

4Q22 EARNINGS PRESENTATION

31 December 2022



This presentation has been approved by the
Company's Executive Chairman and CEO,
Charlie Youokim, on behalf the Sezzle Inc. Board



DISCLAIMER

Cautionary Note Regarding Forward-Looking Statements

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All financial figures are expressed in U.S. dollars unless otherwise stated.

In addition to financial measures presented in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), this Presentation includes certain financial information, including Underlying Merchant Sales ("UMS"), Active Consumers and Active Merchants, which has been provided as supplemental measures of operating performance that are key metrics used by management to assess Sezzle's growth and operating performance. In particular, UMS is a key operating metric in assessing the volume of transactions that take place on the Sezzle Platform, which is an indicator of the success of Sezzle's merchants and the strength of the Sezzle Platform. Sezzle also use these operating metrics in order to evaluate the effectiveness of our business strategies, to make budgeting decisions, and to compare our performance against that of other peer companies using similar measures. UMS, Active Consumers and Active Merchants do not represent revenue earned by Sezzle, are not components of Sezzle's income or included within Sezzle's financial results prepared in accordance with GAAP. The UMS, Active Consumers and Active Merchants financial measures used by Sezzle may differ from the non-U.S. GAAP financial measures used by other companies.

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This report shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the U.S. Securities Act of 1933, as amended, or pursuant to another available exemption.

THE WAY FORWARD

FINANCIALLY EMPOWERING THE NEXT GENERATION

“
I love Sezzle for giving me the opportunity as a college student to build a credit score without a hassle
”

“
I love being able to responsibly treat myself, and my sweet pets, using Sezzle!
”

“
Sezzle has always been right there beside me... easy to navigate the app and helpful links through your purchase
”

Driving Change for our Stakeholders

Certified B Corp

Placing **Purpose**
alongside Profits

Certified



Corporation

Credit Building

Helping Consumers
Spend **Responsibly**
with Sezzle Up

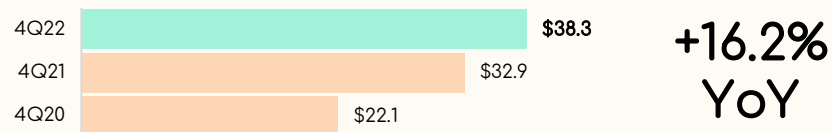




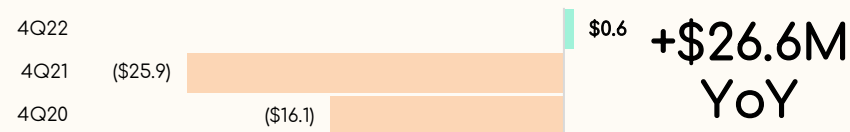
4Q22 UPDATE

4Q22 PERFORMANCE AND FINANCIAL SCORECARD

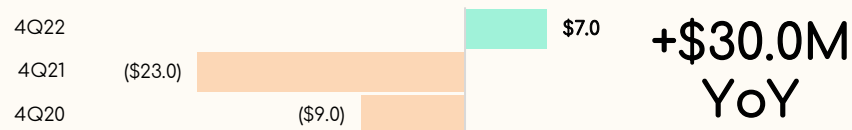
TOTAL INCOME (US\$ in MILLIONS)



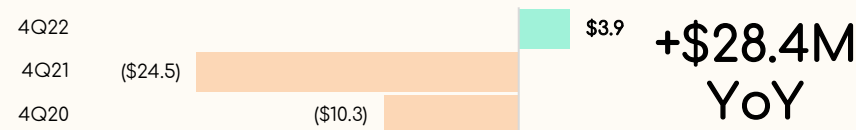
GAAP NET INCOME (LOSS) (US\$ in MILLIONS)



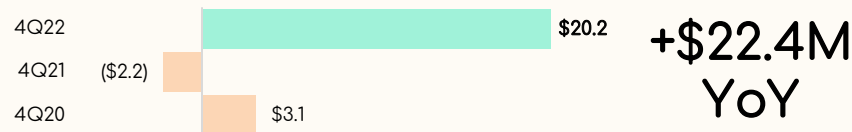
ADJUSTED EBITDA¹ (US\$ in MILLIONS)



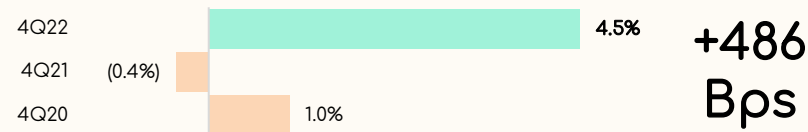
ADJUSTED EBTDA¹ (US\$ in MILLIONS)



TOTAL INCOME LESS TRANSACTION RELATED COSTS² (US\$ in MILLIONS)



TOTAL INCOME LESS TRANSACTION RELATED COSTS² AS A PERCENTAGE OF UMS



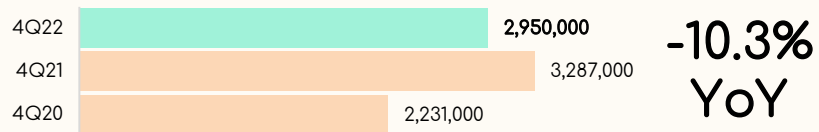
¹ Adjusted EBITDA and Adjusted EBTDA are non-GAAP financial measures. For a reconciliation of GAAP Net Income (Loss), Adjusted EBITDA, and Adjusted EBTDA see Appendix II for reconciliation.

² Transaction Related Costs is a non-GAAP financial measure equal to the sum of Transaction Expense, Provision for Uncollectible Accounts, and Net Interest Expense. See Appendix I for reconciliation of Transaction Related Costs and respective definitions.

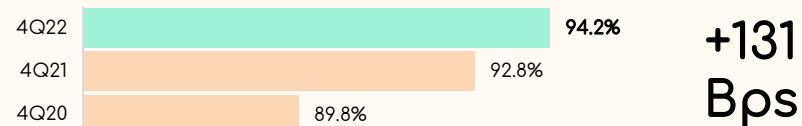


4Q22 ENGAGEMENT SCORECARD

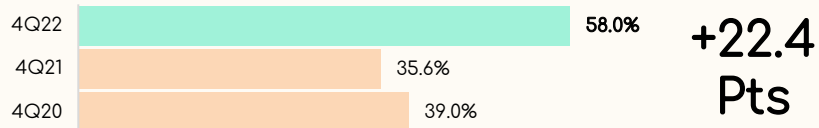
ACTIVE¹ CONSUMERS



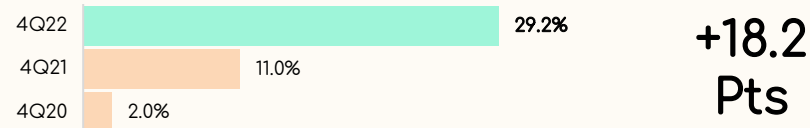
REPEAT USAGE AS A % OF TOTAL ORDERS (CUMULATIVE)



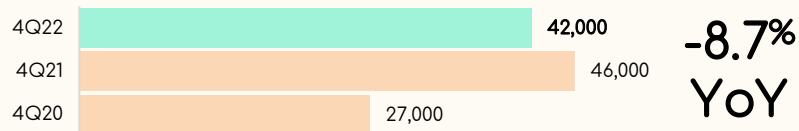
APP ENGAGEMENT² AS A % OF ACTIVE CONSUMERS



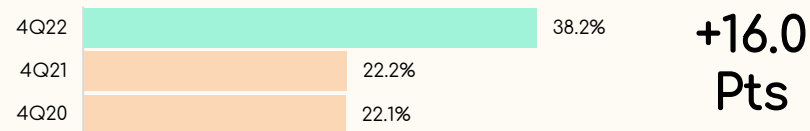
WEEKLY AVERAGE MARKETPLACE VOLUME AS A PERCENTAGE OF UMS



ACTIVE MERCHANTS



PERCENTAGE OF TOTAL INCOME DERIVED FROM NON-MERCHANT PROCESSING FEES



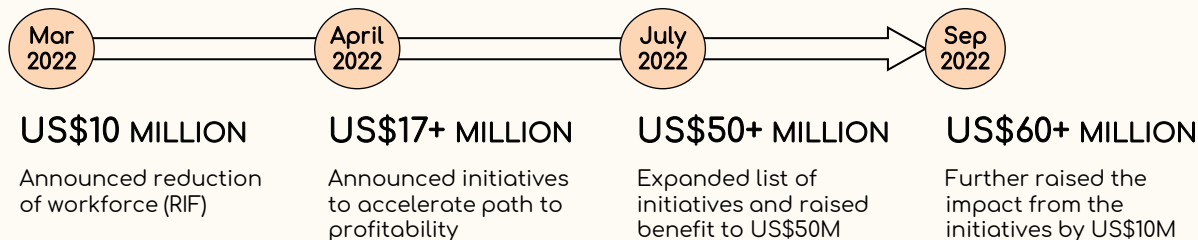
¹Active is defined as having had at least one transaction through the Sezzle Platform in the last twelve months, not subject to a minimum required number of transactions criteria (Merchants and Consumers rounded to nearest thousand).

²App Engagement is defined as Active Consumers opening the Sezzle app.

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

EXITED 2022 WITH US\$70M+ IN INITIATIVES

WHAT WE TOLD THE MARKET



ANNOUNCED KEY INITIATIVES

Revenue-Related

- Sezzle Premium
- Offboarded or renegotiated pricing with merchants and network partners
- Affiliate merchant enhancements (e.g., expanded enterprise affiliates, monetizing app placement)
- Convenience fees in the US
- Introduced Pay in Full

Cost-Related

- Reduction in Force
- Ceased payment operations in India
- Began wind-down of Europe and Brazil
- Reduced, renegotiated, and eliminated non-critical third-party tech and marketing spend

WHAT WE DELIVERED

US\$70 MILLION

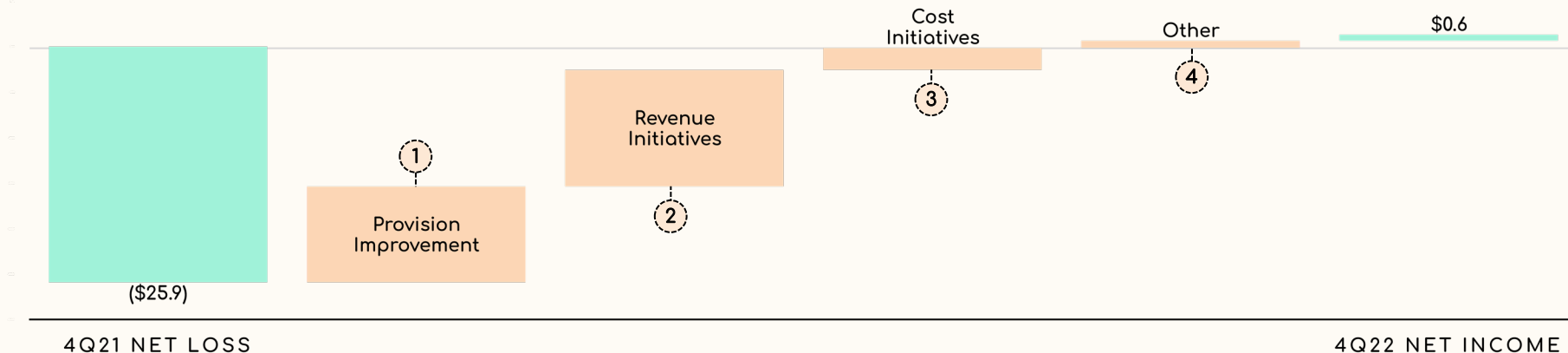
Annualized Impact

US\$35 MILLION

FY2022 Impact

INITIATIVES & UNDERWRITING DRIVE PROFITABILITY

4Q21 TO 4Q22 BRIDGE TO PROFITABILITY (\$US IN MILLIONS)



1 Provision Improvement

- Composed 40% of total impact from initiatives.
- Provision for uncollectible accounts reduced from 3.5% in 4Q21 to 1.2% in 4Q22.

2 Revenue Initiatives

- Composed 48% of total impact from initiatives.
- Driven by previously-mentioned revenue initiatives.

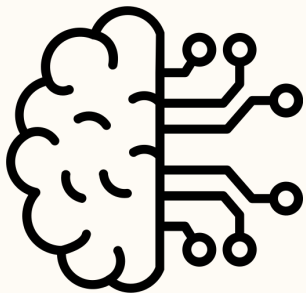
3 Cost Initiatives

- Composed 9% of total impact from initiatives.
- Driven by previously-mentioned cost initiatives.

4 Other

- Composed 3% of total impact from initiatives.

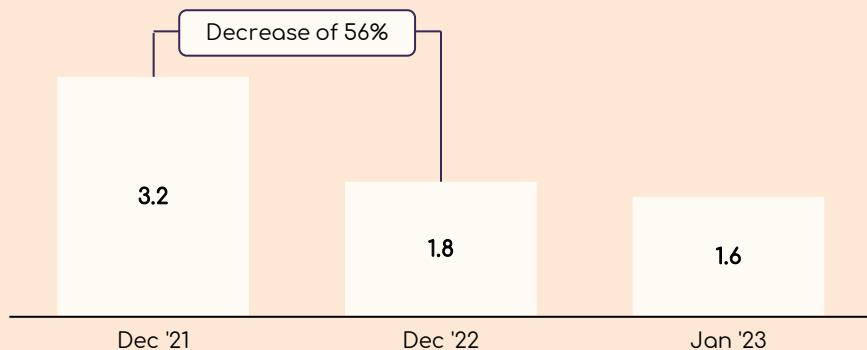
IMPROVED UNDERWRITING WITH NEW RISK MODEL



PROPHET MODEL

- A proprietary machine learning model designed specifically for the holiday season.
- Internally developed throughout FY2022 and deployed during the 2022 holiday period.

AVERAGE PROPHET SCORE
(PROBABILITY OF DEFAULT)¹



- The Prophet Model (probability of default predictor¹) has been a significantly better barometer in identifying high-risk consumers compared to FICO and alternative third-party providers.
- Since the introduction of the model, the Company has been able to better control risk.
- **RESULT:** In 4Q22, Provision for Uncollectible Accounts as a percent of UMS improved by 232bps compared to 4Q21 (3.5%), reaching a record-low 1.2%.



¹ The Prophet Model predicts the probability of default at the time of underwriting. As a result, it does not correlate one-to-one with reported loss rates.
Source: Sezzle Internal Data.

PROGRESSION TO PROFITABILITY

2022

2023

4Q21

4Q22

FY23 INITIATIVES

(0.4%)

Low
Unit Economics

Unit
Economics¹

4.5%

Strong
Unit Economics

77.8%

Merchant Fee
a Major Source of Total Income

Income
Streams²

61.8%

Diversified Streams
of Total Income

3.5%

High
Loss Rates

Underwriting
Capability³

1.2%

Low and Controlled
Loss Rates

71.8%

High
Non-transaction related OpEx

Operating
Structure⁴

48.6%

More-efficient
Operating Structure

US\$10M+

Sezzle plans to launch
several initiatives
over the next 18 months

Initiatives include:



Product Innovation



Monetization



Partnerships

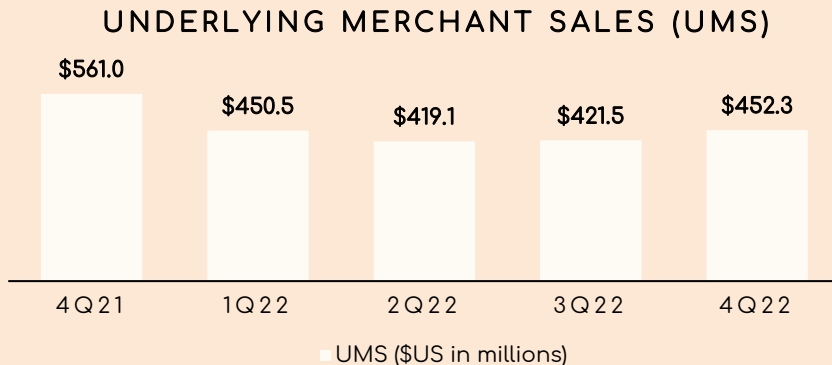
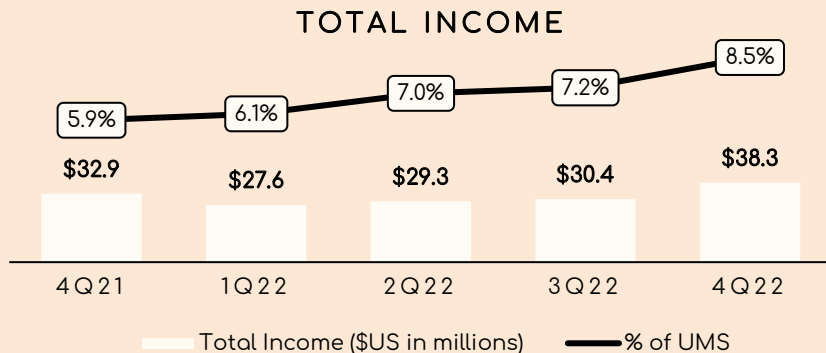
¹ Unit Economics is measured by the Company's Total Income Less Transaction Related Expenses as a percent of UMS. ² Income Streams is measured by Merchant Fee Income as a percent of Total Income.

³ Underwriting Capability is measured by Provision for Uncollectible Accounts as a percentage of UMS. ⁴ Operating Structure is measured by Non-transaction related operating expenses as a percentage of Total Income.



4Q22 FINANCIALS

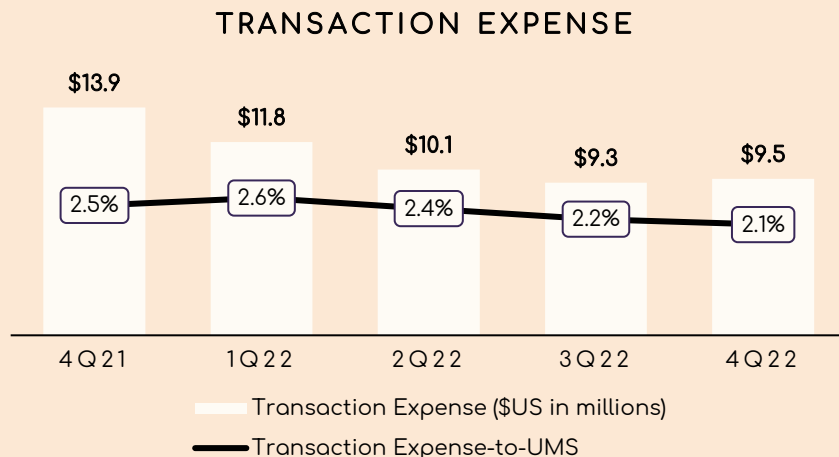
TOTAL INCOME & UMS



COMMENTARY

- Total Income grew 16.2% YoY to a record high of US\$38.3 million.
 - Despite the drop in UMS compared to 4Q21, revenue and monetization initiatives drove Total Income as a percentage of UMS to a record high of 8.5%.
- Consumers remained highly engaged this holiday period with repeat usage increasing to 94.2%.
- Weekly average marketplace volume increased to 29.2% of 4Q22 volume, representing an 18.2pts increase versus 4Q21.
- The YoY decrease in UMS aligns with recent revenue initiatives, credit-risk improvements (e.g., Prophet Model), and the Company's strategy of reaching profitability as well as competition.

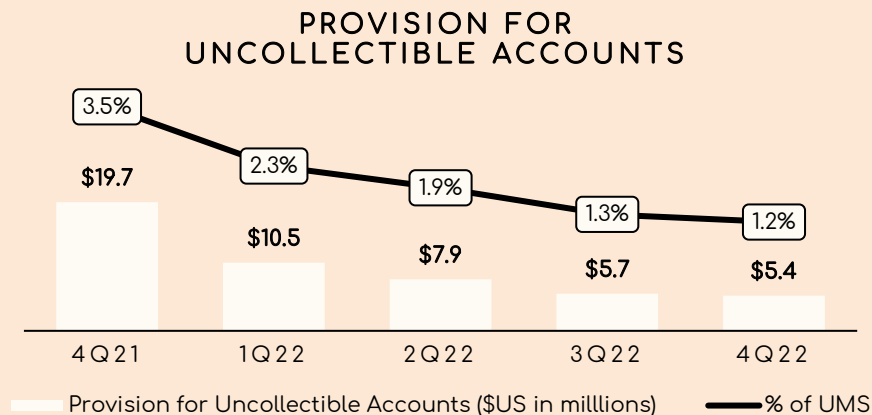
TRANSACTION EXPENSE



COMMENTARY

- Transaction Expense decreased to a record low 2.1% of UMS, representing a 37bps decrease YoY.
- The drop in Transaction Expense is driven by several Company initiatives including, but not limited to:
 - Payment strategies incentivizing consumers to choose ACH as their primary payment option,
 - Favorable re-negotiated terms with network partners, and
 - The launch of Pay in Full for consumers to pay full ticket price at the point of sale.

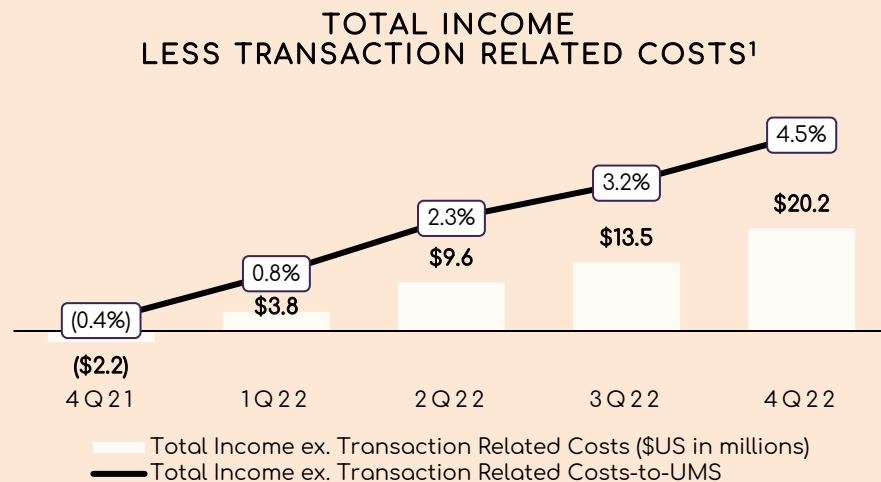
PROVISION FOR UNCOLLECTIBLE ACCOUNTS



COMMENTARY

- Sezzle's proprietary underwriting (e.g., Prophet machine learning model) and overall diligent approach over the holiday period resulted in the Provision for Uncollectible Accounts reaching a record low of 1.2%.
 - Performance of the Company's Provision for Uncollectible Accounts proved to be a key determinant in reaching profitability in 4Q22.
- The Company anticipates the Provision for Uncollectible Accounts will increase slightly in FY23 compared to FY22 (1.7%) to support topline growth.

TOTAL INCOME LESS TRANSACTION RELATED COSTS

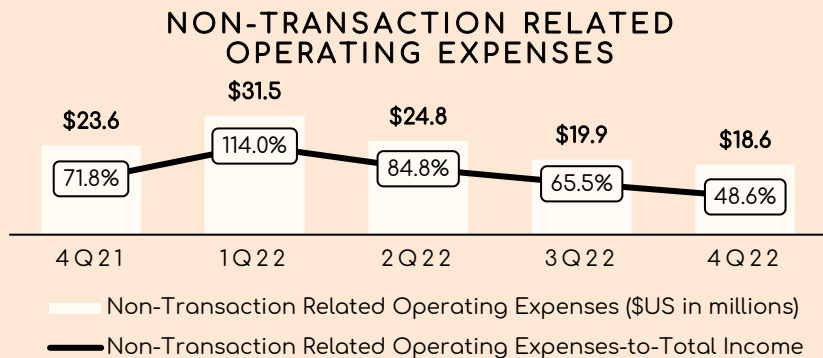


COMMENTARY

- In 4Q22, Sezzle delivered a record Total Income less Transaction Related Costs of \$20.2 million, exceeding the previous all-time high by nearly 50%.
- The outperformance was driven by revenue and cost initiatives launched in 2022, as well as the Company's enhanced underwriting capabilities.
- The lucrative unit economics structure allows the Company to be more competitive in the pursuit of growth opportunities in 2023.

¹ Transaction Related Costs is a non-GAAP financial measure equal to the sum of Transaction Expense, Provision for Uncollectible Accounts, Net Interest Expense, and write-off of non-recurring unamortized debt issuance costs. See Appendix I for reconciliation of Transaction Related Costs and respective definitions.

NON-TRANSACTION RELATED OPERATING EXPENSES



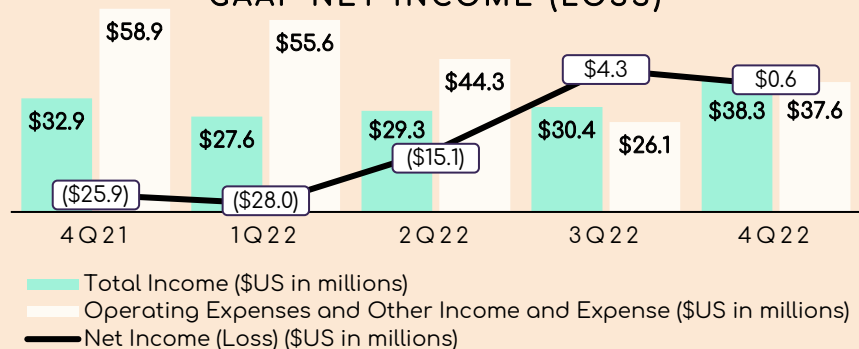
COMMENTARY

- 4Q22 Non-Transaction Related Expenses decreased significantly to US\$18.6 million, representing a decrease of 21.4% YoY and a 41.0% reduction versus the peak in 1Q22.
 - The reduction in the workforce and cuts to third-party spending were the driving force behind the improvement.
- The FY22 revenue and cost initiatives improved Non-Transaction Related Expenses to 48.6% of Total Income for the period – a record low for the Company.
- Sezzle expects to further leverage its operating structure in FY23.

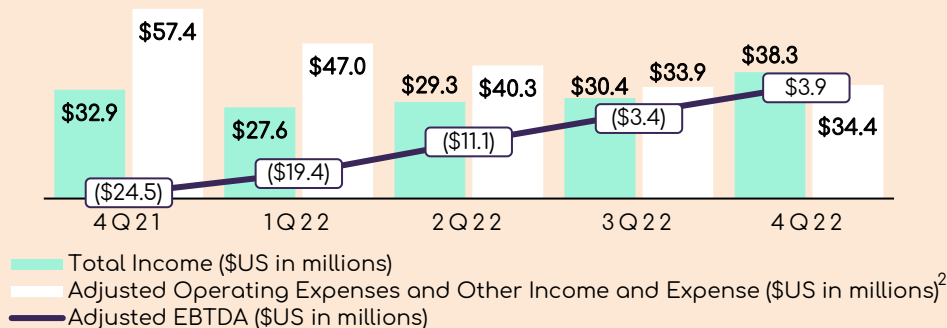


CLOSED THE GAP

GAAP NET INCOME (LOSS)



NON-GAAP ADJUSTED EBTDA



COMMENTARY

- GAAP Net Income remained positive in 4Q22, reaching US\$0.6 million as a result of the full impact of FY22 revenue and cost initiatives, coupled with tighter underwriting.
- Non-GAAP Adjusted EBTDA turned positive to US\$3.9 million as FY22 initiatives led to a strong improvement in unit economics and a more efficient cost structure.
- Non-GAAP Adjusted EBITDA¹ for the quarter was US\$7.0 million, representing a 130.6% increase compared to the year prior.
- The Company plans to increase profitability in FY23 through sustainable topline growth and new initiatives estimated to add over US\$10 million to Total Income in the next 18 months.

¹ Adjusted EBTDA and Adjusted EBITDA are non-GAAP financial measures. For a reconciliation of GAAP Net Income (Loss), Adjusted EBITDA, and Adjusted EBTDA see Appendix II for reconciliation.

² Adjusted Operating Expenses and Other Income and Expense is a non-GAAP financial measurement equal to the sum of GAAP Operating Expenses and Net Interest Expense less depreciation, amortization, and M&A related expenses. See Appendix I for reconciliation.

CAPITALIZATION

Select Balance Sheet Data

US\$000's	Unaudited ¹ 30-Sep-2022	Unaudited ¹ 31-Dec-2022
Cash and cash equivalents	\$57,875	\$68,280
Restricted cash	\$890	\$1,243
Total cash	\$58,765	\$69,523
 Drawn on line of credit	 \$54,008	 \$65,000
Availability on line of credit	\$5,254	\$478

COMMENTARY

- As of 31 December 2022, Sezzle had total cash on hand of US\$69.5 million, consisting of US\$68.3 million of bank balances and US\$1.2 million of restricted cash.
- The increase in total cash on hand of US\$10.8 million during the fourth quarter was primarily driven by additional borrowings under the line of credit.
- At the end of the quarter, the company had US\$93.4 million in Notes Receivables (net) and US\$83.0 million in Merchant Accounts Payable, of which US\$66.5 million was attributable to the Merchant Interest Program.
- Management does not foresee any near-term capital raises due to the Company's strong liquidity position and positive operational performance (e.g., Net Income and Adjusted EBTDA).

¹ Results are unaudited. The Company anticipates filing its annual Form 10-K with the SEC and ASX in the latter half of the week of 27 February 2023.



JANUARY '23 UPDATE

KEY STATISTICS FOR JANUARY

TOTAL INCOME

US\$11.7M

18.3% YoY

GAAP NET INCOME

(US\$0.2M)

97.7% YoY

ADJUSTED EBTDA¹

US\$1.0M

116.1% YoY

ADJUSTED EBITDA¹

US\$2.0M

135.1% YoY

SEZZLE PREMIUM

132,000
(AS OF 22 FEB 2023)

10,000+ MoM

COMMENTARY

- Total Income for January rose 18.3% YoY to US\$11.7 million as FY22 initiatives continue to push revenue higher YoY. Total Income as a percent of UMS reached 10.0%.
- Average Daily UMS is up 8.0% through 25 February 2023 compared to January 2023.
- In January, a Net Loss (a GAAP measure) of US\$0.2 million was primarily driven by lower UMS, peak seasonal transaction processing volumes from the holiday period being realized in the month, and the timing of certain employee benefit payments.
- Adjusted EBTDA and Adjusted EBITDA remained positive at US\$1.0 million and US\$2.0 million, respectively.
- The Company successfully achieved its FY22 mission of becoming profitable by year end. In FY23, the Company aims to further increase bottom-line profitability and pursue profitable top-line growth by leveraging its strong unit economics and leaner operating structure.

¹Adjusted EBTDA and Adjusted EBITDA are non-GAAP financial measures. For a reconciliation of GAAP Net Income (Loss), Adjusted EBITDA, and Adjusted EBTDA see Appendix II for reconciliation.



APPENDICES

APPENDIX I: RECONCILIATION OF GAAP TO NON-GAAP MEASURES

TOTAL INCOME LESS TRANSACTION RELATED COSTS

(in \$US thousands)	For the three months ended					
	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	December 31, 2020
Total income	\$ 38,276	\$ 30,408	\$ 29,252	\$ 27,634	\$ 32,929	\$ 22,085
Less: Transaction-related costs						
Transaction expense	(9,547)	(9,320)	(10,115)	(11,794)	(13,892)	(7,703)
Provision for uncollectible accounts	(5,401)	(5,680)	(7,891)	(10,466)	(19,741)	(9,973)
Net interest expense	(3,124)	(2,192)	(1,670)	(1,615)	(1,517)	(1,299)
Write-off of unamortized debt issuance costs	-	316	-	-	-	-
Transaction-related costs	(18,072)	(16,875)	(19,676)	(23,875)	(35,150)	(18,975)
Total income less transaction-related costs	\$ 20,204	\$ 13,533	\$ 9,576	\$ 3,759	\$ (2,221)	\$ 3,111

ADJUSTED OPERATING EXPENSES AND OTHER INCOME AND EXPENSES

(in \$US thousands)	For the three months ended					
	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	December 31, 2020
Operating expenses	\$ 33,534	\$ 23,909	\$ 42,805	\$ 53,758	\$ 57,279	\$ 36,704
Net interest expense	3,124	2,192	1,670	1,615	1,517	1,299
Depreciation and amortization	(198)	(207)	(219)	(224)	(211)	(135)
Equity and incentive-based compensation	(2,103)	(2,619)	(1,863)	(3,731)	(505)	(5,530) ¹
Merger-related expenses	-	(101)	(2,059)	(4,405)	(642)	-
Reimbursement of merger-related costs	-	11,000	-	-	-	-
Write-off of unamortized debt issuance costs	-	(316)	-	-	-	-
Adjusted operating expenses and other income and expense	\$ 34,357	\$ 33,858	\$ 40,334	\$ 47,013	\$ 57,437	\$ 32,339

APPENDIX II: RECONCILIATION OF GAAP TO NON-GAAP MEASURES

NON-TRANSACTION RELATED OPERATING EXPENSES

(in \$US thousands)	For the three months ended				
	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
Operating expenses	\$ 33,534	\$ 23,909	\$ 42,805	\$ 53,758	\$ 57,279
Transaction expenses	(9,547)	(9,320)	(10,115)	(11,794)	(13,892)
Provision for uncollectible accounts	(5,401)	(5,680)	(7,891)	(10,466)	(19,741)
Reimbursement of merger-related costs	-	11,000	-	-	-
Non-transaction related operating expenses	\$ 18,586	\$ 19,909	\$ 24,799	\$ 31,498	\$ 23,646

ADJUSTED EBTDA AND ADJUSTED EBITDA

(in \$US thousands)	For the month ended		For the three months ended				
	January 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	December 31, 2020
Net income (loss)	\$ (187)	\$ 634	\$ 4,344	\$ (15,084)	\$ (27,989)	\$ (25,922)	\$ (16,055)
Depreciation and amortization	65	198	207	219	224	211	135
Income tax expense	-	21	11	17	21	7	23
Equity and incentive-based compensation	790	2,103	2,619	1,863	3,731	505	5,530
Other income and expense, net	11	200	(48)	(155)	228	48	114
Merger-related costs	-	-	101	2,059	4,405	642	-
Reimbursement of merger-related costs	-	-	(11,000)	-	-	-	-
Write-off of unamortized debt issuance costs	-	-	316	-	-	-	-
Loss on extinguishment of line of credit	-	814	-	-	-	-	-
Fair value adjustment on warrants	339	(50)	-	-	-	-	-
Adjusted EBTDA	\$ 1,018	\$ 3,919	\$ (3,450)	\$ (11,082)	\$ (19,379)	\$ (24,508)	\$ (10,254)
Net interest expense	\$ 989	\$ 3,124	\$ 2,192	\$ 1,670	\$ 1,615	\$ 1,517	\$ 1,299
Adjusted EBITDA	\$ 2,007	\$ 7,043	\$ (1,258)	\$ (9,412)	\$ (17,764)	\$ (22,991)	\$ (8,954)



APPENDIX III: CONSOLIDATED BALANCE SHEETS

	As of	
	December 31, 2022	December 31, 2021
Assets		
Current Assets		
Cash and cash equivalents	\$ 68,279,539	\$ 76,983,728
Restricted cash, current	1,223,119	1,886,440
Notes receivable, net	93,358,404	133,986,583
Other receivables, net	2,532,710	5,084,099
Prepaid expenses and other current assets	4,737,688	3,350,053
Total current assets	170,131,460	221,290,903
Non-Current Assets		
Internally developed intangible assets, net	1,322,836	910,584
Property and equipment, net	281,605	662,472
Operating right-of-use assets	86,715	285,865
Restricted cash, non-current	20,000	20,000
Other assets	733,922	233,752
Total Assets	\$ 172,576,538	\$ 223,403,576
Liabilities and Stockholders' Equity		
Current Liabilities		
Merchant accounts payable	\$ 83,020,739	\$ 96,516,668
Operating lease liabilities	79,312	171,959
Accrued liabilities	10,448,872	7,996,772
Other payables	4,129,371	2,874,046
Deferred revenue	1,516,228	—
Total current liabilities	99,194,522	107,559,445
Long Term Liabilities		
Long term debt	250,000	250,000
Operating lease liabilities	—	90,962
Line of credit, net of unamortized debt issuance costs of \$1,222,525 and \$1,088,869, respectively	63,777,475	77,711,131
Warrant liabilities	511,295	—
Total Liabilities	163,733,292	185,611,538
Commitments and Contingencies		
Stockholders' Equity		
Common stock, \$0.00001 par value; 750,000,000 shares authorized; 209,270,070 and 204,891,057 shares issued, respectively; 208,181,834 and 204,230,939 shares outstanding, respectively	2,083	2,044
Additional paid-in capital	179,054,368	168,338,673
Stock subscriptions: 0 and 20,729 shares subscribed, respectively	—	(18,545)
Treasury stock, at cost: 1,088,236 and 660,118 shares, respectively	(4,072,752)	(3,691,322)
Accumulated other comprehensive (loss) income	(643,974)	563,911
Accumulated deficit	(165,496,479)	(127,402,723)
Total Stockholders' Equity	8,843,246	37,792,038
Total Liabilities and Stockholders' Equity	\$ 172,576,538	\$ 223,403,576

APPENDIX III: CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	For the years ended	
	December 31, 2022	December 31, 2021
Total income	\$ 125,570,441	\$ 114,816,635
Operating Expenses		
Personnel	51,217,083	56,831,368
Transaction expense	40,776,825	43,476,143
Third-party technology and data	8,190,022	5,549,844
Marketing, advertising, and tradeshows	18,972,025	9,251,854
General and administrative	16,411,912	15,768,583
Provision for uncollectible accounts	29,437,179	52,621,682
Reimbursement of merger-related costs	(11,000,000)	—
Total operating expenses	154,005,046	183,499,474
Operating Loss	(28,434,605)	(68,682,839)
Other Income (Expense)		
Net interest expense	(8,600,716)	(5,269,284)
Other expense, net	(225,606)	(65,145)
Loss on extinguishment of line of credit	(813,806)	(1,092,679)
Fair value adjustment on warrants	50,424	—
Loss before taxes	(38,024,309)	(75,109,947)
Income tax expense	69,447	58,416
Net Loss	(38,093,756)	(75,168,363)
Other Comprehensive (Loss) Income		
Foreign currency translation adjustment	(1,207,885)	69,406
Total Comprehensive Loss	\$ (39,301,641)	\$ (75,098,957)
Net loss per share:		
Basic and diluted loss per common share	\$ (0.18)	\$ (0.38)
Basic and diluted weighted average shares outstanding	206,856,959	200,344,028

APPENDIX III: CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the years ended	
	December 31, 2022	December 31, 2021
Operating Activities:		
Net loss	\$ (38,093,756)	\$ (75,168,363)
Adjustments to reconcile net loss to net cash provided from (used for) operating activities:		
Depreciation and amortization	847,126	749,111
Provision for uncollectible accounts	29,437,179	52,621,682
Provision for other uncollectible receivables	9,257,284	7,349,852
Equity based compensation and restricted stock vested	10,309,535	14,161,754
Amortization of debt issuance costs	983,745	689,930
Impairment losses on long-lived assets	39,512	5,475
Fair value adjustment on warrants	(50,424)	—
Loss on extinguishment of line of credit	813,806	1,092,679
Loss on sale of fixed assets	79,683	—
Changes in operating assets and liabilities:		
Notes receivable	10,590,769	(105,950,424)
Other receivables	(6,710,739)	(11,031,826)
Prepaid expenses and other assets	(1,353,026)	(1,855,206)
Merchant accounts payable	(12,928,944)	35,696,079
Other payables	1,281,500	2,111,082
Accrued liabilities	2,476,822	7,416,249
Deferred revenue	1,516,228	—
Operating leases	15,548	(20,124)
Net Cash Provided from (Used for) Operating Activities	8,511,848	(72,132,050)
Investing Activities:		
Purchase of property and equipment	(52,236)	(686,032)
Internally developed intangible asset additions	(955,841)	(733,995)
Net Cash Used for Investing Activities	(1,008,077)	(1,420,027)

APPENDIX III: CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT.)

	For the years ended	
	December 31, 2022	December 31, 2021
Financing Activities:		
Payments on long term debt	—	(1,220,332)
Proceeds from line of credit	71,155,556	174,666,667
Payments to line of credit	(84,955,556)	(135,866,667)
Payments of debt issuance costs	(1,330,901)	(1,697,705)
Payment of debt extinguishment costs	(600,307)	(1,000,000)
Proceeds from stock option exercises	100,370	765,786
Stock subscriptions collected related to stock option exercises	324,378	246,999
Repurchase of common stock	(381,434)	(2,652,014)
Proceeds from issuance of common stock	—	30,000,000
Costs incurred from issuance of common stock	—	(2,768)
Net Cash (Used for) Provided from Financing Activities	(15,687,894)	63,239,966
Effect of exchange rate changes on cash	(1,183,387)	98,376
Net decrease in cash, cash equivalents, and restricted cash	(8,184,123)	(10,312,111)
Cash, cash equivalents, and restricted cash, beginning of year	78,890,168	89,103,903
Cash, cash equivalents, and restricted cash, end of year	\$ 69,522,658	\$ 78,890,168
Noncash investing and financing activities:		
Lease liabilities arising from obtaining right-of-use assets	\$ 8,005	\$ 328,341
Issuance of restricted stock units for settlement of accrued expenses	—	1,996,779
Conversion of liability-classified incentive awards to stockholders' equity	—	8,580,123
Withholding of restricted stock units to cover employee tax withholding	—	164,081
Issuance of warrants	561,719	—
Supplementary disclosures:		
Interest paid	\$ 7,790,430	\$ 4,819,604
Income taxes paid	65,395	56,017

NON-GAAP FINANCIAL MEASURES

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

- Total income less transaction related costs is defined as GAAP total income less transaction related costs. Transaction related costs is the sum of GAAP transaction expense, provision for uncollectible accounts, and net interest expense less non-recurring charges as detailed in the reconciliation table of total income less transaction related costs to GAAP total income. We believe that total income less transaction related costs is a useful financial measure to both management and investors for evaluating the economic value of orders processed on the Sezzle Platform;
- Adjusted EBTDA is defined as GAAP net income (loss), adjusted for certain non-cash and non-recurring charges including depreciation, amortization, equity and incentive-based compensation, and merger-related costs as detailed in the reconciliation table of adjusted EBTDA to GAAP net income (loss) below. We believe that this financial measure is a useful measure for period-to-period comparison of our business by removing the effect of certain non-cash and non-recurring charges that may not directly correlate to the underlying performance of our business.
- Adjusted EBITDA is defined as GAAP net income (loss), adjusted for certain non-cash and non-recurring charges including depreciation, amortization, equity and incentive-based compensation, and merger-related costs, as well as net interest expense as detailed in the reconciliation table of GAAP net income (loss) to adjusted EBITDA. We believe that this financial measure is a useful measure for period-to-period comparison of our business by removing the effect of certain non-cash and non-recurring charges, as well as funding costs, that may not directly correlate to the underlying performance of our business.

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

- Total income less transaction related costs is not intended to be measures of operating profit or cash flow profitability as they exclude key operating expenses such as personnel, general and administrative, and third-party technology and data, which have been, and will continue to be for the foreseeable future, significant recurring expenses.
- Adjusted EBTDA and adjusted EBITDA exclude certain recurring, non-cash charges such as depreciation, amortization, and equity and incentive-based compensation, which have been, and will continue to be for the foreseeable future, recurring GAAP expenses. Further, these non-GAAP financial measures exclude certain significant cash inflows and outflows, such as merger-related costs (which are comprised of legal fees in connection with our terminated proposed merger with Zip Co Limited) and reimbursements for such merger-related costs, which have a significant impact on our working capital and cash.
- Adjusted EBITDA excludes net interest expense, which has a significant impact on our GAAP net income, working capital, and cash.
- Long-lived assets being depreciated or amortized may need to be replaced in the future, and these non-GAAP financial measures do not reflect the capital expenditures needed for such replacements, or for any new capital expenditures or commitments.
- These non-GAAP financial measures do not reflect income taxes that may represent a reduction in cash available to us.
- Non-GAAP measures do not reflect changes in, or cash requirements for, our working capital needs.
- Other companies, including companies in our industry, may calculate the non-GAAP financial measures differently or not at all, which reduces their usefulness as comparative measures.

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





The way forward.