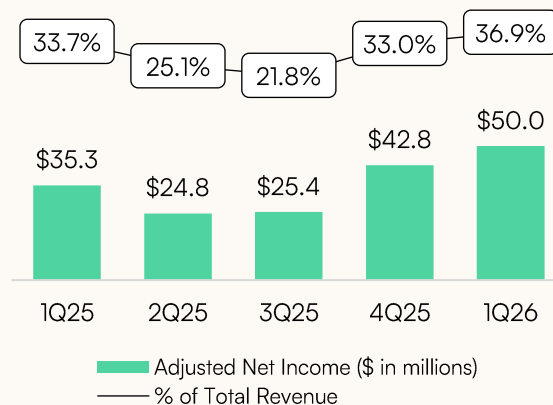
¹Non-Transaction Related Operating Expenses is a non-GAAP financial measure and is equal to Personnel, Third-Party Technology and Data, Marketing, Advertising, and Tradeshows, and General and Administrative Operating Expenses. See Appendix I for reconciliation of Operating Expenses to Non-Transaction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

Net Income, Adjusted Net Income, & Adjusted EBITDA

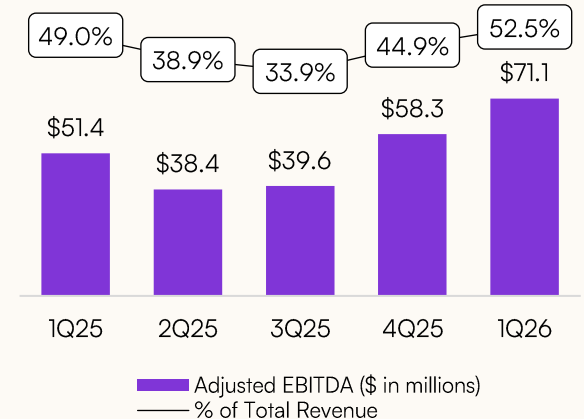
Net Income



Adjusted Net Income¹



Non-GAAP Adjusted EBITDA²



¹Adjusted Net Income is a non-GAAP financial measure. For a reconciliation of Net Income and Adjusted Net Income see Appendix III. Adjusted prior periods to include the windfall/shortfall to income tax expense for equity-based compensation and corporate strategic project costs. ²Adjusted EBITDA is a non-GAAP financial measure. For a reconciliation of Adjusted EBITDA, see Appendix II. Adjusted prior periods to include corporate strategic project costs.

Select Balance Sheet & Cash Flow Metrics

Balance Sheet (\$ in Thousands)

	Mar 31, 2025	Mar 31, 2026
Key Assets		
Cash and cash equivalents ¹	\$88,893	\$120,448
Restricted cash	\$31,976	\$26,938
Total cash	\$120,869	\$147,386
Notes receivable, net	\$146,628	\$262,967
Key Liabilities		
Merchant accounts payable	\$65,380	\$57,568
Drawn on line of credit ²	\$70,800	\$145,500
Total Stockholders' Equity¹	\$125,762	\$196,722

Cash Flow (\$ in Thousands)

Cash provided from operations ³	\$52,479	\$88,978
Cash (used for) provided from investing activities	\$6,050	(\$22,493)
Cash used for financing activities	(\$36,114)	(\$21,495)
Net Increase in Cash, Cash Equivalents, and Restricted Cash⁴	\$22,415	\$44,990

¹ On March 10, 2025, the Board approved a \$50.0 million repurchase program, which was completed on December 4, 2025. On December 15, 2025, the Board authorized an additional \$100.0 million repurchase program with no fixed expiration, subject to market conditions and other factors. ² The availability on the line of credit for quarters ending March 31, 2025 and March 31, 2026 was \$52.2M and \$69.0M, respectively. ³ Effective December 31, 2025, the Company restated notes receivable-related cash flows from operating to investing activities in the consolidated statement of cash flows. March 31, 2025 amounts have been restated to conform to the current presentation, see Appendix IV. This change did not affect net change in cash for any period presented. ⁴ Excludes the effect of exchange rate changes on cash of \$144 and (\$205) thousand for the quarters ending March 31, 2025 and March 31, 2026, respectively.

2026 Guidance

	2026 Guidance (November 2025)	2026 Guidance (February 2026)	2026 Updated Guidance (May 2026)
Total Revenue Growth	<i>Not Provided</i>	25%—30%	30%—35%
Adjusted Net Income ¹	<i>Not Provided</i>	\$170.0M	\$180.0M
Adjusted Net Income Per Diluted Share ¹	\$4.35	\$4.70	\$5.10

¹ Adjusted Net Income and Adjusted Net Income per Diluted Share are non-GAAP financial measures. For a reconciliation of Net Income to Adjusted Net Income and Adjusted Net Income per Diluted Share, see Appendix III. FY2026 Non-GAAP adjusted financial guidance reflects add-backs for estimated FY2026 expenses associated with Corporate Strategic Projects.

Appendix I: Reconciliation of GAAP to Non-GAAP Financial Measures

Reconciliation of Operating Income to Total Revenue Less Transaction Related Costs

<i>(in \$ thousands)</i>	For the three months ended				
	March 31, 2026	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025
Operating income	\$ 69,036	\$ 55,247	\$ 35,561	\$ 36,086	\$ 49,895
Personnel	14,667	13,776	14,320	11,681	15,048
Third-party technology and data	4,415	3,934	3,705	3,428	3,374
Marketing, advertising, and tradeshows	11,246	9,298	8,775	8,772	5,346
General and administrative	3,980	4,974	4,823	3,846	3,131
Net interest expense	(3,015)	(3,683)	(3,923)	(3,501)	(2,914)
Total revenue less transaction related costs	\$ 100,329	\$ 83,546	\$ 63,261	\$ 60,312	\$ 73,880

Reconciliation of Operating Expenses to Non-Transaction Related Operating Expenses

<i>(in \$ thousands)</i>	For the three months ended				
	March 31, 2026	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025
Operating expenses	\$ 66,503	\$ 74,622	\$ 81,235	\$ 62,616	\$ 55,017
Transaction expense	(18,520)	(18,966)	(17,435)	(14,243)	(15,317)
Provision for credit losses	(13,675)	(23,674)	(32,177)	(20,646)	(12,801)
Non-transaction related operating expenses	\$ 34,308	\$ 31,982	\$ 31,623	\$ 27,727	\$ 26,899

Appendix II: Reconciliation of GAAP to Non-GAAP Financial Measures

Reconciliation of Operating Expenses to Transaction Related Costs

<i>(in \$ thousands)</i>	For the three months ended				
	March 31, 2026	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025
Operating expenses	\$ 66,503	\$ 74,622	\$ 81,235	\$ 62,616	\$ 55,017
Personnel	(14,667)	(13,776)	(14,320)	(11,681)	(15,048)
Third-party technology and data	(4,415)	(3,934)	(3,705)	(3,428)	(3,374)
Marketing, advertising, and tradeshows	(11,246)	(9,298)	(8,775)	(8,772)	(5,346)
General and administrative	(3,980)	(4,974)	(4,823)	(3,846)	(3,131)
Net interest expense	3,015	3,683	3,923	3,501	2,914
Transaction related costs	\$ 35,210	\$ 46,323	\$ 53,535	\$ 38,390	\$ 31,032

Reconciliation of Net Income to Adjusted EBITDA¹

<i>(in \$ thousands)</i>	For the three months ended				
	March 31, 2026	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025
Net income	\$ 51,303	\$ 42,691	\$ 26,671	\$ 27,604	\$ 36,164
Depreciation and amortization	436	389	369	324	274
Income tax expense	14,686	8,890	4,961	5,068	10,842
Equity and incentive-based compensation	1,321	1,340	2,409	1,498	1,273
Corporate strategic projects	340	1,331	1,284	442	4
Other (income) expense, net	32	(17)	6	(87)	(25)
Net interest expense	3,015	3,683	3,923	3,501	2,914
Adjusted EBITDA	\$ 71,133	\$ 58,307	\$ 39,623	\$ 38,350	\$ 51,446

¹ Adjusted prior periods to include corporate strategic project costs.

Appendix III: Reconciliation of GAAP to Non-GAAP Financial Measures

Reconciliation of Net Income to Adjusted Net Income¹

<i>(in \$ thousands)</i>	For the three months ended				
	March 31, 2026	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025
Net income	\$ 51,303	\$ 42,691	\$ 26,671	\$ 27,604	\$ 36,164
Discrete tax benefit ¹	(1,682)	(1,190)	(2,520)	(3,155)	(803)
Corporate strategic projects	340	1,331	1,284	442	4
Other (income) expenses, net	32	(17)	6	(87)	(25)
Adjusted net income	\$ 49,993	\$ 42,815	\$ 25,441	\$ 24,804	\$ 35,340

¹ Adjusted prior periods to include the windfall/shortfall to income tax expense for equity-based compensation and corporate strategic project costs.

Appendix IV: Restated Quarterly Consolidated Statements of Cash Flows

<i>(in \$ thousands)</i>	For the three months ended March 31, 2025		
	As previously reported	Restatement impact	As restated
Discount on notes receivable	\$ -	\$ (1,224)	\$ (1,224)
Notes receivable	5,134	(5,134)	-
Net cash provided from operating activities	58,837	(6,358)	52,479
Purchases and originations of notes receivable, net of proceeds from repayments	-	6,358	6,358
Net cash used for investing activities	\$ (308)	\$ 6,358	\$ 6,050

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 charges including depreciation, amortization, equity and incentive—based compensation, and corporate strategic project 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 discrete tax items, fair value adjustments on warrants, losses on the extinguishment of our lines of credit, corporate strategic project costs, 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 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 discrete tax items which have been, and may be in the 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.
- 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.



sezzle

The Responsible Way to Pay