# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

## FORM 10-Q

**(Mark One)**

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 001-41781

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

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

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

**Not Applicable**

(Former address)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company (as defined in Rule 12b-2 of the Exchange Act).

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. The total shares of common stock, par value $0.00001 per share, outstanding at August 4, 2025 were 34,023,465.

**SEZZLE INC.**

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## FORWARD-LOOKING STATEMENTS

The information in this Quarterly Report on Form 10-Q and the documents incorporated by reference herein ("Form 10-Q") includes "forward-looking statements" under Section 27A of the Securities Act of 1933, as amended, (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements, other than statements of historical fact, regarding our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management included in this Form 10-Q are forward-looking statements. When used in this Form 10-Q, the words "could," "believe," "anticipate," "intend," "estimate," "expect," "project," and similar expressions (or the negative versions of such words or expressions) are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements described under the heading "Risk Factors" included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024 (the "2024 Form 10-K") and in other filings we make with the Securities and Exchange Commission. These forward-looking statements are based on our current expectations and assumptions about future events and are based on currently available information as to the outcome and timing of future events. There is a risk that such predictions, estimates, projections, and other forward-looking statements will not be achieved. Nevertheless, and despite the fact that management's expectations and estimates are based on assumptions management believes to be reasonable and data management believes to be reliable, our actual results, performance, or achievements are subject to future risks and uncertainties, any of which could materially affect our actual performance. Risks and uncertainties that could affect such performance include, but are not limited to:

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

We caution you that these forward-looking statements are subject to numerous risks and uncertainties, most of which are difficult to predict and many of which are beyond our control. These risks include, but are not limited to, the risks described under "Risk Factors" in our 2024 Form 10-K. Should one or more of the risks or uncertainties described in the 2024 Form 10-K occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements.

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

# PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

### Consolidated Balance Sheets

| | As of | |
|---|---|---|
| (in thousands, except per share amounts) | June 30, 2025 (unaudited) | December 31, 2024 (audited) |
| **Assets** | | |
| **Current Assets** | | |
| Cash and cash equivalents | $ 88,943 | $ 73,185 |
| Restricted cash, current, including amounts held by variable interest entity (“VIE”) of $8,608 and $4,096, respectively | 10,559 | 4,850 |
| Notes receivable | 208,555 | 190,665 |
| Allowance for credit losses | (23,615) | (26,103) |
| Notes receivable, net, including amounts held by VIE of $160,840 and $152,174, respectively | 184,940 | 164,562 |
| Other receivables, net | 4,025 | 3,629 |
| Prepaid expenses and other current assets | 23,066 | 11,393 |
| Total current assets | 311,533 | 257,619 |
| **Non-Current Assets** | | |
| Internally developed intangible assets, net | 2,777 | 2,442 |
| Operating right-of-use assets | 735 | 800 |
| Restricted cash, non-current | 20,467 | 20,275 |
| Deferred tax asset, net of $4,058 and $3,742 valuation allowance, respectively | 14,420 | 16,905 |
| Other assets | 620 | 331 |
| **Total Assets** | **$ 350,552** | **$ 298,372** |
| | | |
| **Liabilities and Stockholders' Equity** | | |
| **Current Liabilities** | | |
| Merchant accounts payable | $ 60,478 | $ 68,967 |
| Other payables | 2,828 | 7,455 |
| Deferred revenue | 4,261 | 4,234 |
| Other current liabilities | 21,307 | 25,021 |
| Total current liabilities | 88,874 | 105,677 |
| **Non-Current Liabilities** | | |
| Operating lease liabilities | 759 | 823 |
| Line of credit, net of unamortized debt issuance costs of $799 and $1,008, respectively, held by VIE | 130,501 | 103,992 |
| Other non-current liabilities | 20 | 45 |
| **Total Liabilities** | **220,154** | **210,537** |
| | | |
| **Commitments and Contingencies (see Note 8)** | | |
| | | |
| **Stockholders' Equity*** | | |
| Common stock and additional paid-in capital, $0.00001 par value; 750,000 shares authorized; 35,237 and 34,786 shares issued, respectively; 34,015 and 33,735 shares outstanding, respectively | 193,541 | 188,589 |
| Stock subscriptions: 7 and no shares subscribed, respectively | (44) | — |
| Treasury stock, at cost: 1,222 and 1,051 shares, respectively | (16,507) | (9,391) |
| Accumulated other comprehensive loss | (766) | (1,588) |
| Accumulated deficit | (45,826) | (89,775) |
| **Total Stockholders' Equity** | **130,398** | **87,835** |
| **Total Liabilities and Stockholders' Equity** | **$ 350,552** | **$ 298,372** |

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

See the accompanying Notes to the Consolidated Financial Statements.

## Consolidated Statements of Operations and Comprehensive Income (unaudited)

| | For the three months ended June 30, | | For the six months ended June 30, | |
|---|---|---|---|---|
| **(in thousands, except per share amounts)** | **2025** | **2024** | **2025** | **2024** |
| Total revenue | $ 98,702 | $ 55,969 | $ 203,614 | $ 102,947 |
| **Operating Expenses** | | | | |
| Personnel | 11,681 | 12,737 | 26,729 | 23,762 |
| Transaction expense | 14,243 | 10,742 | 29,560 | 22,529 |
| Third-party technology and data | 3,428 | 2,180 | 6,802 | 4,337 |
| Marketing, advertising, and tradeshows | 8,772 | 995 | 14,118 | 1,650 |
| General and administrative | 3,846 | 2,522 | 6,977 | 4,902 |
| Provision for credit losses | 20,646 | 10,094 | 33,447 | 15,234 |
| Total operating expenses | 62,616 | 39,270 | 117,633 | 72,414 |
| **Operating Income** | **36,086** | **16,699** | **85,981** | **30,533** |
| **Other Income (Expense)** | | | | |
| Net interest expense | (3,501) | (2,911) | (6,415) | (6,993) |
| Other income (expense), net | 87 | 51 | 112 | (40) |
| Fair value adjustment on warrants | — | — | — | (1,261) |
| Loss on extinguishment of line of credit | — | (260) | — | (260) |
| Income before taxes | 32,672 | 13,579 | 79,678 | 21,979 |
| Income tax expense (benefit) | 5,068 | (16,123) | 15,910 | (15,730) |
| **Net Income** | **27,604** | **29,702** | **63,768** | **37,709** |
| **Other Comprehensive Income (Loss)** | | | | |
| Foreign currency translation adjustment | 729 | (75) | 822 | (74) |
| **Total Comprehensive Income** | **$ 28,333** | **$ 29,627** | **$ 64,590** | **$ 37,635** |
| **Net income per share*:** | | | | |
| Basic | $ 0.82 | $ 0.87 | $ 1.89 | $ 1.11 |
| Diluted | $ 0.78 | $ 0.82 | $ 1.80 | $ 1.05 |
| **Weighted-average shares outstanding*:** | | | | |
| Basic | 33,733 | 33,961 | 33,792 | 33,952 |
| Diluted | 35,507 | 36,147 | 35,510 | 35,880 |

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

See the accompanying Notes to the Consolidated Financial Statements.

## Consolidated Statements of Stockholders’ Equity (unaudited)

| (in thousands) | Common Stock and Additional Paid-in Capital | | Stock Subscriptions | Treasury Stock, At Cost | Accumulated Other Comprehensive Loss | Accumulated Deficit | Total |
|---|---|---|---|---|---|---|---|
| | Shares* | Amount | | | | | |
| **Balance at January 1, 2024** | **34,185** | **$ 186,017** | **$ —** | **$ (5,756)** | **$ (647)** | **$ (157,520)** | **$ 22,094** |
| Equity based compensation | — | 1,627 | — | — | — | — | 1,627 |
| Stock option exercises | 107 | 238 | — | — | — | — | 238 |
| Warrant exercises | 121 | 33 | — | — | — | — | 33 |
| Restricted stock issuances and vesting of awards | 572 | 740 | — | — | — | — | 740 |
| Stock subscriptions receivable related to stock option exercises | 4 | 39 | (39) | — | — | — | — |
| Stock subscriptions collected related to stock option exercises | — | — | 39 | — | — | — | 39 |
| Conversion of warrant liabilities to stockholders' equity | — | 2,229 | — | — | — | — | 2,229 |
| Repurchase and retirement of common stock | (1,287) | (6,692) | — | — | — | (6,150) | (12,842) |
| Repurchase of common stock | (192) | — | — | (1,503) | — | — | (1,503) |
| Foreign currency translation adjustment | — | — | — | — | (74) | — | (74) |
| Net income | — | — | — | — | — | 37,709 | 37,709 |
| **Balance at June 30, 2024** | **33,510** | **184,231** | **—** | **(7,259)** | **(721)** | **(125,961)** | **50,290** |

| (in thousands) | Common Stock and Additional Paid-in Capital | | Stock Subscriptions | Treasury Stock, At Cost | Accumulated Other Comprehensive Loss | Accumulated Deficit | Total |
|---|---|---|---|---|---|---|---|
| | Shares* | Amount | | | | | |
| **Balance at January 1, 2025** | **33,735** | **$ 188,589** | **$ —** | **$ (9,391)** | **$ (1,588)** | **$ (89,775)** | **$ 87,835** |
| Equity based compensation | — | 1,533 | — | — | — | — | 1,533 |
| Stock option exercises | 623 | 3,564 | — | — | — | — | 3,564 |
| Restricted stock issuances and vesting of awards | 500 | 3,539 | — | — | — | — | 3,539 |
| Stock subscriptions receivable related to stock option exercises | 7 | 44 | (44) | — | — | — | — |
| Repurchase and retirement of common stock | (679) | (3,728) | — | — | — | (19,819) | (23,547) |
| Repurchase of common stock | (171) | — | — | (7,116) | — | — | (7,116) |
| Foreign currency translation adjustment | — | — | — | — | 822 | — | 822 |
| Net income | — | — | — | — | — | 63,768 | 63,768 |
| **Balance at June 30, 2025** | **34,015** | **193,541** | **(44)** | **(16,507)** | **(766)** | **(45,826)** | **$ 130,398** |

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

See the accompanying Notes to the Consolidated Financial Statements.

## Consolidated Statements of Stockholders' Equity (unaudited)

| (in thousands) | Common Stock and Additional Paid-in Capital: Shares* | Common Stock and Additional Paid-in Capital: Amount | Stock Subscriptions | Treasury Stock, At Cost | Accumulated Other Comprehensive Loss | Accumulated Deficit | Total |
|---|---|---|---|---|---|---|---|
| **Balance at April 1, 2024** | **33,811** | **$ 186,290** | **$ (39)** | **$ (6,070)** | **$ (646)** | **$ (149,922)** | **$ 29,613** |
| Equity based compensation | — | 870 | — | — | — | — | 870 |
| Stock option exercises | 68 | 66 | — | — | — | — | 66 |
| Warrant exercises | 121 | 33 | — | — | — | — | 33 |
| Restricted stock issuances and vesting of awards | 311 | 592 | — | — | — | — | 592 |
| Stock subscriptions collected related to stock option exercises | — | — | 39 | — | — | — | 39 |
| Repurchase and retirement of common stock | (693) | (3,620) | — | — | — | (5,741) | (9,361) |
| Repurchase of common stock | (108) | — | — | (1,189) | — | — | (1,189) |
| Foreign currency translation adjustment | — | — | — | — | (75) | — | (75) |
| Net income | — | — | — | — | — | 29,702 | 29,702 |
| **Balance at June 30, 2024** | **33,510** | **184,231** | **—** | **(7,259)** | **(721)** | **(125,961)** | **50,290** |

| (in thousands) | Common Stock and Additional Paid-in Capital: Shares | Common Stock and Additional Paid-in Capital: Amount | Stock Subscriptions | Treasury Stock, At Cost | Accumulated Other Comprehensive Loss | Accumulated Deficit | Total |
|---|---|---|---|---|---|---|---|
| **Balance at April 1, 2025** | **33,965** | **$ 192,703** | **$ —** | **$ (11,835)** | **$ (1,495)** | **$ (53,611)** | **$ 125,762** |
| Equity based compensation | — | 393 | — | — | — | — | 393 |
| Stock option exercises | 522 | 3,024 | — | — | — | — | 3,024 |
| Restricted stock issuances and vesting of awards | 315 | 1,105 | — | — | — | — | 1,105 |
| Stock subscriptions receivable related to stock option exercises | 7 | 44 | (44) | — | — | — | — |
| Repurchase and retirement of common stock | (679) | (3,728) | — | — | — | (19,819) | (23,547) |
| Repurchase of common stock | (115) | — | — | (4,672) | — | — | (4,672) |
| Foreign currency translation adjustment | — | — | — | — | 729 | — | 729 |
| Net income | — | — | — | — | — | 27,604 | 27,604 |
| **Balance at June 30, 2025** | **34,015** | **193,541** | **(44)** | **(16,507)** | **(766)** | **(45,826)** | **$ 130,398** |

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

See the accompanying Notes to the Consolidated Financial Statements.

## Consolidated Statements of Cash Flows (unaudited)

| | For the six months ended June 30, | |
|---|---|---|
| **(in thousands)** | **2025** | **2024** |
| **Operating Activities:** | | |
| Net income | $ 63,768 | $ 37,709 |
| Adjustments to reconcile net income to net cash provided from operating activities: | | |
| Depreciation and amortization | 598 | 474 |
| Provision for credit losses | 33,447 | 15,234 |
| Provision for other credit losses | 8,523 | 2,599 |
| Equity based compensation and restricted stock vested | 2,771 | 2,367 |
| Amortization of debt issuance costs | 219 | 315 |
| Fair value adjustment on warrants | — | 1,261 |
| Impairment losses on long-lived assets | 66 | 48 |
| Gain on sale of fixed assets | (16) | (12) |
| Loss on extinguishment of line of credit | — | 260 |
| Deferred income taxes | 2,485 | (16,845) |
| Changes in operating assets and liabilities: | | |
| Notes receivable | (53,796) | (4,140) |
| Other receivables | (8,917) | (2,052) |
| Prepaid expenses and other assets | (11,606) | (1,177) |
| Merchant accounts payable | (8,931) | (2,554) |
| Other payables | (4,645) | 2,736 |
| Accrued and other liabilities | (1,496) | (3,348) |
| Deferred revenue | 22 | 1,299 |
| Operating leases | 30 | 44 |
| **Net Cash Provided from Operating Activities** | **22,522** | **34,218** |
| | | |
| **Investing Activities:** | | |
| Purchase of property and equipment | (431) | (26) |
| Internally developed intangible asset additions | (897) | (748) |
| **Net Cash Used for Investing Activities** | **(1,328)** | **(774)** |
| | | |
| **Financing Activities:** | | |
| Proceeds from line of credit | 95,000 | 46,727 |
| Payments to line of credit | (68,700) | (71,727) |
| Payments of debt issuance costs | (10) | (1,005) |
| Proceeds from stock option exercises | 3,564 | 238 |
| Stock subscriptions collected related to stock option exercises | — | 39 |
| Proceeds from warrant exercises | — | 33 |
| Repurchase of common stock | (30,663) | (14,345) |
| **Net Cash Used for Financing Activities** | **(809)** | **(40,040)** |
| | | |
| Effect of exchange rate changes on cash | 1,274 | (111) |
| Net increase (decrease) in cash, cash equivalents, and restricted cash | 20,385 | (6,596) |
| Cash, cash equivalents, and restricted cash, beginning of period | 98,310 | 70,699 |
| **Cash, cash equivalents, and restricted cash, end of period** | **$ 119,969** | **$ 63,992** |
| | | |
| **Noncash investing and financing activities:** | | |
| Conversion of accrued profit-sharing incentive plan liabilities to stockholders' equity | $ 2,301 | $ — |
| Conversion of warrant liabilities to stockholders' equity | — | 2,229 |
| | | |
| **Supplementary disclosures:** | | |
| Interest paid | $ 7,036 | $ 7,149 |
| Income taxes paid | 25,169 | 1,527 |

See the accompanying Notes to the Consolidated Financial Statements.

**Notes to Consolidated Financial Statements (unaudited)**

**Note 1. Significant Accounting Policies**

***Basis of Presentation and Principles of Consolidation***

These unaudited consolidated financial statements are prepared and presented in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and the rules and regulations of the Securities and Exchange Commission ("SEC") applicable to interim financial statements. While these consolidated financial statements and the accompanying notes thereof reflect all normal recurring adjustments that are, in the opinion of management, necessary for fair presentation of the results of the interim period, they do not include all of the information and footnotes required by U.S. GAAP for complete consolidated financial statements. These consolidated financial statements and their accompanying notes should be read in conjunction with the consolidated financial statement disclosures in our 2024 annual consolidated financial statements.

Operating results reported for the three and six months ended June 30, 2025 might not be indicative of the results for any subsequent period or the entire year ending December 31, 2025.

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

***Fair Value***

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

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

As of June 30, 2025 and December 31, 2024, our assets and liabilities measured at fair value were not material. The fair value and its classification within the fair value hierarchy for financial assets and liabilities not reported at fair value within the consolidated balance sheets as of June 30, 2025 and December 31, 2024 are as follows:

| | June 30, 2025 | | | | |
|---|---|---|---|---|---|
| **(in thousands)** | **Carrying Amount** | **Level 1** | **Level 2** | **Level 3** | **Balance at Fair Value** |
| **Assets:** | | | | | |
| Cash and cash equivalents | $ 88,943 | $ 88,943 | $ — | $ — | $ 88,943 |
| Restricted cash[(1)] | 31,026 | 31,026 | — | — | 31,026 |
| Notes receivable, net | 184,940 | — | — | 184,940 | 184,940 |
| **Total assets** | **$ 304,909** | **$ 119,969** | **$ —** | **$ 184,940** | **$ 304,909** |
| **Liabilities:** | | | | | |
| Line of credit, net | 130,501 | — | 130,501 | — | 130,501 |
| **Total liabilities** | **$ 130,501** | **$ —** | **$ 130,501** | **$ —** | **$ 130,501** |

| | December 31, 2024 | | | | |
|---|---|---|---|---|---|
| (in thousands) | Carrying Amount | Level 1 | Level 2 | Level 3 | Balance at Fair Value |
| **Assets:** | | | | | |
| Cash and cash equivalents[2] | $ 73,170 | $ 73,170 | $ — | $ — | $ 73,170 |
| Restricted cash[1] | 25,125 | 25,125 | — | — | 25,125 |
| Notes receivable, net | 164,562 | — | — | 164,562 | 164,562 |
| **Total assets** | **$ 262,857** | **$ 98,295** | **$ —** | **$ 164,562** | **$ 262,857** |
| **Liabilities:** | | | | | |
| Line of credit, net | $ 103,992 | $ — | $ 103,992 | $ — | $ 103,992 |
| **Total liabilities** | **$ 103,992** | **$ —** | **$ 103,992** | **$ —** | **$ 103,992** |

(1) Includes both restricted cash, current and restricted cash, non-current as disclosed on the consolidated balance sheets.
(2) Excludes $15 as of December 31, 2024 relating to money market securities that are reported at fair value.

***Segments***

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

***Variable Interest Entity***

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

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

***Stock Split***

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

***Reclassifications***

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

***Recent Accounting Pronouncements***

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

| Standard | Description | Date of Planned Adoption | Effect on Consolidated Financial Statements |
|---|---|---|---|
| **ASU 2023-09,** Income Taxes (Topic 740): Improvements to Income Tax Disclosures | This ASU requires enhanced disclosures on the income tax rate reconciliation, income taxes paid, and other income tax-related disclosures. Such disclosures include specific categories in the rate reconciliation, qualitative information about significant components of income tax, and disaggregation of income taxes paid by federal, state, and local jurisdiction. | Year ended December 31, 2025 | We do not expect the adoption of this ASU to have a material impact on our consolidated financial statements. We will include the enhanced disclosure requirements in our 2025 annual consolidated financial statements. |
| **ASU 2024-03**, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses | This ASU requires, in the notes to the consolidated financial statements, the disaggregation of certain expenses within relevant expense captions in tabular format, incremental qualitative disclosures about expenses, and the disclosure of total selling expenses. | Year ended December 31, 2027 | We do not expect the adoption of this ASU to have a material impact on our consolidated financial statements. We will include the enhanced disclosure requirements in our 2027 annual consolidated financial statements. |

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

## Note 2. Total Revenue

Total revenue was $98.7 million and $56.0 million for the three months ended June 30, 2025 and 2024, respectively, and $203.6 million and $102.9 million for the six months ended June 30, 2025 and 2024, respectively. Total revenue in the fourth quarter has historically been strongest for us, in line with consumer spending habits during the holiday shopping season. Our total revenue is classified into three categories: transaction income, subscription revenue, and income from other sources.

***Transaction Income***

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

We earn income from fees paid by merchants in exchange for our payment processing services. These merchant processing fees are applied to the underlying sales of consumers passing through our platform and are predominantly based on a percentage of the GMV plus a fixed fee per transaction. For orders that result in a financing receivable, merchant processing fees are recognized over the duration of the loan using the effective interest method. For orders that do not result in a financing receivable, merchant processing fees are recognized at the time the sale is completed. We also earn income from partners on consumer transactions. This income includes interchange fees earned through our virtual card solution and promotional incentives with third parties. Virtual card interchange income related to loans we originate is recognized over the loan’s duration using the effective interest method. Virtual card interchange income related to loans we purchase is recognized at the time the sale is completed and not deferred over the life of the loan. Promotional incentives are recognized in the period we fulfill our contractual obligations with third-party platforms for directing traffic or volume to specific merchants or brands. Merchant and partner income totaled $23.8 million and $18.8 million for the three months ended June 30, 2025 and 2024, respectively, and $47.3 million and $38.1 million for the six months ended June 30, 2025 and 2024, respectively.

Transaction income also includes income from consumer fees that are related to processing orders and payments. Such fees are assessed when consumers make a scheduled payment using a card, when a payment method fails when attempting to make an installment payment, or when consumers are assessed a fee for using Sezzle On-Demand. These fees are recognized at the time the fee is assessed to the extent the fee is reasonably collectible and totaled $27.8 million and $10.3 million for the three months ended June 30, 2025 and 2024, respectively, and $62.5 million and $17.6 million for the six months ended June 30, 2025 and 2024, respectively.

***Subscription Revenue***

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

***Income from Other Sources***

Income from other sources includes all other incomes earned from merchants, consumers, and other third parties not included in transaction income or subscription revenue. This includes late payment fees, gateway fees, and marketing revenue earned from affiliates. Late payment fees are assessed to consumers who fail to make a timely principal payment. Late payment fees are recognized at the time the fee is charged to the consumer to the extent the fee is reasonably collectible. Late payment fees totaled $15.7 million and $4.0 million for the three months ended June 30, 2025 and 2024, respectively, and $32.4 million and $6.7 million for the six months ended June 30, 2025 and 2024, respectively.

***Disaggregation of Total Revenue***

Our total revenue by category and Accounting Standards Codification ("ASC") recognition criteria for the three and six months ended June 30, 2025 and 2024 was as follows:

| | For the three months ended June 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2025 | | | 2024 | | |
| (in thousands) | Topic 310 | Topic 606 | Total | Topic 310 | Topic 606 | Total |
| Transaction income | $ 28,868 | $ 22,729 | $ 51,597 | $ 21,344 | $ 7,737 | $ 29,081 |
| Subscription revenue | — | 22,577 | 22,577 | — | 19,847 | 19,847 |
| Income from other sources | 17,818 | 6,710 | 24,528 | 4,435 | 2,606 | 7,041 |
| **Total revenue** | **$ 46,686** | **$ 52,016** | **$ 98,702** | **$ 25,779** | **$ 30,190** | **$ 55,969** |

| | For the six months ended June 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2025 | | | 2024 | | |
| (in thousands) | Topic 310 | Topic 606 | Total | Topic 310 | Topic 606 | Total |
| Transaction income | $ 58,188 | $ 51,574 | $ 109,762 | $ 39,727 | $ 15,972 | $ 55,699 |
| Subscription revenue | — | 46,005 | 46,005 | — | 34,520 | 34,520 |
| Income from other sources | 36,418 | 11,429 | 47,847 | 7,785 | 4,943 | 12,728 |
| **Total revenue** | **$ 94,606** | **$ 109,008** | **$ 203,614** | **$ 47,512** | **$ 55,435** | **$ 102,947** |

Transaction income that falls under the scope of ASC Topic 310, Receivables, relates to transactions that result in a financing receivable being recognized. Such income is initially recorded as a reduction to notes receivable, net, within the consolidated balance sheets. The income is then recognized over the average duration of the note using the effective interest rate method. Transaction income to be recognized over the duration of existing notes receivable outstanding was $3.0 million and $3.8 million as of June 30, 2025 and December 31, 2024, respectively.

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

Subscription revenue entirely falls under the scope of ASC Topic 606. Such revenue comprises a single performance obligation which is satisfied evenly over the underlying subscription period. Revenue is recognized ratably over the duration of the performance obligation. All performance obligations are fully satisfied within one year or less of receiving payment. Payment received for performance obligations not yet satisfied are recorded as deferred revenue on the consolidated balance sheets until such performance obligations are satisfied. Subscription revenue to be recognized over the remaining duration of outstanding performance obligations was $4.0 million and $4.2 million as of June 30, 2025 and December 31, 2024, respectively. Total revenue for the six months ended June 30, 2025 includes $4.1 million of revenue that was included in deferred revenue as of December 31, 2024. Total revenue for the six months ended June 30, 2024 includes $2.6 million of revenue that was included in deferred revenue as of December 31, 2023.

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

**Note 3. Notes Receivable and Allowance for Credit Losses**

We offer consumer installment payment plans on our platform. Consumer installment payment plans generally consist of four installments, with the first payment made at the time of purchase and subsequent payments due every two weeks thereafter. We purchase certain receivables related to installment payment plans extended to consumers in the United States by our originating partner and are responsible for servicing such receivables. All other consumer installment payment plans are originated by us. Our notes receivable represents amounts due from consumers primarily for outstanding principal on installment payment plans made on our platform that we have either originated or purchased from our originating partner. Our notes receivable are generally due within 42 days of origination.

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

As of June 30, 2025 and December 31, 2024, our notes receivable at amortized cost was comprised of the following:

| (in thousands) | June 30, 2025 | December 31, 2024 |
|---|---|---|
| Notes receivable, gross | $ 211,562 | $ 194,434 |
| Deferred transaction income | (3,007) | (3,769) |
| **Notes receivable, amortized cost** | **$ 208,555** | **$ 190,665** |

Deferred transaction income is primarily comprised of unrecognized merchant processing fees, which are recognized over the duration of the note with the consumer and are recorded as an offset to transaction income on the consolidated statements of operations and comprehensive income. Our notes receivable had a weighted average days outstanding of 34 days.

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

The amortized cost basis of our notes receivable by Prophet Score and year of origination as of June 30, 2025 and December 31, 2024 was as follows:

| | June 30, 2025 | | | December 31, 2024 | | |
|---|---|---|---|---|---|---|
| | Amortized cost basis by year of origination | | | | | |
| (in thousands) | 2025 | 2024 | Total | 2024 | 2023 | Total |
| A | $ 74,861 | $ 4 | $ 74,865 | $ 57,945 | $ — | $ 57,945 |
| B | 79,850 | 9 | 79,859 | 74,999 | 1 | 75,000 |
| C | 53,724 | 47 | 53,771 | 57,646 | — | 57,646 |
| No score | 60 | — | 60 | 74 | — | 74 |
| **Total amortized cost** | **$ 208,495** | **$ 60** | **$ 208,555** | **$ 190,664** | **$ 1** | **$ 190,665** |

Our notes receivable are considered past due when the principal has not been received within one calendar day of when they are due in accordance with the agreed upon contractual terms. Any amounts delinquent after 90 days are charged off with an offsetting reversal to the allowance for credit losses through the provision for credit losses on our consolidated statements of operations and comprehensive income. Charged-off principal payments recovered after 90 days are recognized as a reduction to the allowance for credit losses in the period the receivable is recovered. The amortized cost basis of our notes receivable by delinquency status as of June 30, 2025 and December 31, 2024 was as follows:

| (in thousands) | June 30, 2025 | December 31, 2024 |
|---|---|---|
| Current | $ 176,104 | $ 161,870 |
| 1–28 days past due | 15,776 | 15,303 |
| 29–56 days past due | 8,392 | 6,267 |
| 57–90 days past due | 8,283 | 7,225 |
| **Total amortized cost** | **$ 208,555** | **$ 190,665** |

We maintain an allowance for credit losses at a level necessary to absorb expected credit losses, primarily on principal receivables from consumers. The allowance for credit losses is determined based on our current estimate of expected credit losses over the remaining contractual term and incorporates evaluations of known and inherent risks in our portfolio, historical credit losses, consumer payment trends, estimates of recoveries, current economic conditions, and reasonable and supportable forecasts. We regularly assess the adequacy of our allowance for credit losses and adjust the allowance as necessary to reflect changes in the credit risk of our notes receivable. Any adjustment to the allowance for credit losses is recognized in net income through the provision for credit losses on our consolidated statements of operations and comprehensive income. While we believe our allowance for credit losses is appropriate based on the information available, actual losses could differ from our estimate.

In estimating the allowance for credit losses, we utilize a roll rate analysis of delinquent and current notes receivable. Roll rate analysis is a technique used to estimate the likelihood that a loan progresses through various stages of delinquency and eventually charges off. We segment our notes receivable into delinquency statuses and semi-monthly vintages for the purpose of evaluating historical performance and determining the future likelihood of default.

The activity in the allowance for credit losses, including the provision for credit losses, charge-offs, and recoveries for the three and six months ended June 30, 2025 and 2024 was as follows:

| | For the three months ended June 30, | | For the six months ended June 30, | |
|---|---|---|---|---|
| (in thousands) | 2025 | 2024 | 2025 | 2024 |
| Balance at beginning of period | $ 20,522 | $ 9,183 | $ 26,103 | $ 12,253 |
| Provision for credit losses | 20,646 | 10,094 | 33,447 | 15,234 |
| Charge-offs | (20,302) | (8,200) | (39,964) | (17,227) |
| Recoveries of charged-off receivables | 2,749 | 709 | 4,029 | 1,526 |
| **Balance at end of period** | **$ 23,615** | **$ 11,786** | **$ 23,615** | **$ 11,786** |

Net charge-offs by year of origination for the six months ended June 30, 2025 was as follows:

| (in thousands) | 2025 | 2024 | 2023 | 2022 | 2021 | Total |
|---|---|---|---|---|---|---|
| Current period gross charge-offs | $ (12,648) | $ (27,186) | $ (4) | $ (125) | $ (1) | $ (39,964) |
| Current period recoveries | — | 3,432 | 259 | 151 | 187 | 4,029 |
| **Current period net charge-offs** | **$ (12,648)** | **$ (23,754)** | **$ 255** | **$ 26** | **$ 186** | **$ (35,935)** |

**Note 4. Other Receivables**

As of June 30, 2025 and December 31, 2024, the balance of other receivables, net, on the consolidated balance sheets was comprised of the following:

| (in thousands) | June 30, 2025 | December 31, 2024 |
|---|---|---|
| Late payment fees receivable, net | $ 1,694 | $ 993 |
| Receivables from merchants | 543 | 698 |
| Receivables from originating partner | 1,788 | 1,938 |
| **Other receivables, net** | **$ 4,025** | **$ 3,629** |

Late payment fees are applied to delinquent principal installments, subject to regulations within specific state jurisdictions. Any late payment fees associated with a delinquent payment are considered to be the same number of days delinquent as the principal payment. Late payment fees receivable, net, is comprised of outstanding late payment fees that we reasonably expect to collect from our consumers. As of June 30, 2025 and December 31, 2024, gross late payment fees receivable totaled $6.9 million and $6.3 million, respectively.

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

The activity in the allowance for other credit losses related to late payment fees, including the provision for other credit losses, charge-offs, and recoveries for the three and six months ended June 30, 2025 and 2024 was as follows:

| | For the three months ended June 30, | | For the six months ended June 30, | |
|---|---|---|---|---|
| (in thousands) | 2025 | 2024 | 2025 | 2024 |
| Balance at beginning of period | $ 4,993 | $ 1,090 | $ 5,276 | $ 1,272 |
| Provision for other credit losses | 4,568 | 1,520 | 8,523 | 2,599 |
| Charge-offs | (4,596) | (1,206) | (9,085) | (2,612) |
| Recoveries of charged-off receivables | 284 | 122 | 535 | 267 |
| **Balance at end of period** | **$ 5,249** | **$ 1,526** | **$ 5,249** | **$ 1,526** |

Due to the nature of late payment fees, we monitor the credit quality of the receivables based on delinquency status. Late payment fees receivable were $6.9 million delinquent as of June 30, 2025, and $6.0 million delinquent and $0.3 million current as of December 31, 2024. Net late payment fee charge-offs by year of origination for the six months ended June 30, 2025 was as follows:

| (in thousands) | 2025 | 2024 | 2023 | 2022 | 2021 | Total |
|---|---|---|---|---|---|---|
| Current period gross charge-offs | $ (2,602) | $ (6,460) | $ (1) | $ (22) | $ — | $ (9,085) |
| Current period recoveries | — | 407 | 55 | 32 | 41 | 535 |
| **Current period net charge-offs** | **$ (2,602)** | **$ (6,053)** | **$ 54** | **$ 10** | **$ 41** | **$ (8,550)** |

Receivables from merchants primarily represents amounts due to us from our long-term lending partner that will be used to settle outstanding merchant accounts payable. Receivables from originating partner represents amounts due to us from our originating partner that will be used to settle outstanding merchant accounts payable on orders originated by them. We do not expect to incur losses on receivables from merchants or our originating partner therefore, there is no allowance for credit losses recorded.

**Note 5. Merchant Accounts Payable**

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

Merchants have the ability to enroll, subject to our approval, into the Delayed Settlement Incentive Program ("DSIP"), which allows merchants to delay payment from us in exchange for daily incentive payments. Within merchant accounts payable, $43.7 million and $49.3 million were recorded within the DSIP balance as of June 30, 2025 and December 31, 2024, respectively. The average annual percentage yield and related interest expense was 4.22% and $0.5 million, and 4.83% and $0.6 million for the three months ended June 30, 2025 and 2024, respectively. The average annual percentage yield and related expense was 4.23% and $1.0 million, and 4.83% and $1.3 million for the six months ended June 30, 2025 and 2024, respectively. Effective December 20, 2024, all delayed payments retained in the program bore daily incentive payments at a fixed rate of 4.50% on an annual basis, compounding daily.

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

**Note 6. Other Current Liabilities**

As of June 30, 2025 and December 31, 2024, the balance of other current liabilities on the consolidated balance sheets was comprised of the following:

| **(in thousands)** | **June 30, 2025** | **December 31, 2024** |
|---|---|---|
| Consumer down payments on unpurchased originating partner receivables[(1)] | $ 13,839 | $ 9,221 |
| Accrued operational expenses | 3,233 | 6,725 |
| Accrued personnel expenses | 4,110 | 8,979 |
| Operating lease liabilities | 125 | 96 |
| **Other current liabilities** | **$ 21,307** | **$ 25,021** |

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

**Note 7. Line of Credit**

We fund our consumer receivables through the use of a secured line of credit. We had an outstanding principal balance on our line of credit totaling $131.3 million and $105.0 million as of June 30, 2025 and December 31, 2024, respectively. Our revolving credit facilities are secured by a pool of pledged, eligible notes receivable. As of June 30, 2025 and December 31, 2024, we had pledged $181.9 million and $168.4 million of eligible gross notes receivable, respectively. We had an unused borrowing capacity of $4.0 million and $39.0 million as of June 30, 2025 and December 31, 2024, respectively.

Expenses related to our line of credit for the three and six months ended June 30, 2025 and 2024 were as follows:

| | **For the three months ended June 30,** | | **For the six months ended June 30,** | |
|---|---|---|---|---|
| **(in thousands)** | **2025** | **2024** | **2025** | **2024** |
| Interest expense on utilization | $ 3,297 | $ 2,264 | $ 5,938 | $ 5,765 |
| Interest expense on unused daily amounts | 40 | 94 | 108 | 118 |
| Amortization of debt issuance costs | 111 | 119 | 219 | 315 |

For the three months ended June 30, 2025 and 2024, our line of credit carried an effective annual interest rate of 13.05% and 12.75%, respectively. For the six months ended June 30, 2025 and 2024, our line of credit carried an effective annual interest rate of 10.05% and 13.98%, respectively.

## Note 8. Commitments and Contingencies

***Loan Commitments***

On September 27, 2024, we entered into a five-year strategic partnership program with our originating partner by executing a Loan and Receivables Sale Agreement and Marketing and Servicing Agreement, effective September 27, 2024. We have a direct obligation to purchase receivables extended to consumers by our originating partner. During the three months ended June 30, 2025, the total order value of loans purchased from our originating partner was $820.7 million, and the carrying value of the receivables on those purchases totaled $603.0 million. During the six months ended June 30, 2025, the total order value of loans purchased from our originating partner was $1,527.6 million, and the carrying value of the receivables on those purchases totaled $1,121.8 million. As of June 30, 2025 and December 31, 2024, the total order value of loans we had an obligation to purchase from our originating partner was $48.9 million and $34.6 million, respectively, and the carrying value of the receivables on those obligations totaled $36.0 million and $25.4 million, respectively.

## Note 9. Net Income Per Share

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

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

| | For the three months ended June 30, | | For the six months ended June 30, | |
|---|---|---|---|---|
| **(in thousands, except per share amounts)** | **2025** | **2024** | **2025** | **2024** |
| **Numerator:** | | | | |
| Net income | $ 27,604 | $ 29,702 | $ 63,768 | $ 37,709 |
| | | | | |
| **Denominator[(1)]:** | | | | |
| Basic shares: | | | | |
| Weighted-average shares outstanding | 33,733 | 33,961 | 33,792 | 33,952 |
| Diluted shares[(2)]: | | | | |
| Stock options | 369 | 616 | 337 | 557 |
| Restricted stock units | 1,405 | 1,421 | 1,381 | 1,229 |
| Warrants | — | 149 | — | 142 |
| Weighted-average shares outstanding | 35,507 | 36,147 | 35,510 | 35,880 |
| | | | | |
| **Net income per share:** | | | | |
| Basic | $ 0.82 | $ 0.87 | $ 1.89 | $ 1.11 |
| Diluted | $ 0.78 | $ 0.82 | $ 1.80 | $ 1.05 |

(1) Effective March 28, 2025, we performed a 6-for-1 stock split of the Company's common stock, affected through a stock dividend. Share and per share amounts have been retroactively adjusted.
(2) Because their effect would have been anti-dilutive, 273 and 575 shares were excluded from the denominator of diluted net income per share for the three and six months ended June 30, 2024, respectively.

**Note 10. Subsequent Events**

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was enacted in the U.S. The OBBBA includes significant provisions such as the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act, modifications to the international tax framework and the restoration of favorable tax treatment for certain business provisions. The legislation has multiple effective dates, with certain provisions effective in 2025 and others implemented through 2027. We are currently assessing the impact to our consolidated financial statements.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion and analysis of our financial condition and results of operations should be read together with our consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q ("Form 10-Q"). This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. You should review the "Forward-Looking Statements", "Factors Affecting Results from Operations", and "Risk Factors" sections of this Form 10-Q, and the "Risk Factors" sections on this Form 10-Q and the 2024 Form 10-K for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements described in the following discussion and analysis.*

**Overview**

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

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

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

**Factors Affecting Results of Operations**

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

***Sustainable Business Model***

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

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

***Acquisition, Monetization, and Retention of Consumers***

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

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

***Product Innovation***

Our expanding product suite enables us to further promote our mission of financially empowering the next generation, and the adoption of these products by our consumers is expected to drive operating and financial performance. In 2024, we launched Payment Streaks, a new feature designed to reward consumers for consistent and timely payments. Our free Payment Streaks program enables consumers to ascend through loyalty tiers by consistently making on-time payments, with each tier providing additional benefits to consumers. In 2024, we also launched Sezzle On-Demand, which allows consumers who are not subscribed to Sezzle Anywhere to use the Sezzle Platform at any merchant online or in-store (subject to certain merchant, product, goods, and service restrictions) in exchange for a finance charge, which is added to the consumer's initial down payment. In 2025, we launched price comparison features in our product marketplace, providing consumers the ability to compare the price of a product across a variety of different merchants and receive notifications if the price drops. We also launched Sezzle Balance in 2025, which allows consumers to preload funds into a digital wallet for a simplified repayment process. We continue to seek out new partners to adopt our existing products and strategize on new products to complement our platform and core products, which we believe will have an impact on the continued growth of our business.

***Credit Risk Management***

A critical component of our business model is the ability to effectively manage the repayment risk inherent in allowing consumers to pay over time, as we absorb the costs of all credit losses on the credit we extend to our consumers. The provision for credit losses is a significant component of our operating expenses, and excessive exposure to consumer repayment failure may impact our results of operations. To that end, a team of Sezzle engineers and risk specialists oversee our proprietary systems, identify transactions with an elevated risk of fraud, assess the credit risk of the consumer, assign spending limits, and manage the ultimate receipt of funds. Because our consumers typically settle 25% of the purchase value upfront at the point of sale, we believe repayment risk is more limited relative to other traditional forms of unsecured consumer credit.

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

***Maintaining our Capital-Efficient Strategy***

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

***General Economic Conditions and Regulatory Climate***

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

***Seasonality***

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

**Key Operating Metrics**

***Gross Merchandise Volume***

| | For the three months ended June 30, | | Change | | For the six months ended June 30, | | Change | |
|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | $ | % | 2025 | 2024 | $ | % |
| | (in thousands, except percentages) | | | | | | | |
| Gross Merchandise Volume ("GMV") | $ 926,981 | $ 532,236 | $ 394,745 | 74.2 % | $ 1,735,664 | $ 1,024,908 | $ 710,756 | 69.3 % |

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

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

***Active Consumers and Monthly On-Demand Users and Subscribers***

| | As of | | Change | |
|---|---|---|---|---|
| | June 30, 2025 | December 31, 2024 | # | % |
| | (in thousands, except percentages) | | | |
| Active Consumers | 2,860 | 2,725 | 135 | 4.9 % |
| Monthly On-Demand Users and Subscribers | 748 | 707 | 41 | 5.8% |

"Active Consumers" is defined as unique consumers who have placed an order with us within the last twelve months. "Monthly On-Demand Users and Subscribers" (or "MODS") is defined as unique consumers who have placed at least one On-Demand order during the month ended June 30, 2025, plus consumers with an active subscription for either Sezzle Premium or Sezzle Anywhere as of the end of the period.

As of June 30, 2025, we had 0.5 million unique consumers who had an active subscription for either Sezzle Premium or Sezzle Anywhere ("Active Subscribers"), and 0.3 million unique consumers who placed an On-Demand order during the month ended June 30, 2025. The increase in both Active Consumers and MODS is attributed to increased marketing and advertising initiatives during the current year.

## Components of Results of Operations

***Total Revenue***

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

*Transaction Income*

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

We earn income from fees paid by merchants in exchange for our payment processing services. These merchant processing fees are applied to the underlying sales of consumers passing through our platform and are predominantly based on a percentage of the GMV plus a fixed fee per transaction. For orders that result in a financing receivable, merchant processing fees are recognized over the loan's duration using the effective interest method. For orders that do not result in a financing receivable, merchant processing fees are recognized at the time the sale is completed and not deferred over the life of the loan.

We also earn income from partners on consumer transactions. This income includes interchange fees through our virtual card solution and promotional incentives with third parties. Virtual card interchange income related to loans we originate is recognized over the loan's duration using the effective interest method. Virtual card interchange income related to loans we purchase is recognized at the time the underlying order is placed and not deferred over the life of the loan. Promotional incentives are recognized in the period we fulfil our contractual obligations with third-party platforms for directing traffic or volume to specific merchants or brands.

Transaction income also includes income from consumer fees that are related to processing orders and payments. Such fees are assessed when consumers makes a scheduled payment using a card, when a payment method fails when attempting to make an installment payment, or when consumers pay a finance charge to use Sezzle On-Demand.

*Subscription Revenue*

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

*Income from Other Sources*

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

***Personnel***

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

***Transaction Expense***

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

***Third-Party Technology and Data***

Third-party technology and data primarily includes cloud-based infrastructure, fraud prevention, obtaining underwriting data that resulted in failed loan applications, and consumer engagement. Underwriting costs incurred that result in successfully originated loans are an element of transaction income and recognized as a reduction of the overall income and, therefore, are not included in third-party technology and data.

***Marketing, Advertising, and Tradeshows***

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

***General and Administrative***

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

***Provision for Credit Losses***

We maintain an allowance for credit losses at a level necessary to absorb expected credit losses on notes receivable from consumers. The allowance for credit losses is determined based on our current estimate of expected credit losses over the remaining contractual term and incorporates evaluations of known and inherent risks in our portfolio, historical credit losses, consumer payment trends, estimates of recoveries, current economic conditions, and reasonable and supportable forecasts. We regularly assess the adequacy of our allowance for credit losses and adjust the allowance as necessary to reflect changes in the credit risk of our notes receivable. Any adjustment to the allowance for credit losses is recognized through the provision for credit losses.

***Net Interest Expense***

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

***Income Tax Expense (Benefit)***

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

Significant judgement is required in determining whether or not our net deferred tax assets are more likely than not to be realized. We assess the realizability of our deferred tax assets by taking into account all relevant positive and negative evidence at each reporting date, including our history of taxable income adjusted for permanent book-tax differences, volatility in our earnings, impacts of the timing and reversal of temporary book-tax differences, and our projected future earnings. Our valuation allowance assessment is based on our best estimate of future results considering all available, relevant evidence.

***Other Comprehensive Income (Loss)***

Other comprehensive income (loss) is comprised of foreign currency translation adjustments.

## Results of Operations

***Total Revenue***

| | For the three months ended June 30, | | Change | | For the six months ended June 30, | | Change | |
|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | $ | % | 2025 | 2024 | $ | % |
| | (in thousands, except percentages) | | | | | | | |
| Transaction income | $ 51,597 | $ 29,081 | $ 22,516 | 77.4 % | $ 109,762 | $ 55,699 | $ 54,063 | 97.1 % |
| Subscription revenue | 22,577 | 19,847 | 2,730 | 13.8 % | 46,005 | 34,520 | 11,485 | 33.3 % |
| Income from other sources | 24,528 | 7,041 | 17,487 | 248.4 % | 47,847 | 12,728 | 35,119 | 275.9 % |
| **Total revenue** | **$ 98,702** | **$ 55,969** | **$ 42,733** | **76.4 %** | **$ 203,614** | **$ 102,947** | **$ 100,667** | **97.8 %** |

For the three months ended June 30, 2025 and 2024, transaction income included merchant and partner income of $23.8 million and $18.8 million, respectively. For the six months ended June 30, 2025 and 2024, transaction income included merchant and partner income of $47.3 million and $38.1 million, respectively. The increase in merchant and partner income was a result of higher GMV in the current period, offset against costs related to purchasing loans from our loan originator.

Transaction income also increased as a result of consumer fees, which totaled $27.8 million and $10.3 million for the three months ended June 30, 2025 and 2024, respectively, and $62.5 million and $17.6 million for the six months ended June 30, 2025 and 2024, respectively. The increase in consumer fees when comparing the three months ended June 30, 2025 and 2024 was primarily driven by higher GMV in the current period, which contributed to approximately $7.5 million of the increase; the introduction of new products, which contributed to approximately $6.1 million of the increase; and the standardization of consumer fees stemming from our strategic bank partnership, which contributed to the rest of the increase. The increase in consumer fees when comparing the six months ended June 30, 2025 and 2024 was primarily driven by the standardization of consumer fees, which contributed to $23.1 million of the increase; higher GMV in the current period, which contributed to approximately $12.2 million of the increase; and the introduction of new products, which contributed to approximately $9.6 million of the increase.

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

For the three and six months ended June 30, 2025 and 2024, the increase in income from other sources was driven by higher consumer fee income as a result of the standardizing of consumer fees, as well as a higher absolute number of orders becoming past due, largely driven by higher GMV. Consumer late payment fees totaled $15.7 million and $4.0 million for the three months ended June 30, 2025 and 2024, respectively, and $32.4 million and $6.7 million for the six months ended June 30, 2025 and 2024, respectively.

***Personnel***

| | For the three months ended June 30, | | Change | | For the six months ended June 30, | | Change | |
|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | $ | % | 2025 | 2024 | $ | % |
| | (in thousands, except percentages) | | | | | | | |
| Personnel | $ 11,681 | $ 12,737 | $ (1,056) | (8.3) % | $ 26,729 | $ 23,762 | $ 2,967 | 12.5 % |

The decrease when comparing the three months ended June 30, 2025 and 2024 was from less profit-sharing incentive program expense recorded during the three months ended June 30, 2025, offset against higher headcount. The increase when comparing the six months ended June 30, 2025 and 2024 was primarily driven by higher headcount during the six months ended June 30, 2025.

Recorded within personnel, equity based compensation totaled $1.5 million for the three months ended June 30, 2025 and 2024, and $2.8 million and $2.4 million for the six months ended June 30, 2025 and 2024, respectively.

***Transaction Expense***

| | For the three months ended June 30, | | Change | | For the six months ended June 30, | | Change | |
|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | $ | % | 2025 | 2024 | $ | % |
| | (in thousands, except percentages) | | | | | | | |
| Payment processing costs | $ 13,253 | $ 9,087 | $ 4,166 | 45.9 % | $ 27,420 | $ 19,253 | $ 8,167 | 42.4 % |
| Affiliate and partner fees | 710 | 1,340 | (630) | (47.0) % | 1,532 | 2,541 | (1,009) | (39.7) % |
| Other transaction expense | 280 | 315 | (35) | (11.1) % | 608 | 735 | (127) | (17.3) % |
| **Transaction expense** | **$ 14,243** | **$ 10,742** | **$ 3,501** | **32.6 %** | **$ 29,560** | **$ 22,529** | **$ 7,031** | **31.2 %** |

The increase in payment processing costs was primarily driven by higher GMV during the three and six months ended June 30, 2025 compared to the three and six months ended June 30, 2024. GMV growth outpaced the increase in payment processing expenses as a result of more efficient processing strategies in place in the current year.

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

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

***Third-Party Technology and Data***

| | For the three months ended June 30, | | Change | | For the six months ended June 30, | | Change | |
|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | $ | % | 2025 | 2024 | $ | % |
| | (in thousands, except percentages) | | | | | | | |
| Third-party technology and data | $ 3,428 | $ 2,180 | $ 1,248 | 57.2 % | $ 6,802 | $ 4,337 | $ 2,465 | 56.8 % |

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

***Marketing, Advertising, and Tradeshows***

| | For the three months ended June 30, | | Change | | For the six months ended June 30, | | Change | |
|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | $ | % | 2025 | 2024 | $ | % |
| | (in thousands, except percentages) | | | | | | | |
| Marketing, advertising, and tradeshows | $ 8,772 | $ 995 | $ 7,777 | 781.6 % | $ 14,118 | $ 1,650 | $ 12,468 | 755.6 % |

The increase in marketing, advertising, and tradeshow costs was from expanding initiatives to promote consumer acquisition and co-market the Sezzle brand during the three and six months ended June 30, 2025.

***General and Administrative***

| | For the three months ended June 30, | | Change | | For the six months ended June 30, | | Change | |
|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | $ | % | 2025 | 2024 | $ | % |
| | (in thousands, except percentages) | | | | | | | |
| General and administrative | $ 3,846 | $ 2,522 | $ 1,324 | 52.5 % | $ 6,977 | $ 4,902 | $ 2,075 | 42.3 % |

The increase was primarily from higher professional service fees during the three and six months ended June 30, 2025, when compared to the three and six months ended June 30, 2024, related to the scaling of our business. Costs related to the partnership with our loan originator also contributed to the increase.

***Provision for Credit Losses***

| | For the three months ended June 30, | | Change | | For the six months ended June 30, | | Change | |
|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | $ | % | 2025 | 2024 | $ | % |
| | (in thousands, except percentages) | | | | | | | |
| Provision for credit losses | $ 20,646 | $ 10,094 | $ 10,552 | 104.5 % | $ 33,447 | $ 15,234 | $ 18,213 | 119.6 % |

The increase in credit losses was a result of higher GMV during the three and six months ended June 30, 2025 when compared to the three and six months ended June 30, 2024, as well as changes to consumer underwriting to promote consumer acquisition and retention.

Of the $10.6 million increase when comparing the three months ended June 30, 2025 and 2024, approximately $7.5 million was attributable to the increase in GMV. The rest of the increase was a result of changes in consumer underwriting. Of the $18.2 million increase when comparing the six months ended June 30, 2025 and 2024, approximately $10.6 million was attributable to the increase in GMV. The rest of the increase was a result of changes in consumer underwriting.

As a percentage of total revenue, the provision for credit losses was 20.9% and 18.0% for the three months ended June 30, 2025 and 2024, respectively, and 16.4% and 14.8% for the six months ended June 30, 2025 and 2024, respectively.

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

***Net Interest Expense***

| | For the three months ended June 30, | | Change | | For the six months ended June 30, | | Change | |
|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | $ | % | 2025 | 2024 | $ | % |
| | (in thousands, except percentages) | | | | | | | |
| Net interest expense | $ 3,501 | $ 2,911 | $ 590 | 20.3 % | $ 6,415 | $ 6,993 | $ (578) | (8.3)% |

The increase in net interest expense when comparing the three months ended June 30, 2025 and 2024 was primarily from higher outstanding borrowings on our line of credit during the three months ended June 30, 2025. The decrease in net interest expense when comparing the six months ended June 30, 2025 and 2024 was from entering into a new line of credit on April 19, 2024, which carries a lower interest rate than our previous line of credit.

***Income Tax Expense***

| | For the three months ended June 30, | | | Change | | | For the six months ended June 30, | | | Change | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2025 | | 2024 | $ | | % | 2025 | | 2024 | $ | | % |
| | (in thousands, except percentages) | | | | | | | | | | | |
| Income tax expense (benefit) | $ | 5,068 | $ (16,123) | $ | 21,191 | Not meaningful | $ | 15,910 | $ (15,730) | $ | 31,640 | Not meaningful |

Our effective income tax rate for the three months ended June 30, 2025 and 2024 was 15.5% and (118.7%), respectively. Our effective income tax rate for the six months ended June 30, 2025 and 2024 was 20.0% and (71.6%), respectively. The change in the effective tax rate for the three and six months ended June 30, 2025 compared to the three and six months ended June 30, 2024 was primarily driven by a release of the majority of our valuation allowance during the three and six months ended June 30, 2024.

Additionally, for the three and six months ended June 30, 2025 we recorded discrete tax benefits of $3.1 million and $4.0 million, respectively, related to excess tax benefits on stock based compensation.

We assess all relevant positive and negative evidence to determine if our existing deferred tax assets can be realized at each reporting date. As of June 30, 2025 and December 31, 2024, we maintained a $4.1 million and $3.7 million valuation allowance against our foreign net deferred tax assets, respectively.

**Liquidity and Capital Resources**

For the six months ended June 30, 2025 and 2024, our net income was $63.8 million and $37.7 million, respectively. We have historically financed our operating and capital needs primarily through private sales of equity, our capital raises on the Australian Securities Exchange (ASX), and our revolving line of credit. As of June 30, 2025, our principal sources of liquidity were cash, cash equivalents, restricted cash, the unused borrowing capacity on our line of credit, and certain cash flows from operations.

As of June 30, 2025, we had cash and cash equivalents of $88.9 million, compared to $73.2 million as of December 31, 2024. Our cash and cash equivalents were held primarily for working capital requirements and the continued investment in our business. As of June 30, 2025 and December 31, 2024, we had restricted cash of $31.0 million and $25.1 million, respectively.

As of June 30, 2025 and December 31, 2024, we had working capital of $222.7 million and $151.9 million, respectively. Additionally, as of June 30, 2025 and December 31, 2024 we had an unused borrowing capacity on our line of credit of $4.0 million and $39.0 million, respectively.

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

***Factors Affecting Liquidity and Capital Resources***

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

***Cash Flows***

The following table summarizes our cash flows:

| | For the six months ended June 30, | |
|---|---|---|
| **(in thousands)** | **2025** | **2024** |
| Net Cash Provided from Operating Activities | $ 22,522 | $ 34,218 |
| Net Cash Used for Investing Activities | (1,328) | (774) |
| Net Cash Used for Financing Activities | (809) | (40,040) |
| Net increase (decrease) in cash, cash equivalents, and restricted cash | $ 20,385 | $ (6,596) |

***Operating Activities***

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

During the six months ended June 30, 2025, net cash provided from operating activities totaled $22.5 million, driven by our $63.8 million net income adjusted for $48.1 million of non-cash adjustments such as credit losses, equity based compensation, deferred income taxes, and depreciation and amortization, and offset against cash outflows of $89.3 million from changes in our operating assets and liabilities. Our cash outflows from changes in our operating assets and liabilities were driven by a $53.8 million increase in our notes receivable related to higher transaction volume during the six months ended June 30, 2025, as well as timing of consumer repayments in the current year, resulting in decreased cash receipts from consumers during the current year. Cash outflows were also driven by an $11.6 million increase in prepaid assets and other assets related to the timing of receipts from taxing authorities and payments to vendors, an $8.9 million increase in other receivables related to higher late payment fees assessed in the current period not yet collected, and an $8.9 million decrease in merchant accounts payable related to the timing of payments to merchants. During the six months ended June 30, 2025, cash payments for personnel-related expenses totaled $29.7 million, cash payments for processing costs totaled $31.2 million, cash interest payments totaled $7.0 million, and cash paid for income taxes totaled $25.2 million.

During the six months ended June 30, 2024, net cash provided from operating activities totaled $34.2 million, which was primarily related to our $37.7 million of net income adjusted for $5.7 million of non-cash adjustments such as deferred income taxes, credit losses, equity based compensation, and depreciation and amortization, offset against cash outflows of $9.2 million from changes in our operating assets and liabilities. Our cash outflows from changes in our operating assets and liabilities were driven by a $4.1 million increase in our notes receivable related to higher transaction volume during the six months ended June 30, 2024, as well as timing of consumer repayments. This resulted in a decrease of cash receipts from consumers during the six months ended June 30, 2024. Offset against these, we had a $3.3 million increase in accrued liabilities related to the timing of payments to vendors and personnel, which resulted in a decrease of cash payments during the six months ended June 30, 2024. During the six months ended June 30, 2024, cash payments for personnel-related expenses totaled $23.7 million, cash payments for processing costs totaled $20.3 million, and cash interest payments totaled $7.1 million.

The change in net cash from operating activities year-over-year was primarily from increased cash receipts from consumers related to our increased profitability during the six months ended June 30, 2025.

***Investing Activities***

Net cash used for investing activities was $1.3 million and $0.8 million for the six months ended June 30, 2025 and 2024, respectively. Cash outflows for investing activities were used for purchasing computer equipment and payments of salaries to employees who create capitalized internal-use software.

***Financing Activities***

Net cash used for financing activities during the six months ended June 30, 2025 and 2024 was $0.8 million and $40.0 million, respectively. Our net cash used for financing activities during the six months ended June 30, 2025 was driven by repurchases of common stock totaling $30.7 million, offset against net proceeds from our line of credit totaling $26.3 million and proceeds from stock option exercises totaling $3.6 million. $23.5 million of our common stock repurchases were made under our stock repurchase plan, with the remaining repurchases representing withheld shares of common stock from employees to cover minimum statutory withholding tax obligations owed for vested restricted stock units issued under our equity incentive plans.

Net cash used for financing activities during the six months ended June 30, 2024 was comprised of net payments to our line of credit totaling $25.0 million, repurchases of common stock totaling $14.3 million, and payments of debt issuance costs totaling $1.0 million. $12.8 million of our common stock repurchases were made under our stock repurchase plan, with the remaining repurchases representing withheld shares of common stock from employees to cover minimum statutory withholding tax obligations owed for vested restricted stock units issued under our equity incentive plans. These cash outflows were offset against proceeds from stock option exercises totaling $0.3 million.

***Line of Credit***

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

***Loan Commitments***

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

**Critical Accounting Policies and Estimates**

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

We evaluate our significant estimates on an ongoing basis, including, but not limited to, estimates related to our allowance for credit losses, equity based compensation, and income taxes. We believe these estimates have the greatest risk of affecting our consolidated financial statements; therefore, we consider these to be our critical accounting policies and estimates. Refer to Note 1. Principal Business Activity and Significant Accounting Policies within the Notes to Consolidated Financial Statements and "Critical Accounting Policies and Estimates" within Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2024 Annual Report on Form 10-K for a complete discussion of our significant accounting policies and critical accounting estimates.

**New Accounting Pronouncements**

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

**Off Balance Sheet Arrangements**

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

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a smaller reporting company, we are not required to provide the information required by this Item; however, we are exposed to market risks during our ordinary course of business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices, interest rates, and foreign currency exchange rates. Our primary risk exposure is the result of fluctuations in interest rates and foreign currency exchange rates. Management establishes policies and programs around our investing and funding activities in order to mitigate market risks. We continuously monitor risk exposures.

*Interest Rate Risk*

We are exposed to interest rate risk primarily from our revolving line of credit. As of June 30, 2025 and December 31, 2024, we had a revolving line of credit facility of $150 million and $100 million available to us, respectively. We are obligated to pay interest on borrowing under our line of credit as well as other customary fees, including an unused commitment fee. Borrowings under our line of credit bear interest at a floating rate based on the U.S. Federal Reserve's Secured Overnight Financing Rate ("SOFR"); therefore, we are exposed to risks related to fluctuations in SOFR to the extent of our outstanding borrowings. As of June 30, 2025 and December 31, 2024, we had $131.3 million and $105.0 million, respectively, outstanding under our line of credit. For the six months ended June 30, 2025, a 100 basis point hypothetical adverse change in SOFR during the year would have resulted in an additional $0.5 million of interest expense recorded within net interest expense on our consolidated statements of operations and comprehensive income, based on actual borrowings on our line of credit during the six months ended June 30, 2025.

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

*Foreign Currency Risk*

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

We are also subject to foreign currency exchange risk related to translation, as a number of our subsidiaries have functional currencies other than the U.S. Dollar. Translation from these foreign currencies to the U.S. Dollar is performed for balance sheet accounts using exchange rates in effect at the balance sheet date and for revenue and expense accounts using an average exchange rate for the period. Resulting translation adjustments are reported as a component of accumulated other comprehensive loss on the consolidated balance sheets. A hypothetical adverse 10% change in all of our subsidiaries' functional currencies against the U.S. Dollar compared to the exchange rate during the six months ended June 30, 2025 and 2024 would have resulted in an additional foreign currency translation adjustment of approximately $1.6 million.

## ITEM 4. CONTROLS AND PROCEDURES

### Evaluation of Disclosure Controls and Procedures

As of June 30, 2025, Sezzle conducted an evaluation, under supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rules 13a-15 and 15d-15 of the Securities Exchange Act of 1934, as amended (Exchange Act).

Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective at a reasonable assurance level. Disclosure controls and procedures are defined by Rules 13a-15(e) and 15d-15(e) of the Exchange Act as controls and other procedures that are designed to ensure that information required to be disclosed by us in reports filed with the SEC under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in reports filed under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

### Changes in Internal Control Over Financial Reporting

As of June 30, 2025, our management, with the participation of our Principal Executive Officer and Principal Financial Officer, evaluated our internal control over financial reporting. Based on that evaluation, our Principal Executive Officer and Principal Financial Officer concluded that no changes in our internal control over financial reporting occurred during the six months ended June 30, 2025 have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

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

On June 9, 2025, we filed a lawsuit against Shopify Inc. in the U.S. District Court for the District of Minnesota asserting federal and state antitrust violations. The lawsuit alleges that Shopify has been engaging and continues to engage in monopolistic and anticompetitive business practices in order to stifle competition for “buy now, pay later” service options on Shopify’s e-commerce platform. Sezzle is seeking an injunction to prevent Spotify from continuing its anticompetitive conduct and to restore competition and consumer choice. Sezzle is also seeking damages, which could be tripled under applicable laws. This matter is in preliminary stages and its outcome cannot be predicted with certainty.

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

### ITEM 1A. RISK FACTORS

As a smaller reporting company, we are not required to provide the information required by this Item. However, there have been no material changes to the risk factors described in Part I, Item 1A, Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2024, except as follows:

***If we lose our certification as a B Corporation or our publicly reported B Corporation score declines, our reputation could be harmed and our business could be adversely affected.***

Certified B Corporation status is a certification by a third party, B Lab, which requires us to consider the impact of our decisions on our workers, customers, supplier, community and the environment. We must satisfy re-certification requirements when applying for B Certification renewal every three years. On August 7, 2025, we elected to forego recertification as a B Corporation and terminate our agreement with B Lab. Any changes in our status could create the perception that we are more focused on financial performance and no longer committed to the values shared by certified B Corporations. Further, now that we are no longer seeking recertification, we will not have an updated assessment score on our website. Our reputation could be harmed if we no longer publicly report a B Corporation score or there is a perception that we are no longer committed to the certified B Corporation standards. Similarly, our reputation could be harmed if we take actions that are perceived to be misaligned with B Lab’s values.

Investors are encouraged to review such risk factors, as they have the potential to affect our business, financial condition, results of operations, cash flow, strategies or prospects in a material and adverse manner.

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

Throughout the three months ended June 30, 2025, we withheld shares of common stock from employees to cover minimum statutory withholding tax obligations owed for vested restricted stock units and unrestricted stock issued under our equity incentive plans. We also repurchased shares in the open market under our stock repurchase plan, as described in our Current Reports on Form 8-K filed on March 10, 2025. The table below presents information with respect to such common stock purchases made by us during the three months ended June 30, 2025, as follows:

**Issuer Purchases of Equity Securities**

| Period | Total Number of Shares Purchased(1) | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under Publicly Announced Plans or Programs(2) |
|---|---|---|---|---|
| April 1, 2025 through April 30, 2025 | 788,241 | $ 35.02 | 678,529 | $ 26,439,441 |
| May 1, 2025 through May 31, 2025 | 1,447 | 91.53 | — | 26,439,441 |
| June 1, 2025 through June 30, 2025 | 3,728 | 134.01 | — | 26,439,441 |
| **Total** | **793,416** | **$ 35.58** | **678,529** | **$ 26,439,441** |

(1) Of the total, 114,887 shares were surrendered to satisfy minimum statutory tax obligations under our equity incentive plans.
(2) On March 10, 2025, the Board of Directors authorized a stock repurchase program to repurchase up to $50 million of our outstanding shares. This program commenced April 7, 2025 and expires April 7, 2026, or earlier if all transactions under our stock repurchase plan are completed.

## ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

## ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

## ITEM 5. OTHER INFORMATION

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

During the quarter ended June 30, 2025, none of the officers (as defined in Exchange Act Rule 16a-1(f)) or directors of the Company adopted or terminated a “Rule 10b5-1 trading arrangement,” (as defined in Item 408(a) of Regulation S-K) intended to satisfy the affirmative defense conditions of Exchange Act Rule 10b5-1(c) or any non-Rule 10b5-1 trading arrangement, except as follows:

On May 21, 2025, Justin Krause, the Company’s Principal Accounting Officer, adopted a Rule 10b5-1 trading arrangement (the “Krause Plan”) that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c). The Krause Plan provides for the potential sale of up to 46,250 shares of the Company’s common stock, from August 25, 2025 until termination of the Krause Plan on May 31, 2026, or earlier if all the transactions under the Krause Plan are completed.

However, our officers (as defined in Exchange Act Rule 16a-1(f)) and directors may adopt 10b5-1 Plans or non-Rule 10b5-1 trading arrangements in the future.

## ITEM 6. EXHIBITS

| Exhibit Number | Exhibit Description | Incorporated by Reference | | | Filed Herewith |
|---|---|---|---|---|---|
| | | Form | File Number | File Date | |
| 10.1 | Form of Notice of Option Award* | 10-K | 001-41781 | 2/27/2025 | |
| 10.2 | Form of Notice of RSU Award* | 10-K | 001-41781 | 2/27/2025 | |
| 10.3 | Form of Notice of Unrestricted Stock Award* | 10-Q | 001-41781 | 5/8/2025 | |
| 10.4 | Form of Notice of Restricted Stock Award* | | | | X |
| 10.5 | Amendment to Sezzle Inc. 2021 Equity Incentive Plan* | 8-K | 001-41781 | 8/4/2025 | |
| 10.6 | Form of Award Amendment* | 8-K | 001-41781 | 8/4/2025 | |
| 31.1 | Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | | | | X |
| 31.2 | Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | | | | X |
| 32.1 | Certification of the Chief Executive Officer as Adopted Pursuant to 18 U.S.C. Section 1350 Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | | | | X |
| 32.2 | Certification of the Chief Financial Officer as Adopted Pursuant to 18 U.S.C. Section 1350 Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | | | | X |
| 101.INS | XBRL Instance Document | | | | X |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document | | | | X |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document | | | | X |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document | | | | X |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document | | | | X |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document | | | | X |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) | | | | X |

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

**SIGNATURE**

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

**SEZZLE INC.**

| | | |
|---|---|---|
| Dated: August 7, 2025 | By: | /s/ Charles Youakim |
| | | Charles Youakim<br>Chief Executive Officer<br>(Principal Executive Officer) |
| | By: | /s/ Karen Hartje |
| | | Karen Hartje<br>Chief Financial Officer<br>(Principal Financial Officer) |

**Exhibit 31.1**

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

Certifications

I, Charles Youakim, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sezzle Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. [paragraph omitted in accordance with Exchange Act Rule 13a-14(a)]
    c. evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 7, 2025

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

**Exhibit 31.2**

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

Certifications

I, Karen Hartje, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sezzle Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. [paragraph omitted in accordance with Exchange Act Rule 13a-14(a)]
   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2025

/s/ Karen Hartje
Karen Hartje
Principal Financial Officer

**Exhibit 32.1**

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

In connection with the Quarterly Report on Form 10-Q of Sezzle Inc., a Delaware corporation ("the Company"), for the quarter ended June 30, 2025, as filed with the Securities and Exchange Commission on the date hereof ("the Report"), the undersigned officer of the Company certifies pursuant to 18 U.S.C. Section 1350, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: August 7, 2025

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

**Exhibit 32.2**

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

In connection with the Quarterly Report on Form 10-Q of Sezzle Inc., a Delaware corporation ("the Company"), for the quarter ended June 30, 2025, as filed with the Securities and Exchange Commission on the date hereof ("the Report"), the undersigned officer of the Company certifies pursuant to 18 U.S.C. Section 1350, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: August 7, 2025

/s/ Karen Hartje
Karen Hartje
Principal Financial Officer

**RESTRICTED STOCK AGREEMENT**
**UNDER THE**
**SEZZLE EMPLOYEE STOCK OPTION PLAN**

**Name of Participant:**

**No. of Shares:**

**Grant Date:**

THIS RESTRICTED STOCK AGREEMENT (this "Agreement") is entered into by and between Sezzle Inc., a Delaware corporation (the "Company"), and the Participant named above, as of the Grant Date noted above, pursuant to the Sezzle Inc. 2021 Equity Incentive Plan (the "Plan"). Capitalized terms used but not defined herein shall have the meanings given in the Plan.

WHEREAS, the Company recognizes that the Participant's services are uniquely valuable to the Company and wishes to grant and issue, to the Participant, the Restricted Stock to provide the Participant with an ownership interest in the Company.

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Participant agree as follows:

**AGREEMENT**

**1. GRANT OF THE RESTRICTED STOCK**. As of the Grant Date, the Company hereby awards to the Participant ___ shares of Restricted Stock (the "Award").

**2. CONSIDERATION**. The Company and the Participant acknowledge and agree that this Agreement has been executed and delivered, and the Restricted Stock has been issued, in connection with and as a part of the compensation and incentive arrangements between the Company and the Participant.

**3. RESTRICTED PERIOD; VESTING**. Except as provided herein, as applicable, all shares of Restricted Stock will vest, and restrictions with respect to such Restricted Stock shall lapse, over a four-year period starting on the Vesting Commencement Date. Twenty-five percent (25%) will vest on the 12-month anniversary of the Vesting Commencement Date and 6.25% of the remaining shares of Restricted Stock shall vest quarterly thereafter until vested in full, on the 4-year anniversary of the Vesting Commencement Date. The period over which the Restricted Stock vests is referred to as the "Restricted Period."

**4. TERMINATION OF EMPLOYMENT**. Notwithstanding the above, if the Participant's Employment is terminated for any reason (the "Termination Date"), your rights in respect of all of your then unvested shares of Restricted Stock shall be forfeited immediately and without further action by the Company as of the Termination Date. For the avoidance of doubt and for purposes of this Award only, termination of Employment status and the Termination Date will be deemed to occur as of the date Participant is no longer actively providing services as an Employee, as determined by the Administrator (except to the extent Participant is on a Company-approved leave of absence), and will not be extended by any notice period or "garden leave" that is required contractually or under applicable laws.

**5.** **EFFECT OF A COVERED TRANSACTION**. Notwithstanding the above, if your Restricted Stock will be terminated (in whole or in part) in connection with a Covered Transaction, your Restricted Stock will vest in full immediately prior to the consummation of the Covered Transaction, on such terms and conditions as the Administrator shall determine in accordance with the Plan. In such event, the Company will attempt to notify you at least 5 days prior to the Termination Date.

**6.** **EFFECT OF CERTAIN TERMINATIONS OF EMPLOYMENT**. Notwithstanding the above, if your Employment is terminated without Cause by the Company (or a successor, if appropriate) or you resign your Employment for Good Reason (as defined below) in connection with or following the consummation of a Covered Transaction, then the vesting of your Restricted Stock shall accelerate and become fully vested immediately prior to the Termination Date.

7. As used herein, “Good Reason” will mean Participant’s resignation of Employment due to the occurrence of any of the following conditions without Participant’s written consent, provided that the requirements regarding advance notice and an opportunity to cure set forth below are satisfied: (1) a reduction of Participant’s then-current base salary by 20% or more unless such reduction is part of a generalized salary reduction affecting similarly situated employees of the Company; (2) a change in Participant’s position with the Company that materially reduces Participant’s duties, level of authority or responsibility; or (3) the Company conditions Participant’s continued service with the Company on Participant being transferred to a site of employment that would increase Participant’s one-way commute by more than 100 miles from Participant’s then-principal residence. In order for Participant to resign for Good Reason, Participant must provide written notice to the Company of the existence of the Good Reason condition within 60 days of the initial existence of such Good Reason condition. Upon receipt of such notice, the Company will have 30 days during which it may cure and eliminate the Good Reason condition and not be required to provide for the vesting acceleration described herein as a result of such proposed resignation. If the Good Reason condition is not remedied within such 30 day period, Participant may resign based on the Good Reason condition specified in the notice effective no later than 30 days following the expiration of the 30-day cure period.

8. If Participant is a director of the Company but not an employee or consultant of the Company (or a successor, if appropriate) at the time of consummation of the Covered Transaction and Participant is removed from, or is not reelected to, the Board of Directors of the Company (or a successor, as appropriate) in connection with or at the annual meeting next following the consummation of a Covered Transaction, your Restricted Stock will accelerate and become vested to the same extent as if Participant had been terminated without Cause as described above.

**9.** **RESTRICTIONS**. Subject to any exceptions set forth in this Agreement or the Plan, during the Restricted Period, the shares of Restricted Stock issued under this Agreement or the rights relating thereto may not be assigned, alienated, pledged, attached, sold or otherwise transferred or hypothecated by the Participant. Any attempt to assign, alienate, pledge, attach, sell, or otherwise transfer or hypothecate the Restricted Stock, or the rights relating thereto, during the Restricted Period shall be wholly ineffective and, if any such attempt is made, the Restricted Stock will be forfeited by the Participant and all of the Participant’s rights to such Restricted Stock shall immediately terminate without any payment or consideration by the Company.

**10.** **DIRECTOR RESTRICTIONS.** If Participant is a member of the Company's Board of Directors on the Grant Date, the shares of Restricted Stock are subject to a sale restriction for 3 years from (i) the Vesting Commencement Date or (ii) the date the Participant was appointed as a member to the Company's Board of Directors, whichever comes first.

**11.** **STOCK CERTIFICATES; DELIVERY**. Evidence of book entry Stock with respect to the Restricted Stock herein awarded in which the restrictions have lapsed in accordance with this Agreement shall be delivered to the Participant as soon as practicable following the date on which the restrictions on such Restricted Stock have lapsed, free of all restrictions hereunder.

**12.** **RECORD OWNER; DIVIDEND RIGHTS**. The Participant shall be considered the record owner of the Restricted Stock as of the date hereof and shall be entitled to all rights relating to the Restricted Stock, including, without limitation, the right to vote and to receive any and all dividends or any other distributions declared and paid by the Company; provided, however, that dividends or distributions declared or paid on the Restricted Stock by the Company shall be deferred and reinvested in Shares of Restricted Stock based on the Fair Market Value of a Share on the date such dividend or distribution is paid or made (provided that no fractional Shares will be issued), and the additional shares of Restricted Stock thus acquired shall be subject to the same restrictions on transfer, forfeiture and vesting schedule as the Restricted Stock in respect of which such dividends or distributions were made. The Participant acknowledges that the Company is under no duty to declare any dividends or to make any distributions with respect to the Stock.

**13.** **NO RIGHT TO CONTINUED EMPLOYMENT**. This Agreement shall not be construed to confer upon the Participant any right to continued employment or service with the Company. The Participant acknowledges that this Agreement shall not limit the right of the Company, in its sole and absolute discretion, to terminate the Participant's employment or service at any time, with or without Cause, subject to applicable laws and any employment agreements that may exist between the Company and Participant.

**14.** **ADMINISTRATION.** This Agreement shall at all times be subject to the terms and conditions of the Plan and the Plan shall in all respects be administered by the Administrator in accordance with the terms of and as provided in the Plan. The Administrator shall have the sole and complete discretion with respect to all matters reserved to it by the Plan and decisions of the Administrator with respect thereto and to this Agreement shall be final and binding upon the Participant and the Company. In the event of any conflict between the terms and conditions of this Agreement and the Plan.

**15.** **TAX WITHHOLDING; TAX ADVICE**. The Company shall have the right to deduct or withhold from any payments made by Company to the Participant, or to require that the Participant remit to Company, an amount sufficient to satisfy any federal, state or local taxes of any kind as are required by law to be withheld with respect to the Restricted Stock granted hereunder. The Participant hereby acknowledges that neither the Company nor any of its representatives has provided to the Participant any tax-related advice with respect to the matters covered by this Agreement. The Participant understands and acknowledges that the Participant is solely responsible for obtaining his or her own tax advice with respect to the matters covered by this Agreement.

**16.** **CLAWBACK**. By accepting the Award, Participant acknowledges that the Award (whether or not vested or exercisable), the proceeds from the disposition of the Award or Stock acquired under any Award, and any other amounts received in respect of any Award or Stock acquired under any Award will be subject to forfeiture and disgorgement to the Company, with interest and other related earnings, upon those terms describe in Section 6(a)(5) of the Plan, and Participant is fully bound by, and subject to all of the terms and conditions of, those agreements and policies described in Section 6(a)(5) of the Plan. Participant agrees to abide by such agreements and policies. To the extent that the Administrator determines that all or any portion of the Restricted Stock (or the value of such Stock) must be forfeited, repaid, or otherwise recovered by the Company, Participant shall promptly take whatever action is necessary to effectuate such forfeiture, repayment, or recovery.

**17.** **SECTION 409A**. This Agreement is intended to comply with Section 409A of the Code or an exemption thereunder and shall be construed and interpreted in a manner that is consistent with the requirements for avoiding additional taxes or penalties under Section 409A of the Code. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement comply with Section 409A of the Code and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Participant on account of non-compliance with Section 409A of the Code.

**18.** **ADJUSTMENTS**. The number of Restricted Stock issued to the Participant pursuant to this Agreement shall be adjusted by the Administrator as described in Section 7 of the Plan in the event of a change in the Company's capital structure.

**19.** **MISCELLANEOUS.**

(a) **Governing Law.** Subject to Section 11(a) of the Plan, Participant agrees to (i) submit irrevocably and unconditionally to the jurisdiction of the federal and state courts located within the geographic boundaries of the United States District Court for the District of Delaware for the purpose of any suit, action or other proceeding arising out of or based upon the Plan or any Award; (ii) not commence any suit, action or other proceeding arising out of or based upon the Plan or any Award, except in the federal and state courts located within the geographic boundaries of the United States District Court for the District of Delaware; and (iii) waive, and not assert, by way of motion as a defense or otherwise, in any such suit, action or proceeding, any claim that he or she is not subject personally to the jurisdiction of the above-named courts that his or her property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that the Plan or any Award or the subject matter thereof may not be enforced in or by such court.

(b) **Entire Agreement.** This Agreement, together with the Plan, collectively sets forth the entire agreement and understanding of the parties relating to the subject matter herein and supersedes all prior or contemporaneous discussions, understandings and agreements, whether oral or written, between them relating to the subject matter hereof.

(c) **Amendments and Waivers.** Except as otherwise provided in the Plan, no modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in writing signed by the parties to this Agreement. No delay or failure to require performance of any provision of this Agreement shall constitute a waiver of that provision as to that or any other instance.

(d) **Successors and Assigns.** Except as otherwise provided in this Agreement or the Plan, this Agreement, and the rights and obligations of the parties hereunder, will be binding upon and inure to the benefit of their respective successors, assigns, heirs, executors, administrators and legal representatives. The Company may assign any of its rights and obligations under this Agreement upon those terms and subject to those conditions set forth in the Plan. No other party to this Agreement may assign, whether voluntarily or by operation of law, any of its rights and obligations under this Agreement, except with the prior written consent of the Company.

(e) **Notices.** Any notice, demand or request required or permitted to be given under this Agreement shall be in writing and shall be deemed sufficient when delivered personally or by overnight courier or sent by email, or 48 hours after being deposited in the U.S. mail as certified or registered mail with postage prepaid, addressed to the party to be notified at such party's address as set forth on the signature page, as subsequently modified by written notice, or if no address is specified on the signature page, at the most recent address set forth in the Company's books and records.

(f) **Severability.** If one or more provisions of this Agreement are held to be unenforceable under applicable laws, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of the Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of the Agreement shall be enforceable in accordance with its terms.

(g) **Construction.** This Agreement is the result of negotiations between and has been reviewed by each of the parties hereto and their respective counsel, if any; accordingly, this Agreement shall be deemed to be the product of all of the parties hereto, and no ambiguity shall be construed in favor of or against any one of the parties hereto.

(h) **Counterparts.** This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and all of which together shall constitute one and the same agreement. Execution of a facsimile copy will have the same force and effect as execution of an original, and a facsimile signature will be deemed an original and valid signature.

20. IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized representative and the Participant has signed this Agreement, in each case as of the day and year first written above.

**Sezzle Inc**.

By:___

Name: __

Its:_____

**Participant:**

By:___

Name:__