

# 2023 ANNUAL GENERAL MEETING

15 June 2023



The Responsible Way to Pay™

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

# DISCLAIMER

## Cautionary Note Regarding Forward-Looking Statements

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

This Presentation is not a disclosure document under Australian law. Accordingly, this Presentation should not be relied upon as advice to prospective investors or current shareholders and does not take into account the investment objectives, financial situation or needs of any particular shareholder or investor.

This Presentation contains certain “forward-looking statements” within the meaning of the US federal securities laws including, but not limited to, statements regarding our anticipated new products, our ability to gain future market share, our timeline and intentions relating to operations in international markets, our strategy, our future operations, our financial position, our estimated revenues and losses, our projected costs, our prospects, and the plans and objectives of management. These forward-looking statements are generally identified by the words “could,” “believe,” “anticipate,” “intend,” “estimate,” “expect,” “project” or similar expressions. These forward-looking statements are subject to a number of risks and uncertainties, including those set out in this Presentation, but not limited to: (i) impact of the “buy-now, pay-later” (“BNPL”) industry becoming subject to increased regulatory scrutiny; (ii) impact of operating in a highly competitive industry; (iii) impact of macro-economic conditions on consumer spending; (iv) our ability to increase our merchant network, our base of consumers and Underlying Merchant Sales (“UMS”); (v) our ability to effectively manage growth, sustain our growth rate and maintain our market share; (vi) our ability to meet additional capital requirements; (vii) impact of exposure to consumer bad debts and insolvency of merchants; (viii) impact of the integration, support and prominent presentation of our platform by our merchants; (ix) impact of any data security breaches, cyberattacks, employee or other internal misconduct, malware, phishing or ransomware, physical security breaches, natural disasters, or similar disruptions; (x) impact of key vendors or merchants failing to comply with legal or regulatory requirements or to provide various services that are important to our operations; (xi) impact of the loss of key partners and merchant relationships; (xii) impact of exchange rate fluctuations in the international markets in which we operate; (xiii) our ability to protect our intellectual property rights; (xiv) our ability to retain employees and recruit additional employees; (xv) impact of the costs of complying with various laws and regulations applicable to the BNPL industry in the United States and Canada; (xvi) our ability to achieve our public benefit purpose and maintain our B Corporation certification; and (xvii) the other factors identified in the “Risk Factors” section of our Annual Report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”) on February 28, 2023 and subsequent quarterly reports on Form 10-Q. These forward-looking statements are based on our current expectations and assumptions about future events and are based on currently available information as to the outcome and timing of future events. Nevertheless, and despite the fact that management’s expectations and estimates are based on assumptions management believes to be reasonable and data management believes to be reliable, our actual results, performance or achievements are subject to future risks and uncertainties, any of which could materially affect our actual performance. Except as otherwise required by applicable law, we disclaim any duty to update any forward-looking statements to reflect events or circumstances after the date of this Presentation.

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

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

In addition to financial measures presented in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”), this Presentation includes certain financial information, including 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.

## No Offer or Solicitation

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

# HOW TO VOTE

- Polls will be opened 15 minutes prior to the start of the meeting
- Click the “Vote” icon at the top of the screen
- To vote, select your preferred option
- You will see a vote confirmation
- To change or cancel your vote, select “click here to change your vote” at any time until the polls are closed

The screenshot displays the SEZZLE voting interface. At the top, there is a navigation bar with four icons: a monitor for 'Broadcast', a document with a checkmark for 'Vote' (which is highlighted with a purple underline), a speech bubble for 'Q & A', and a folder for 'Documents'. Below the navigation bar, a grey header box contains the text 'Items of Business'. The first item is '2A Re-elect Mr Sam Sample as a Director'. Below this, there are three buttons: 'FOR', 'AGAINST', and 'ABSTAIN'. The second item is '2B Re-elect Ms Jane Citizen as a Director'. Below this, a white box with a green checkmark icon contains the text: 'We have received your vote For' and 'Click here to change your vote.' with a link.



# HOW TO ASK A QUESTION

- Click the “Q&A” icon at the top of the screen
- Type your question in the text box and press the send button

Broadcast Vote Q & A Documents

*Your question(s)*

You may enter a question using the field below.  
*Questions are limited to 2000 characters.*

*0 character(s)* Send

# TODAY'S AGENDA

01

Mission & Values

02

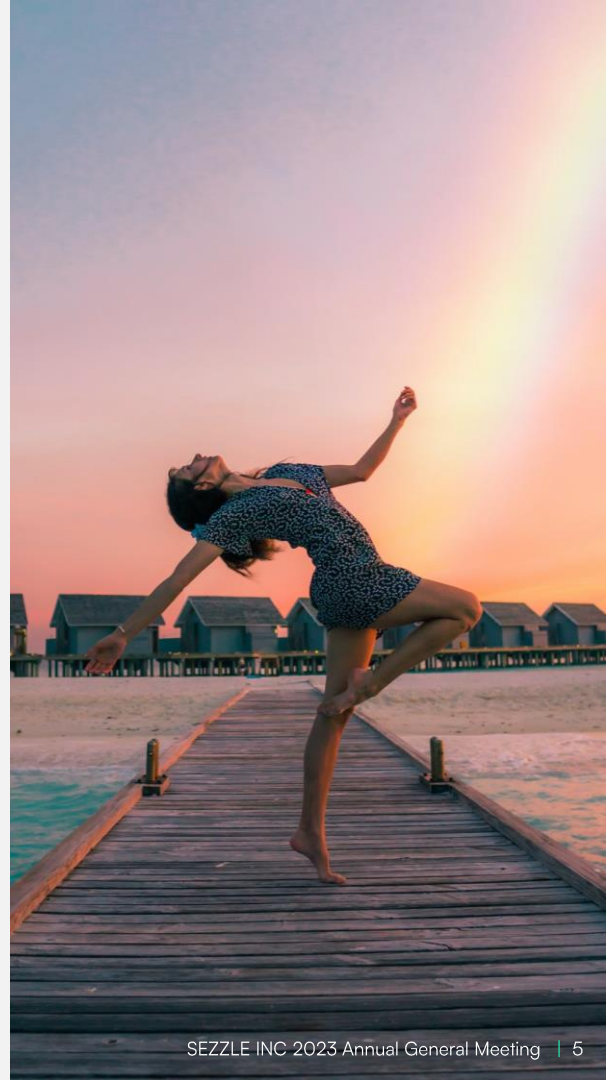
Profitable Growth Through Strong Execution

03

Financials & Market Update

04

Voting & Resolutions





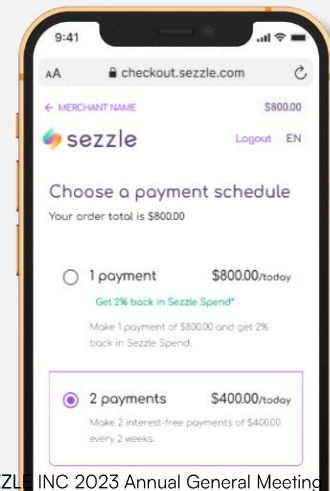
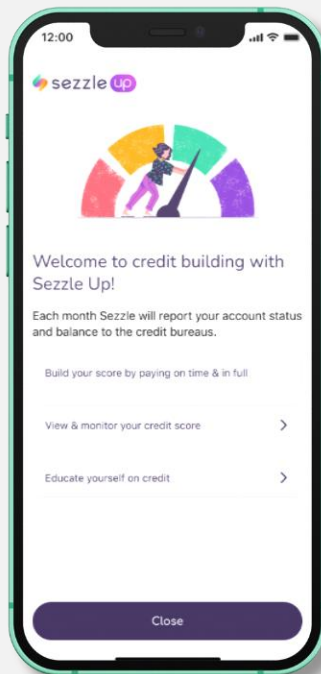
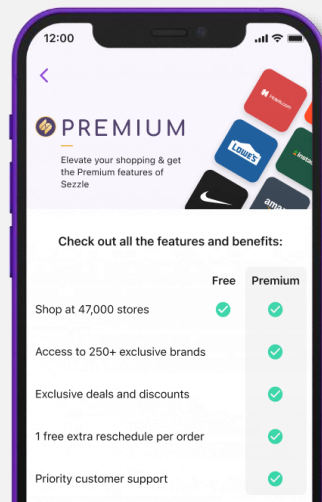
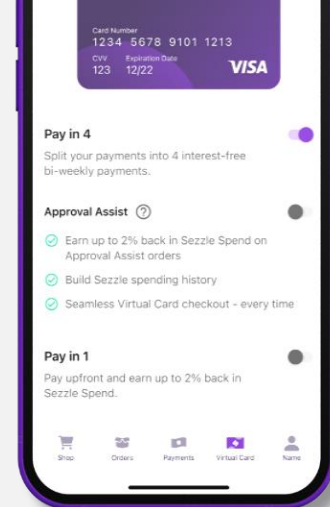
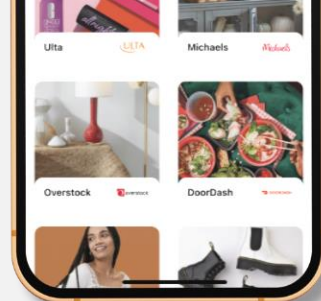
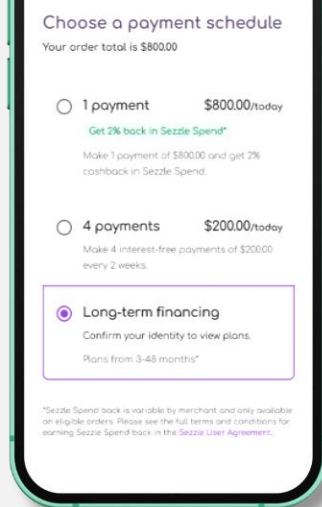
# MISSION & VALUES

Our Mission

# Financially Empowering the Next Generation

Our New Tagline

# The Responsible Way to Pay™



# OUR COMMITMENT TO DRIVING CHANGE



## Justice

- Financial accessibility
- Diversity and inclusion
- Employee security and wellness



## Integrity

- Governance, control, and reporting
- Integrated sustainability
- Workplace culture



## Stewardship

- Responsible lending
- Environment and climate change
- Data security and management



## Advancement

- Product innovation
- Community reinvestment
- Employee career development



# FOSTERING FINANCIAL INCLUSION FOR ALL

Challenges  
facing U.S.  
consumers

**49 Million**

U.S. adults are either credit invisible  
or unscorable<sup>1</sup>

**25%**

Have been rejected at least once  
when applying for credit products<sup>2</sup>

**Cash Flow  
Management**

Most important contributor  
to using BNPL

## How Sezzle is Helping our Consumers

- ✓ Increasing financial inclusion by providing credit to those who often face challenges in accessing traditional credit options
- ✓ Providing optionality to better manage finances with Pay-in-Full, Pay-in-2, Pay-in-4, and Long-Term Financing
- ✓ Ability to increase credit scores by 20+ points within 4 months through enrolling in Sezzle Up credit building program<sup>3</sup>

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

<sup>2</sup> *How Credit Insecurity Is Changing U.S. Consumers' Borrowing Habits*, PYMNTS.

<sup>3</sup> Average outcome for customers who joined Sezzle Up in September 2021 or October 2021, while starting with a FICO 8 score under 600, and made on-time payments (rounded from 19.81 points). Other factors, including activity with customers' other creditors, may impact results.

<sup>4</sup> Active is defined as having had at least one transaction through the Sezzle Platform in the last twelve months, not subject to a minimum required number of transactions criteria (Consumers and Merchants rounded to nearest hundred thousand).



# UNLOCKING GROWTH FOR OUR MERCHANT PARTNERS

Driving Sales  
for Our  
Partners

**Up to 57%**  
Average Order Value Lift

**110%**  
Return on Investment (ROI)

**<6 Months**  
Payback Period

**39K**

Active Merchants  
(as of 1Q23)

## How Sezzle Helps Merchant Partners

- ✓ Driving traffic and incremental revenue at the point of sale through a frictionless checkout experience
- ✓ Access to business loans through Sezzle Capital
- ✓ Customized advertising and marketing capabilities to drive brand awareness and loyalty

## Testimonial

*“Sezzle has a really specific offering for low credit scores. Other services don’t go that low. That and their marketing ability are the biggest two reasons I work with them.”*

- Director of Marketing, recreational products

# BUILDING A TRUSTED PAYMENTS PLATFORM

4.9 ★★★★★



4.7 ★★★★★

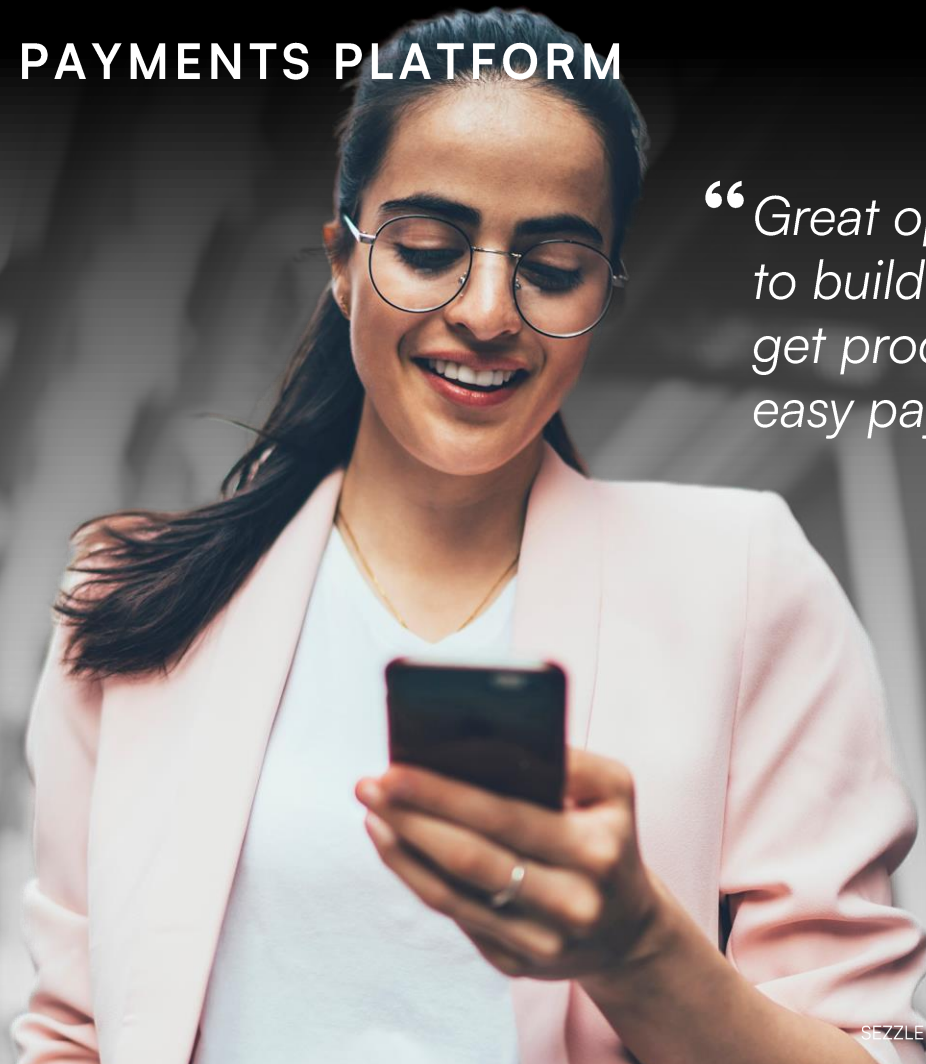


4.3 ★★★★★



“Great opportunity to build credit and get products with easy payments”

D. Gibson,  
Sezzle Customer



Note: Ratings as of June 13, 2023

RECOGNITION FOR OUR NOTEWORTHY ACCOMPLISHMENTS



The 5 BNPL apps for 2023



Best BNPL app for Building Credit 2022



Midwest Best Enterprise Software Companies 2022



Top BNPL Pick 2023



Top BNPL Apps in 2023



Largest Software Development Firms in the Twin Cities 2023



Most Trusted BNPL App 2022 (North America)



G2 Leader Award in Spring 2023



WOMEN'S CHOICE AWARD  
THE VOICE OF WOMEN

Best Companies for Social & Environmental Impact 2022





# PROFITABLE GROWTH THROUGH STRONG EXECUTION

# WE ANNOUNCED VARIOUS FY22 INITIATIVES...



## Revenue Initiatives

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

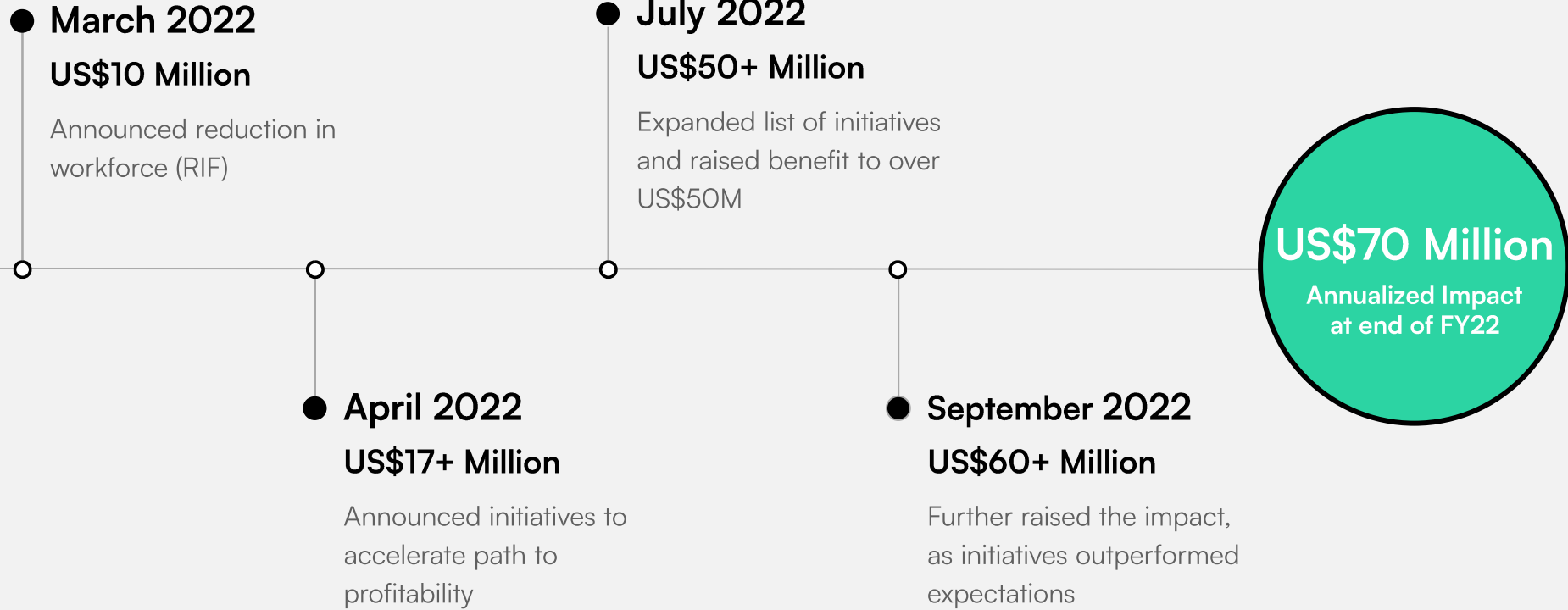


## Cost Initiatives

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

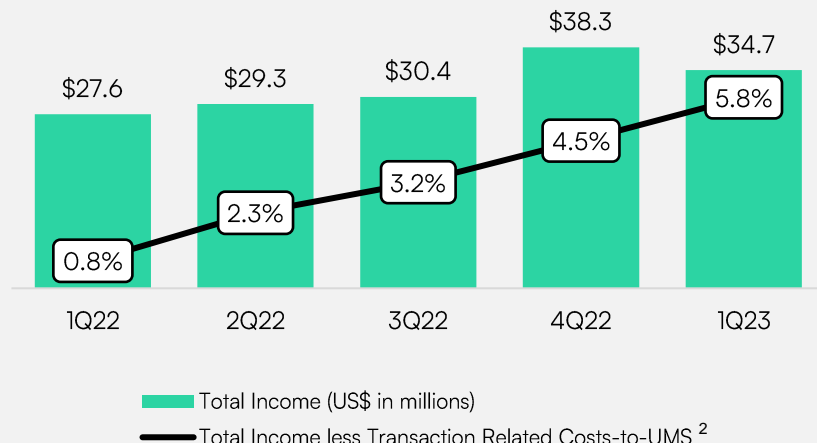


# ...AND CONTINUED TO RAISE THE BAR THROUGHOUT THE YEAR...

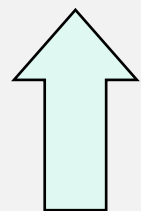
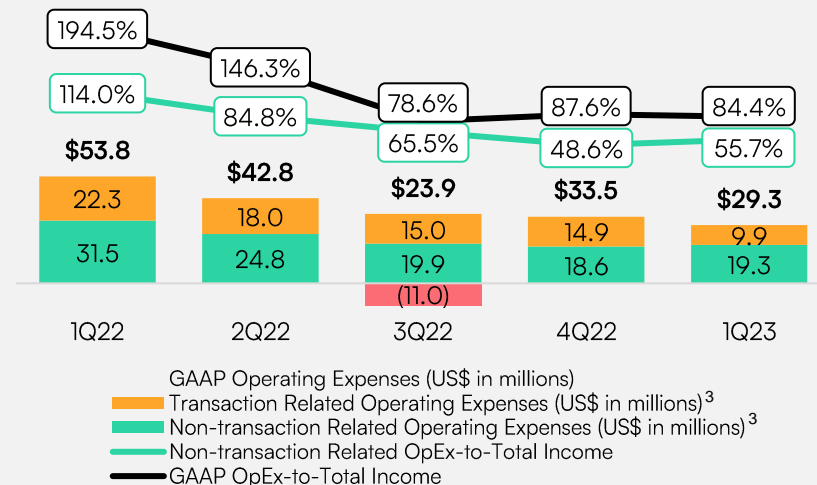


# ...RESULTING IN STRONG UNIT ECONOMICS AND A LEAN OPERATING STRUCTURE

## TOTAL INCOME & UNIT ECONOMICS<sup>1</sup>

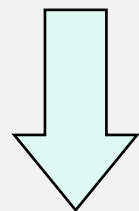


## OPERATING EXPENSES



**495** bps YoY

**Increase in unit economics** as a result of the FY22 initiatives



**58 & 89** points YoY

**Decrease in Non-transaction Related Operating Expenses & GAAP Operating Expenses** as a percentage of Total Income, respectively

<sup>1</sup> Unit economics defined as Total Income less Transaction Related Costs-to-UMS.

<sup>2</sup> Transaction Related Costs is a non-GAAP financial measure equal to the sum of Transaction Expense, Provision for Credit Losses, and Net Interest Expense. See Appendix I for reconciliation of Transaction Related Costs and respective definitions.

<sup>3</sup> Non-transaction and Transaction Related Operating Expenses are non-GAAP financial measures. See Appendix II for reconciliation of Non-Transaction Related Operating Expenses and Transaction Related Operating Expenses and respective definitions.



# SEZZLE PREMIUM: CORE FY22 INITIATIVE DRIVING PROFITABILITY

**June 2022**

Date Launched

**US\$11 Million+**

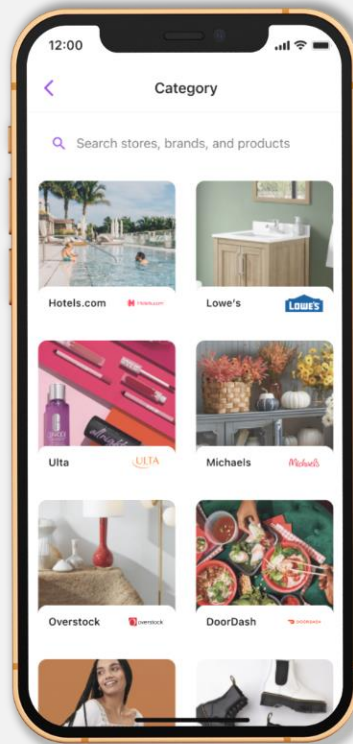
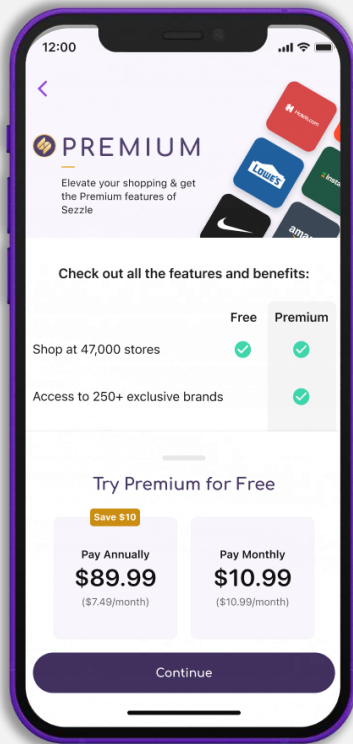
Total Income Contribution<sup>1</sup>

**155,000**

Subscribers<sup>2</sup>

**250+**

Premium Merchants<sup>2</sup>



**1.8x**

More monthly orders per Premium Customer vs. Non-Premium Customer

**1.4x**

More merchants shopped monthly per Premium Customer vs. Non-Premium Customer

*“I’m a premium member and the store selection is superb! It’s definitely better than any other buy now pay later service I’ve come across!”*

David,  
Sezzle Customer

<sup>1</sup>Contribution since launch as of April 30, 2023.

<sup>2</sup>As of June 14, 2023. Subscribers rounded to nearest thousand.

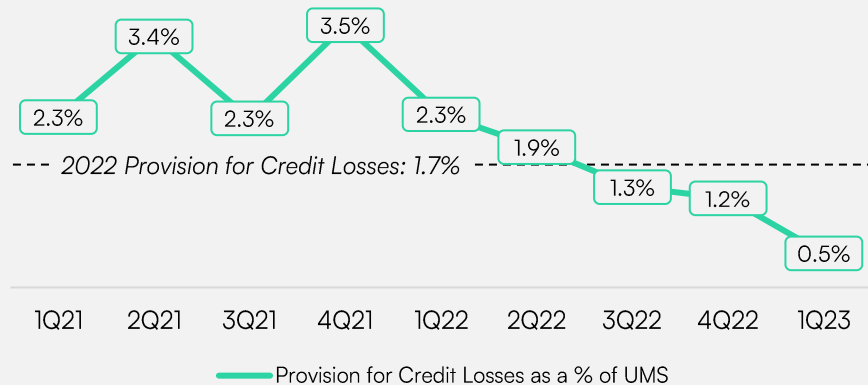
# PROPHET MODEL: CORE FY22 INITIATIVE DRIVING PROFITABILITY



## PROPHET MODEL

- A proprietary machine learning model designed specifically for the holiday season
- The Prophet Model (probability of default predictor<sup>1</sup>) has been a significantly better barometer in identifying high-risk consumers compared to FICO and alternative third-party providers

### PROVISION FOR CREDIT LOSSES AS A % OF UMS

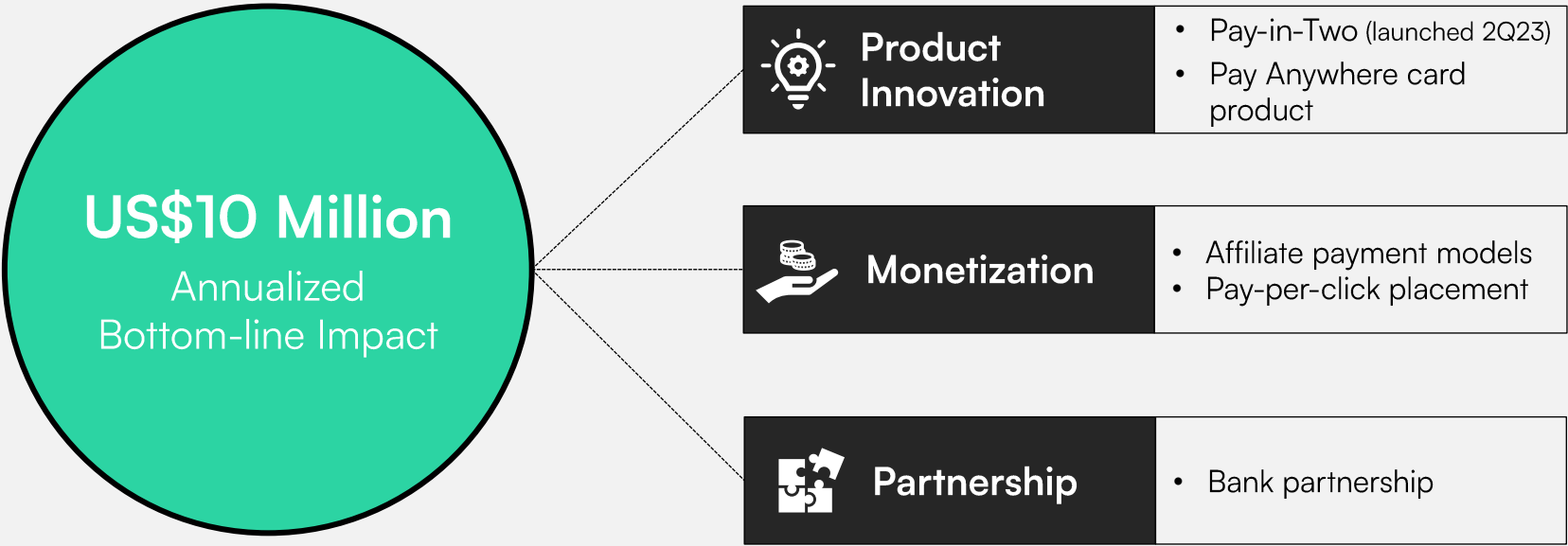


- In addition to continuous improvement to the Company's proprietary underwriting such as the Prophet Machine Learning Model launched in 2022, receivables originated in 2022 performed better than expected resulting in a benefit being recognized during 1Q23
- The Company's pursuit of topline growth in 2023 is anticipated to cause an increase in the Provision for Credit Losses. The Company plans to proactively manage this marginal uptick by evolving its Prophet Model

<sup>1</sup> The current Prophet Model predicts the probability of default at the time of underwriting for repeat consumers. As a result, it does not correlate one-to-one with reported loss rates.

# NEXT ROUND OF INITIATIVES UNDERWAY

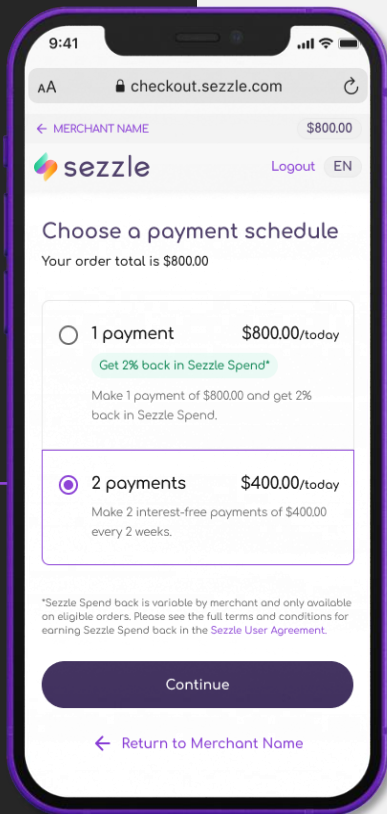
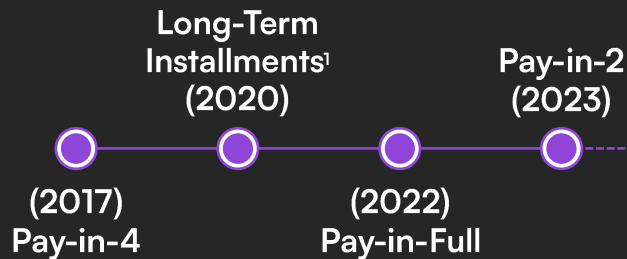
## Key initiatives expected to launch in the 2H23



# PAY-IN-2 LAUNCHED (MAY 2023)

## Continuing to Innovate

Sezzle is the **only BNPL provider** to offer Pay-in-Full, Pay-in-2, Pay-in-4, and Long-term Installments<sup>1</sup> payment options in North America



## Benefits to Consumers

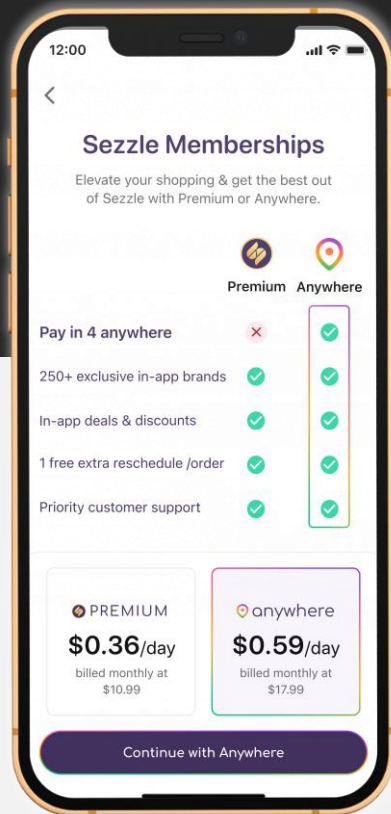
- The new Pay-in-2 product will give consumers more flexibility while providing a responsible way to pay over time
- Shoppers will be able to pay 50% down at the time of purchase and the remaining 50% two weeks later
- The Pay-in-2 product allows Sezzle to expand to new categories, including grocery, monthly subscriptions, and other higher frequency categories where splitting into two payments is the most sensible installment option



<sup>1</sup> Offered in coordination with financial lending partners. Balance sheet risk is assumed by partners, not Sezzle.



# INTRODUCING SEZZLE PAY ANYWHERE



 anywhere



- Gives consumers a top-of-wallet payment option for everyday use
- Partnered with Visa & Marqeta to quickly deploy with minimal friction for consumer adoption
- Launched Beta testing with a select cohort of users and already onboarded over 5,000 subscribers<sup>1</sup>

1

## Shop In-Store with Mobile Wallet



2

## Shop Online with Virtual Card



3

## There is more to come

- Expected full roll-out of Pay Anywhere subscription in 3Q23
- Expanded capabilities in partnership with bank sponsor



<sup>1</sup> As of June 14, 2023. Subscribers rounded to nearest thousand.



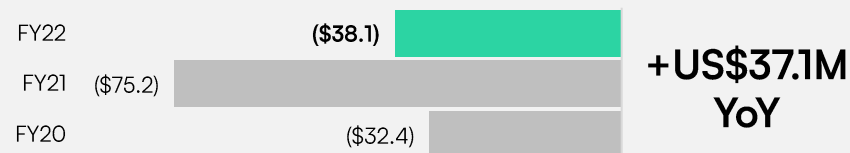
# FINANCIALS & MARKET UPDATE

# FISCAL YEAR SCORECARD

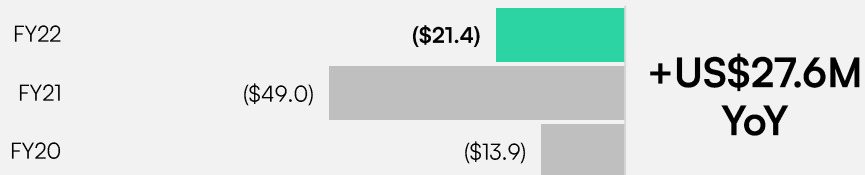
## TOTAL INCOME (US\$ in MILLIONS)



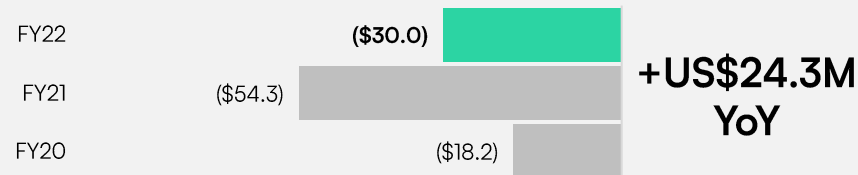
## GAAP NET LOSS (US\$ in MILLIONS)



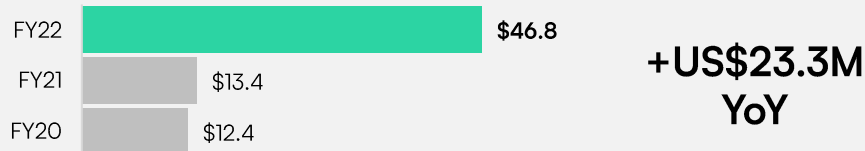
## ADJUSTED EBITDA<sup>1</sup> (US\$ in MILLIONS)



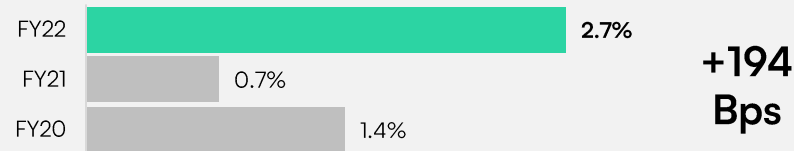
## ADJUSTED EBTDA<sup>1</sup> (US\$ in MILLIONS)



## TOTAL INCOME LESS TRANSACTION RELATED COSTS<sup>2</sup> (US\$ in MILLIONS)



## TOTAL INCOME LESS TRANSACTION RELATED COSTS<sup>2</sup> AS A PERCENTAGE OF UMS

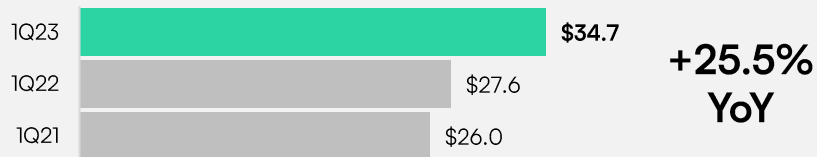


<sup>1</sup> Adjusted EBITDA and Adjusted EBTDA are non-GAAP financial measures. For a reconciliation of GAAP Net Income (Loss), Adjusted EBITDA, and Adjusted EBTDA see Appendix III.

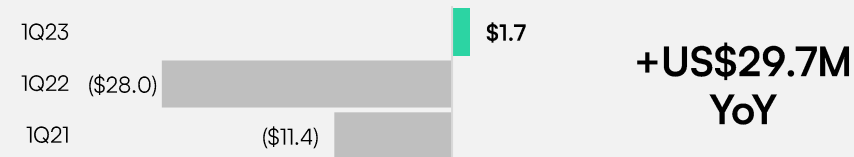
<sup>2</sup> Transaction Related Costs is a non-GAAP financial measure equal to the sum of Transaction Expense, Provision for Credit Losses, and Net Interest Expense. See Appendix III for reconciliation of Transaction Related Costs and respective definitions.

# QUARTERLY SCORECARD

## TOTAL INCOME (US\$ in MILLIONS)



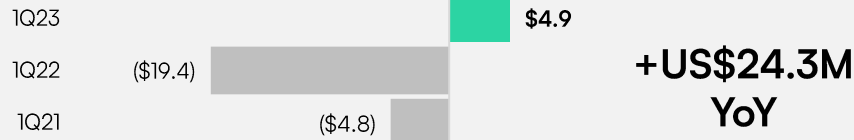
## GAAP NET INCOME (LOSS) (US\$ in MILLIONS)



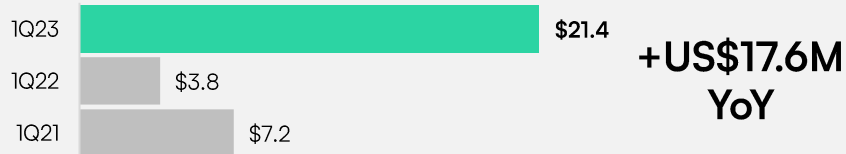
## ADJUSTED EBITDA<sup>1</sup> (US\$ in MILLIONS)



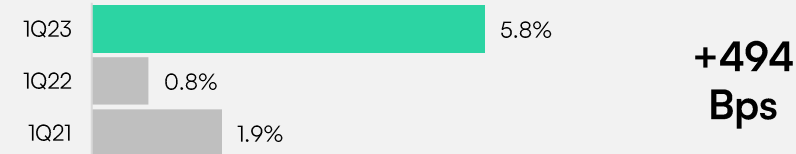
## ADJUSTED EBTDA<sup>1</sup> (US\$ in MILLIONS)



## TOTAL INCOME LESS TRANSACTION RELATED COSTS<sup>2</sup> (US\$ in MILLIONS)



## TOTAL INCOME LESS TRANSACTION RELATED COSTS<sup>2</sup> AS A PERCENTAGE OF UMS

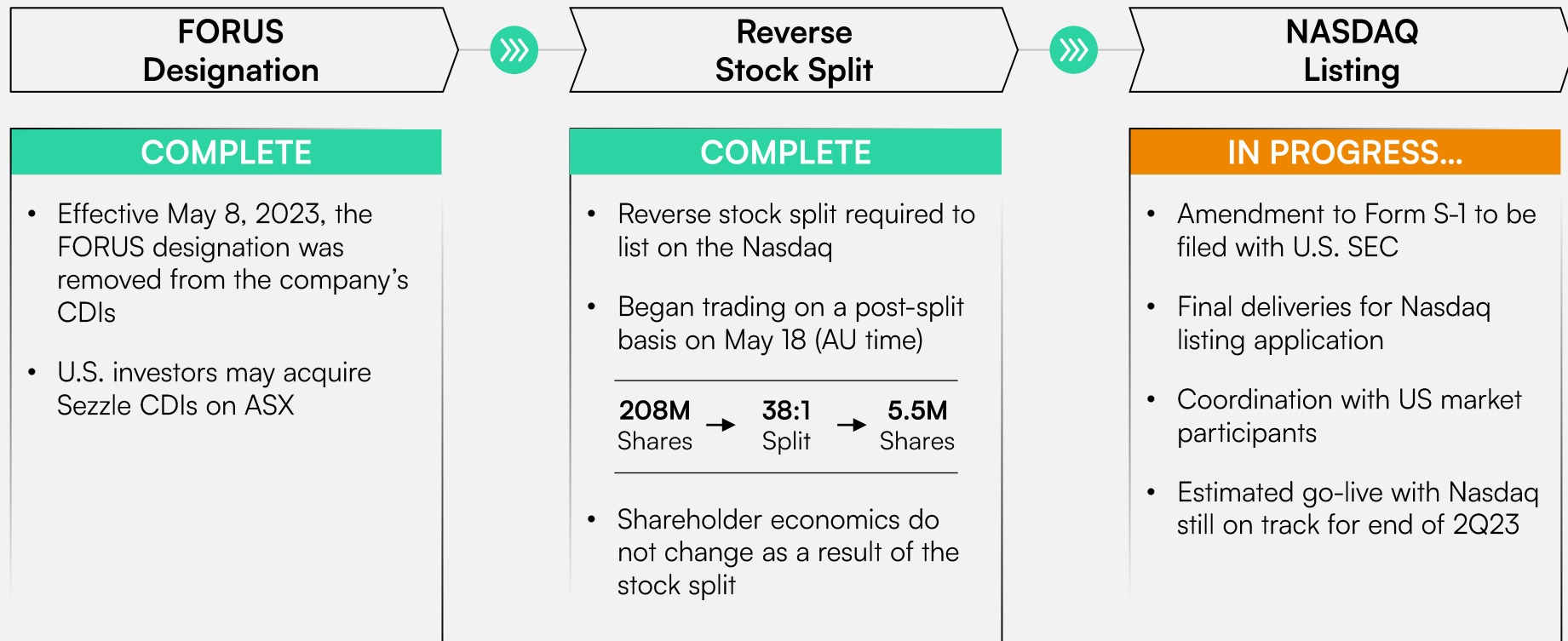


<sup>1</sup> Adjusted EBITDA and Adjusted EBTDA are non-GAAP financial measures. For a reconciliation of GAAP Net Income (Loss), Adjusted EBITDA, and Adjusted EBTDA see Appendix III.

<sup>2</sup> Transaction Related Costs is a non-GAAP financial measure equal to the sum of Transaction Expense, Provision for Credit Losses, and Net Interest Expense. See Appendix III for reconciliation of Transaction Related Costs and respective definitions.



# UPDATE ON FORUS REMOVAL AND U.S. LISTING



# SEZZLE VERSUS COMPARABLE COMPANIES

	Financial Performance			Leverage	Trading	Valuation	
	Last 6 Months <sup>1</sup>				YTD		
Sezzle Comparable Companies	Revenue <sup>2</sup> Change (%)	EBITDA Margin (%)	Net Income or Net Loss	Net Debt / Market Cap (x)	Share Price Change (%)	TEV / LTM Revenue (x)	TEV / Active Consumers (x)
Comp A	9.0%	(30.0%)	Net Loss	0.7x	93.8%	6.1x	577.5x
Comp B	10.9%	(18.2%)	Net Loss	7.5x	(3.4%)	4.8x	303.4x
Comp C	(21.5%)	(4.2%)	Net Loss	0.7x	(36.2%)	0.5x	(not disclosed)
Comp D	0.2%	(107.4%)	Net Loss	1.0x	(27.8%)	8.0x	70.8x
Comp E	(13.1%)	4.7%	Net Income	3.6x	20.0%	1.2x	(not disclosed)
Median	0.2%	(18.2%)		1.0x	(3.4%)	4.8x	303.4x
Mean	(2.9%)	(31.0%)		2.7x	9.3%	4.1x	317.2x
<b>Sezzle</b>	<b>20.5%</b>	<b>21.0%</b>	<b>Net Income</b>	<b>0.0x</b>	<b>65.1%</b>	<b>0.8x</b>	<b>35.6x</b>

Note: Comparable companies represent select Australian and U.S. online consumer lenders with operations in the U.S.

<sup>1</sup>Represents last six months that complete financial statements were disclosed.

<sup>2</sup>Revenue defined as the respective Company's top-line income generated from the sale of their goods and services. The select Comparable Companies may report this income as either Total Revenue or Total Income.

Source: S&P Capital IQ. Market data as of 6/14/23 for Australian companies and 6/13/23 for the US companies. Metrics based on U.S. dollar.



# VOTING & RESOLUTIONS

# VALID PROXIES RECEIVED PRIOR TO MEETING

*Proxy numbers are reported on a pre consolidation basis based on the capital structure at the Record Date of 28 April 2023*

## RE-ELECTION OF DIRECTORS

	FOR	WITHHELD	NON-VOTES	UNCAST
ITEM 2: Charlie Youakim (Executive Director)	112,798,284	248,809	-	-
ITEM 3: Paul Victor Paradis (Executive Director)	112,792,596	254,497	-	-
ITEM 4: Paul Purcell (Non-Executive Director)	112,760,898	286,195	-	-
ITEM 5: Paul Alan Lahiff (Non-Executive Director)	112,765,718	277,535	3,840	-
ITEM 6: Michael Cutter (Non-Executive Director)	112,795,662	251,431	-	-



# VALID PROXIES RECEIVED PRIOR TO MEETING

*Proxy numbers are reported on a pre consolidation basis based on the capital structure at the Record Date of 28 April 2023*

## APPROVAL TO ISSUE RESTRICTED STOCK UNITS (ITEMS 7, 8, 10, 11) & RESTRICTED SHARES (ITEM 9) TO DIRECTORS

	FOR	AGAINST	ABSTAIN	NON-VOTES	UNCAST
ITEM 7: Charlie Youakim (Executive Director)	20,157,418	449,435	80,431	92,359,809	-
ITEM 8: Paul Victor Paradis (Executive Director)	20,150,480	444,684	92,120	92,359,809	-
ITEM 9: Paul Purcell (Non-Executive Director)	20,176,711	415,574	94,999	92,359,809	-
ITEM 10: Paul Alan Lahiff (Non-Executive Director)	20,161,711	430,574	94,999	92,359,809	-
ITEM 11: Michael Cutter (Non-Executive Director)	20,164,711	430,574	91,999	92,359,809	-



# VALID PROXIES RECEIVED PRIOR TO MEETING

*Proxy numbers are reported on a pre consolidation basis based on the capital structure at the Record Date of 28 April 2023*

## RATIFICATION OF INDEPDENT ACCOUNTING FIRM SELECTION

	FOR	AGAINST	ABSTAIN	NON-VOTES	UNCAST
ITEM 12: Ratification of Independent Accounting Firm Selection	112,890,284	97,315	59,494	-	-







# APPENDICES

# APPENDIX I: RECONCILIATION OF GAAP TO NON-GAAP MEASURES

## TOTAL INCOME LESS TRANSACTION RELATED COSTS

(in \$US thousands)	For the three months ended				
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
<b>Total income</b>	<b>\$ 34,673</b>	<b>\$ 38,276</b>	<b>\$ 30,408</b>	<b>\$ 29,252</b>	<b>\$ 27,634</b>
<b>Less: Transaction related costs</b>					
Transaction expense	(8,239)	(9,547)	(9,320)	(10,115)	(11,794)
Provision for credit losses	(1,694)	(5,401)	(5,680)	(7,891)	(10,466)
Net interest expense	(3,377)	(3,124)	(2,192)	(1,670)	(1,615)
Write-off of unamortized debt issuance costs	-	-	316	-	-
<b>Transaction related costs</b>	<b>(13,310)</b>	<b>(18,072)</b>	<b>(16,875)</b>	<b>(19,676)</b>	<b>(23,875)</b>
<b>Total income less transaction related costs</b>	<b>\$ 21,364</b>	<b>\$ 20,204</b>	<b>\$ 13,533</b>	<b>\$ 9,576</b>	<b>\$ 3,759</b>



# APPENDIX II: RECONCILIATION OF GAAP TO NON-GAAP MEASURES

## NON-TRANSACTION RELATED OPERATING EXPENSES

(in \$US thousands)	For the three months ended				
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
<b>Operating expenses</b>	<b>\$ 29,254</b>	<b>\$ 33,534</b>	<b>\$ 23,909</b>	<b>\$ 42,805</b>	<b>\$ 53,758</b>
Transaction expenses	(8,239)	(9,547)	(9,320)	(10,115)	(11,794)
Provision for credit losses	(1,694)	(5,401)	(5,680)	(7,891)	(10,466)
Reimbursement of merger-related costs	-	-	11,000	-	-
<b>Non-transaction related operating expenses</b>	<b>\$ 19,321</b>	<b>\$ 18,586</b>	<b>\$ 19,909</b>	<b>\$ 24,799</b>	<b>\$ 31,498</b>

## TRANSACTION RELATED OPERATING EXPENSES

(in \$US thousands)	For the three months ended				
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
<b>Operating expenses</b>	<b>\$ 29,254</b>	<b>\$ 33,534</b>	<b>\$ 23,909</b>	<b>\$ 42,805</b>	<b>\$ 53,758</b>
Personnel	(11,574)	(10,929)	(11,587)	(12,322)	(16,380)
Third-party technology and data	(1,749)	(1,907)	(2,177)	(2,029)	(2,076)
Marketing, advertising, and tradeshows	(3,199)	(3,569)	(3,857)	(6,247)	(5,299)
General and administrative	(2,799)	(2,180)	(2,288)	(4,201)	(7,743)
Reimbursement of merger-related costs	-	-	11,000	-	-
<b>Transaction related operating expenses</b>	<b>\$ 9,933</b>	<b>\$ 14,948</b>	<b>\$ 15,000</b>	<b>\$ 18,006</b>	<b>\$ 22,260</b>

# APPENDIX III: RECONCILIATION OF GAAP TO NON-GAAP MEASURES

## TOTAL INCOME LESS TRANSACTION RELATED COSTS

(in \$US thousands)	For the year ended			For the three months ended		
	FY2022	FY2021	FY2020	March 31, 2023	March 31, 2022	March 31, 2021
<b>Total income</b>	\$ 125,570	\$ 114,817	\$ 58,788	\$ 34,673	\$ 27,634	\$ 26,031
<b>Less: Transaction related costs</b>						
Transaction expense	(40,777)	(43,476)	(22,490)	(8,239)	(11,794)	(8,925)
Provision for credit losses	(29,437)	(52,622)	(19,588)	(1,694)	(10,466)	(8,577)
Net interest expense	(8,601)	(5,269)	(4,303)	(3,377)	(1,615)	(1,354)
Write-off of unamortized debt issuance costs	316	-	-	-	-	-
<b>Transaction related costs</b>	<b>(78,498)</b>	<b>(101,367)</b>	<b>(46,381)</b>	<b>(13,310)</b>	<b>(23,875)</b>	<b>(18,856)</b>
<b>Total income less transaction related costs</b>	<b>\$ 47,072</b>	<b>\$ 13,450</b>	<b>\$ 12,408</b>	<b>\$ 21,364</b>	<b>\$ 3,759</b>	<b>\$ 7,175</b>

## ADJUSTED EBTDA AND ADJUSTED EBITDA

(in \$US thousands)	For the year ended			For the three months ended		
	FY2022	FY2021	FY2020	March 31, 2023	March 31, 2022	March 31, 2021
<b>Net income (loss)</b>	\$ (38,094)	\$ (75,168)	\$ (32,393)	\$ 1,725	\$ (27,989)	\$ (11,353)
Depreciation and amortization	847	749	428	201	224	163
Income tax expense	69	58	31	12	21	18
Equity and incentive-based compensation	10,316	18,056	13,613	2,645	3,731	5,250
Other income and expense, net	226	65	126	(113)	228	57
Merger-related costs	6,565	890	-	-	4,405	-
Reimbursement of merger-related costs	(11,000)	-	-	-	-	-
Write-off of unamortized debt issuance costs	316	-	-	-	-	-
Loss on extinguishment of line of credit	814	1,093	-	-	-	1,093
Fair value adjustment on warrants	(50)	-	-	420	-	-
<b>Adjusted EBTDA</b>	<b>\$ (29,991)</b>	<b>\$ (54,257)</b>	<b>\$ (18,195)</b>	<b>\$ 4,889</b>	<b>\$ (19,379)</b>	<b>\$ (4,772)</b>
Net interest expense	8,601	5,269	4,303	3,377	1,615	1,354
<b>Adjusted EBITDA</b>	<b>\$ (21,391)</b>	<b>\$ (48,988)</b>	<b>\$ (13,891)</b>	<b>\$ 8,265</b>	<b>\$ (17,764)</b>	<b>\$ (3,419)</b>

# 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; non-transaction related operating expenses; transaction related operating expenses; 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 credit losses, 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;
- Transaction related operating expenses is defined as GAAP transaction expense and provision for credit losses as detailed in the reconciliation tables within Appendix II. We believe that transaction related operating expenses is a useful measure to both management and investors for identifying which of our operating expenses are related to processing transactions on our platform.
- Non-transaction related operating expenses is defined as GAAP personnel expense; third-party technology and data expense; marketing, advertising, and tradeshow expense; and general and administrative expense as detailed in the reconciliation tables within Appendix II. We believe that non-transaction related operating expenses is a useful measure to both management and investors for identifying which of our operating expenses are not related to processing transactions on our 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 and transaction related operating expenses are 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.
- Non-transaction related expenses excludes key operating expenses of transaction expense and provision for credit losses, which have a significant impact on our GAAP net income, working capital, and cash flow.
- 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, transaction related operating expenses, and non-transaction related operating expenses exclude 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.



sezzle

The Responsible Way to Pay™