# Annual Report

## Sezzle Inc.

**Purpose:**
Consumers deserve financial tools that grow with them. Sezzle provides these tools so they can access a better today and build a stronger tomorrow.

**Mission:**
To amplify the way people pay, earn and build at every stage of their financial journey.

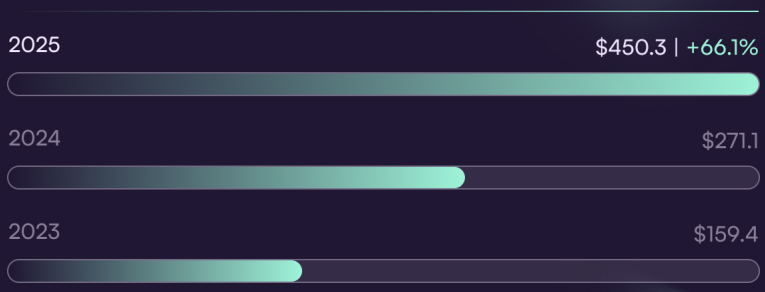


2025

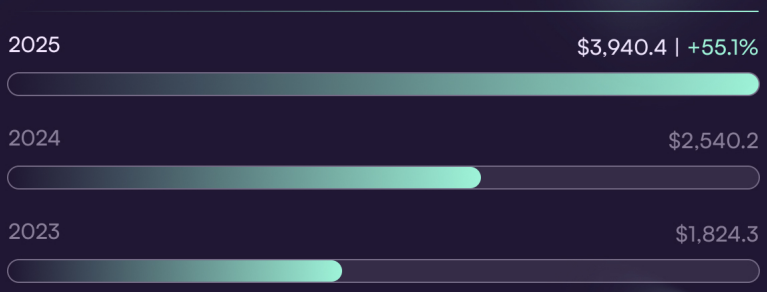
# Performance Highlights

(all dollar amounts are denominated in USD)

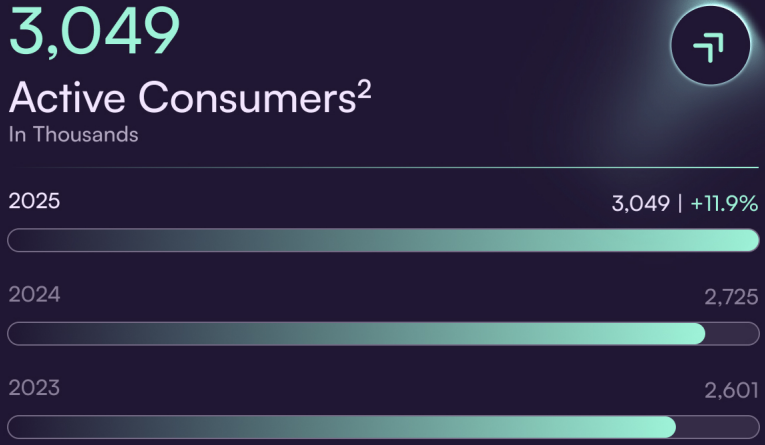
## $450.3
### Total Revenue
In Millions




## $3,940.4
### GMV[1]
In Millions




## 3,049
### Active Consumers[2]
In Thousands




## 918
### MODS[3]
In Thousands




[1]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. [2]Active Consumers is defined as unique end users who have placed an order with us within the last twelve months. [3]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 December 31, 2025, plus consumers with an active subscription for either Sezzle Premium or Sezzle Anywhere as of the end of the period.

## Dear Fellow Shareholders,

We started this journey with a simple belief: consumers deserved a better way to pay, one that was flexible, responsible, and aligned with their financial lives. What we did not fully appreciate at the outset was how much that belief could compound. Not only in revenue, subscribers, or net income, but in what it would teach us about building a business meant to endure.

2025 marked our tenth year. It was also, in many ways, our most instructive.

Over the past decade, we have learned that durable businesses are not built on momentum alone. They are built on feedback loops: testing, learning, refining, and compounding. In 2025, that lesson became especially clear.

### Proving the Model, Sharpening the Focus

2025 marked the first full year of operating under our bank sponsorship model. That model helped us unify our product nationally, unlocked the ability to launch On-Demand, and expanded the ways we can serve consumers in their everyday financial lives. This foundation matters not only for what it enabled in 2025, but for what it makes possible in the years ahead.

On-Demand was one of the most important product tests that followed. We launched it with a mission to lower the barrier to entry for new consumers, strengthen our position with enterprise merchants, and create a broader entry point into the Sezzle ecosystem.

Just as important as launching the product was how we evaluated it. We invested in On-Demand, studied the data closely, and let the lifetime value profile guide our decisions. By mid-year, the data made the path forward clear and reinforced what we had believed for some time: there is a meaningful difference between a consumer who uses Sezzle when it appears at checkout and one who has made Sezzle their default option through subscription. The first is a transaction. The second is a relationship. Our subscription model is designed to deepen that relationship and make Sezzle a top-of-wallet choice.

That experience reflects a core principle of how we operate this business. We are willing to test, invest, learn, and pivot when the facts warrant it. In this case, the result was a stronger conviction about where we believe the highest lifetime value resides and the greatest return on investment lies. We shifted our focus back toward subscription growth, while retaining On-Demand as an option for consumers for whom a subscription is not the right fit. From a low of 481,000 subscribers in the first quarter, we grew to nearly 670,000 by year-end, representing a nearly 40% increase. And On-Demand users grew at a similar pace over the same period. The pivot did not come at the expense of total engagement. It deepened it.

### Building the Everyday App

In 2025, consumer engagement deepened well beyond the checkout button. Shoppers who came to Sezzle for payments increasingly engaged with our Earn Tab, Product Marketplace, Price Comparison tool, Browser Extension, and other features that added value beyond checkout. Each layer strengthened engagement, and the engagement compounded over time.

The impact is clear. Monthly app sessions grew 51% year-over-year in December, and our Earn Tab is generating approximately $1 million in monthly revenue. Together, these results reinforce a broader point: consumers want more from Sezzle than just a checkout button.

That engagement laid the groundwork for the next phase of our evolution. In 2026, we moved beyond our Pay-in-4 roots in checkout with Pay-in-5, Sezzle Mobile, SezzleCash, and Sezzle Send. SezzleCash gives eligible subscribers access to short-term liquidity, while Sezzle Send brings peer-to-peer payments into the Sezzle ecosystem. Together, these products give consumers more reasons to engage with Sezzle and move us closer to our vision of building an all-in-one financial platform.

Underpinning all of this is AI. We consume it across the business, but what makes us different is that we are also building it. Proprietary systems, embedded underwriting models, internal data tooling, and automation enable our Sezzlers to do more than ever before. That combination is what allows our lean team to operate above its weight, and helps bridge the gap between what consumers are asking for and how fast we can deliver it.

**Scaling with Discipline**

The combination of deeper consumer relationships and stronger operational leverage is what ultimately drives the financial performance we are proud to share.

In 2025, we delivered $133.1 million in net income, a 70% increase year-over-year, and generated $209.9 million in cash from operations. That financial strength gives us the flexibility to invest in growth while also returning capital to shareholders. In 2025 we executed a 6-for-1 stock split, completed our $50 million share repurchase program, and announced a new $100 million share repurchase authorization. These actions reflect our strategy for a durable cash-generating business and our commitment to long-term shareholder value.

That momentum has carried into 2026. Since initially setting our outlook for the year, we have raised our financial guidance multiple times as the core business has continued to outperform our expectations. Importantly, this outlook reflects the strength of our existing business and does not include the contribution from SezzleCash and Sezzle Send, which we recently launched. A strong foundation is in place, and we are building for the upside.

**What We Are Building Toward**

The first ten years were about proving the model: that this business could be profitable, disciplined, and aligned with the consumers it serves. Our focus over the next ten years is deepening that relationship and expanding how we support our consumers every day.

Supporting that ambition also means continuing to strengthen the infrastructure beneath our platform. With this goal in mind, we are pursuing a national bank charter, an important step in our long-term strategy to create a more durable and scalable foundation for Sezzle. Subject to regulatory approval, we believe a national bank charter can provide flexibility as we expand our product suite, deepen our consumer relationships, and continue building for the long term.

Our confidence in that next chapter comes from what we have already built: a platform with a devoted consumer base engaging well beyond payments, a business model that is designed to generate enough cash to fund its own growth while returning capital to shareholders, and a team that knows how to pivot and move fast without losing discipline. That combination is rare, and we do not take it for granted.

None of what we accomplished in 2025 happened by accident. It happened because of the Sezzlers who show up every day with the talent, drive, and belief in what we are building. I want to thank every one of them.

To you, our shareholders, and especially those who have been with us since the early days: thank you for the trust you placed in us long before the results were visible. A decade in, we are still building with the same hunger with which we started. That passion is never going to change.

Sincerely,



**Charlie Youakim**
Executive Chairman and
Chief Executive Officer

**charlie.youakim@sezzle.com**



# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

# FORM 10-K

**(Mark One)**

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

For the fiscal year ended December 31, 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

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

| 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 if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company", and "emerging growth company" 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☒

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☒

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

The aggregate market value of the voting stock held by non-affiliates of the registrant as of June 30, 2025, was $3,165.9 million based on the closing price of $179.25 per share of Common Stock as reported on The Nasdaq Stock Market LLC.

The total number of shares of common stock, par value $0.00001 per share, outstanding at February 24, 2026 was 33,801,675.

**DOCUMENTS INCORPORATED BY REFERENCE**

The information required by Part III of this Annual Report on Form 10-K, to the extent not set forth herein, is incorporated herein by reference from the registrant's definitive proxy statement for its 2026 Annual Meeting of Stockholders. Such proxy statement will be filed with the Securities and Exchange Commission within 120 days of the registrant's fiscal year ended December 31, 2025.

**SEZZLE INC.**

**TABLE OF CONTENTS**


| | | |
|---|---|---|
| **PART I** | | |
| Item 1 | Business | 6 |
| Item 1A | Risk Factors | 21 |
| Item 1B | Unresolved Staff Comments | 47 |
| Item 1C | Cybersecurity | 48 |
| Item 2 | Properties | 50 |
| Item 3 | Legal Proceedings | 51 |
| Item 4 | Mine Safety Disclosures | 52 |
| | | |
| **PART II** | | |
| Item 5 | Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities | 53 |
| Item 6 | [Reserved] | 54 |
| Item 7 | Management's Discussion and Analysis of Financial Condition and Results of Operations | 55 |
| Item 7A | Quantitative and Qualitative Disclosures About Market Risk | 68 |
| Item 8 | Financial Statements and Supplementary Data | 69 |
| Item 9 | Changes in and Disagreements with Accountants on Accounting and Financial Disclosure | 100 |
| Item 9A | Controls and Procedures | 101 |
| Item 9B | Other Information | 103 |
| Item 9C | Disclosure Regarding Foreign Jurisdictions That Prevent Inspections | 104 |
| | | |
| **PART III** | | |
| Item 10 | Directors, Executive Officers and Corporate Governance | 105 |
| Item 11 | Executive Compensation | 106 |
| Item 12 | Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters | 107 |
| Item 13 | Certain Relationships and Related Transactions, and Director Independence | 108 |
| Item 14 | Principal Accountant Fees and Services | 109 |
| | | |
| **PART IV** | | |
| Item 15 | Exhibits and Financial Statement Schedules | 110 |
| Item 16 | Form 10-K Summary | 112 |
| | | |
| | Signatures | 113 |

## FORWARD-LOOKING STATEMENTS

The information in this Annual Report on Form 10-K and the documents incorporated by reference herein ("Form 10-K") 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-K are forward-looking statements. When used in this Form 10-K, 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 this 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 retain and increase our subscriber base and subscription revenue;
- 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 as a Delaware public benefit corporation.

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 this Form 10-K. Should one or more of the risks or uncertainties described in this 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-K 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-K.

**SUMMARY OF RISK FACTORS**

Our business is subject to numerous risks and uncertainties, including those highlighted in Item 1A "Risk Factors," of this Form 10-K. If any of these risks actually occur, our business, financial condition, or results of operations would likely be materially and adversely affected. In such case, the trading price of our shares of common stock would likely decline, and you may lose all or part of your investment. These risks include, but are not limited to, the following:

***Risks Related to Our Industry***

- Our industry has become subject to increased regulatory scrutiny.
- We operate in a highly competitive industry.
- Our success is subject to macro-economic conditions that have an impact on consumer spending and consumer credit.
- We, and our industry, has been and may continue to be subject to negative publicity.

***Risks Related to Our Strategy and Growth***

- We may not be able to maintain historic levels of profitability in the future.
- Our business depends on our ability to maintain and increase our merchant network.
- Our business depends on our ability to retain and increase our consumer base and GMV.
- Our ability to attract and retain consumers to enroll in our subscription products.
- Our ability to effectively manage growth.
- We may not be able to sustain our growth rate.
- Our ability to promote and maintain our brand.
- We may require additional capital.

***Risks Related to Our Financing Program***

- Loans facilitated through our platform involve a high degree of financial risk.
- Our agreement with our originating bank partner is non-exclusive and subject to termination by our originating partner upon the occurrence of certain events.
- We rely on third-party data to assess the creditworthiness of consumers and such data may be inaccurate.
- Consumer bad debts and insolvency of merchants may adversely impact our financial success.
- Merchants may fail to fulfill their obligations to consumers or comply with applicable law.

***Risks Related to Our Technology and the Sezzle Platform***

- Our results depend on integration, support, and prominent presentation of our platform by our merchants.
- Unanticipated surges or increases in transaction volumes.
- The occurrence of data security breaches, cyberattacks, employee or other internal misconduct, malware, phishing or ransomware, physical security breaches, natural disasters, or similar disruptions.
- Real or perceived software failures or outages.
- Disruption in service on our platform that prevents or delays us from processing transactions.
- Fraudulent activities occurring on our platform.

***Other Risks Related to Our Business***

- Our ability to comply with the applicable requirements of payment processors.
- The failure of key vendors or merchants to comply with legal or regulatory requirements or to provide various services that are important to our operations.
- Changes to our key operating metrics and real or perceived inaccuracies.
- Conditions in the capital and credit markets, including higher interest rates.
- Exchange rate fluctuations between the United States and Canada.
- Our ability to protect our intellectual property rights.
- The loss of licenses or any quality issues with third-party technology that support our business operations or are integrated with our products or services.
- Our insurance may not apply or be sufficient.
- Our business is subject to damage or interruption from events beyond our control.
- Our inability to retain our existing workforce or recruit additional staff, and risks of staff misconduct.

***Risks Related to Our Regulatory Environment***

- The costs of complying with various laws and regulations applicable to the BNPL industry in the United States and Canada.
- We are subject to various laws in the United States and Canada concerning lending programs, consumer finance and consumer protection.
- We are subject to the regulatory, supervisory and enforcement authority of the CFPB.
- We rely on our originating bank partner model to originate a substantial majority of the loans facilitated on the Sezzle Platform.
- Failure to identify, obtain and operate the licenses necessary to operate our business.
- Violating applicable federal, state and/or local lending or other laws.
- Litigation, regulatory actions, and compliance issues could subject us to increased costs.
- Privacy and data protection laws could result in claims or harm our business.

***Risks Related to Our Corporate Structure***

- We have not paid dividends on our common stock and any future payment of dividends will be at the discretion of our board directors and depend on certain factors.
- Our stock repurchase(s) could affect the price of our stock and increase volatility in the market.
- Our Chief Executive Officer and Chairman of the board owns a large percentage of our stock and can exert significant influence over us.
- A large percentage of our stock are pledged securities subject to foreclosure or disposal upon the occurrence of certain events.
- We are no longer a “emerging growth company” or a “smaller reporting company” and the reduced U.S. public company reporting requirements applicable to emerging growth companies and smaller reporting companies will no longer apply to us.
- We incur significant costs and are subject to extensive regulations and requirements as a U.S. public company.
- Our inability to continue to meet Nasdaq's continued listing requirements.
- Failure to maintain effective internal control over financial reporting or disclosure controls may adversely affect our ability to report our financial results in a timely and accurate basis.
- Some provisions of our charter documents may have anti-takeover effects, and the exclusive forum designation may limit stockholders’ ability to obtain a favorable judicial forum for disputes with us.

***Risks Related to Our Existence as a Public Benefit Corporation***

- As a public benefit corporation, we cannot provide any assurance that we will achieve our public benefit purpose.
- As a public benefit corporation, our focus on providing a public benefit purpose may negatively impact our financial condition.
- Our directors have a fiduciary duty to consider not only our stockholders’ interests, but also our specific public purpose and the interests of other stakeholders affected by our actions.
- Increased derivative litigation concerning our duty to balance stockholder and public benefit interest.

## PART I

### ITEM 1. BUSINESS

*Unless otherwise noted, references in this Form 10-K to "we," "us," "our," "Company," or "Sezzle" refer collectively to Sezzle Inc. and our subsidiaries.*

**Our Company**

We are a purpose-driven payments company on a mission to financially empower the next generation. Launched in 2017, we have built a digital shopping and payments platform that provides consumers a flexible alternative to traditional credit. Through our products, we aim to give consumers control of their spending, ways to save money, and access to responsible credit. 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.

We launched Sezzle amid a backdrop during which digital shopping began to claim a larger share of the retail sector and younger generations (i.e., Gen Z and Millennials) started demonstrating a need for credit. Gen Z and Millennial consumers, who we define as individuals currently between ages 18–29 and 30–48, respectively, use credit cards less frequently than other generations and, in many cases, lack access to traditional credit. These same consumers are tech-savvy and gravitate towards modern, streamlined commerce solutions, whether online or in-person. Our platform addresses the shortcomings in legacy payment offerings consumers face by providing a flexible, secure, omnichannel alternative with the structural benefit of "creditizing" traditional debit products. The technology solutions we have designed align with our mission of financially empowering the next generation.

We believe our stakeholder approach gives us a competitive advantage and positions our company for success. Stakeholders want to be affiliated with a purpose-driven partner and, to that extent, we elected to become a Delaware public benefit corporation in June 2020. Public benefit corporations are for-profit corporations intended to produce a public benefit and operate in a responsible and sustainable manner. Under Delaware law, public benefit corporations must identify in their certificate of incorporation the public benefit or benefits they will promote, and their directors have a duty to manage the affairs of the corporation in a manner that balances the pecuniary interests of the stockholders, the best interests of those materially affected by the corporation's conduct, and the specific public benefit or public benefits identified in the public benefit corporation's certificate of incorporation. Being a public benefit corporation offers advantages, including:

- public benefit corporation status is a clear differentiator in an increasingly growing, and sometimes crowded, industry;
- we are more likely to become an employer of choice as the younger workforce increasingly seek employment from companies which align with their ethical values;
- further opportunities to conduct business with brands that also care about sustainability;
- the potential to expand our consumer base due to conscious consumers;
- added credibility to our mission statement and potential to grow capital through impact investing; and
- further opportunities for positive public relations and marketing.

We operate in the United States and Canada, and are currently winding down and exiting operations in India and certain countries in Europe.

**Products**

***Sezzle Platform***

The Sezzle Platform offers a payments solution for consumers that instantly extends credit at the point-of-sale, allowing consumers to purchase and receive the ordered merchandise at the time of sale while paying in installments over time.

The Sezzle Platform can be integrated into merchants' websites via pre-built widgets for select e-commerce platforms or our direct Application Programming Interface. Consumers can access the Sezzle Platform through the Sezzle mobile application or Sezzle online dashboard. We are able to rapidly onboard and integrate merchants through an increasingly automated merchant underwriting process and, once integrated, consumers can choose the Sezzle Platform as a payment method at the merchant's point-of-sale. The Sezzle Platform is presented alongside other payment options on the merchant's checkout page. Consumers then select Sezzle as their payment option and, if they are a first-time user, create an account with Sezzle in a quick and streamlined process integrated into the selected merchant's checkout. If a particular merchant is not directly integrated with us, consumers are still able to checkout with the Sezzle Platform using a virtual card if they are subscribed to Sezzle Premium (for select merchants) or Sezzle Anywhere (subject to certain merchant, product, goods, and service restrictions), or if they elect to use Sezzle On-Demand (as discussed below).

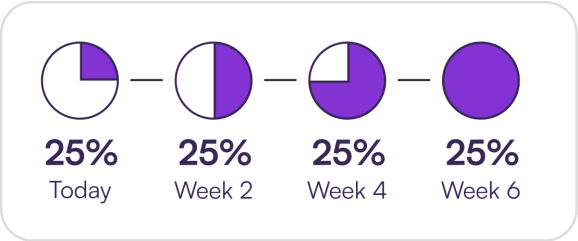
The Sezzle Platform reviews the transaction and consumer profile in real-time and, if approved, quickly confirms the transaction for both the consumer and the merchant. Once an initial transaction is approved, consumers are granted a spending limit. Our underwriting platform analyzes above-limit purchase attempts and may provide alternative terms to prevent a consumer from being denied outright. After a transaction is approved and merchant checkout is completed, the merchant ships the order and receives payment, just as if the consumer had paid in cash or used a traditional credit or debit card.

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 2025, we launched a variety of platform enhancements including a price comparison tool, auto-couponing, express checkout, customer wishlist, and the Sezzle "Earn" tab. Through the Sezzle "Earn Tab", users may accumulate Sezzle Spend by completing certain activities and participating in partner-sponsored offers, subject to applicable terms and conditions. Sezzle Spend are credits issued to consumers that may be applied toward eligible future purchases within the Sezzle ecosystem. Activities currently available in the Sezzle Earn tab include (i) elect mobile games and apps to earn rewards upon achieving specified milestones; (ii) financial literacy modules through Money IQ (powered by Zogo); (iii) offers providing rewards or cost reductions on purchases such as gas, dining, and groceries; (iv) Sezzle's browser extension to identify available coupons and merchant offers while shopping online; and (v) referral bonuses when a user invites a friend. By providing opportunities to earn credits and access savings on everyday purchases, we seek to enhance consumer value, encourage engagement with financial education content, and support responsible financial decision-making.

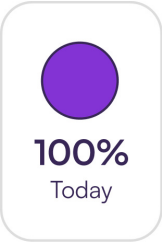
A substantial majority of the short-term credit products available on the Sezzle Platform are originated by our originating bank partner, WebBank, a Federal Deposit Insurance Company ("FDIC")-insured Utah state-chartered industrial bank ("WebBank").

***Pay-in-Four***



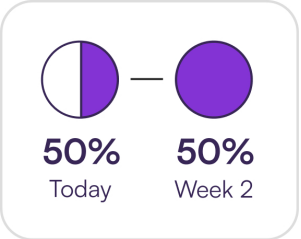

The Sezzle Platform flagship product, "pay-in-four," allows consumers to pay a fourth of the purchase price up front, and then another fourth of the purchase price every two weeks thereafter over a total of six weeks. The "pay-in-four" product may be free or subject to fees and/or interest. Consumers who fail to make scheduled payments using a bank account or Sezzle Balance are charged a 'late saver' fee for each installment payment. Consumers receive a notification via email, text message, and the Sezzle mobile application two days prior to the date the installment payment is automatically debited by the Sezzle Platform from the consumer's payment method provided under the consumer's account. The consumer is able to review and manage their Sezzle account via the Sezzle Platform's online dashboard or mobile application. Consumers are also able to reschedule an order up to two times (or three times for subscribers to certain subscription products), subject to applicable fees and state laws. Consumers who fail to pay for their purchases on time (or reschedule their payments as permitted above) may incur a late payment fee, which requires the settlement of an outstanding balance (including the late payment fee) before they may use our platform again in the future. Additionally, when a payment method fails consumers may incur a failed payment fee. We typically do not report delinquent consumer Sezzle accounts to any credit bureaus, unless the consumer has elected to participate in Sezzle Up (as discussed below). Sezzle utilizes third-party collection agencies for past due balances, which may report such delinquent balances to credit bureaus.

***Pay-in-Full***



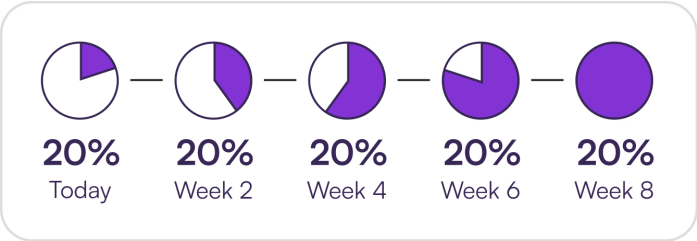

We began offering a "pay-in-full" option to consumers in 2022. This option allows consumers to pay for the full value of their order up-front through the Sezzle Platform without the extension of credit. We believe this provides value for both new and existing consumers on the Sezzle Platform. This allows new consumers who are denied credit to complete their order through our platform without the need to re-enter any payment information. For existing consumers with payment information already saved, pay-in-full allows an express checkout option in instances where the consumer may not want to enter into a new installment plan.

***Pay-in-Two***




We also began offering a "pay-in-two" option for smaller dollar transactions and for certain consumers who are not qualified for our "pay-in-four" product in 2023. In "pay-in-two," a consumer pays half of the value of their order up-front and the second half in two weeks. The "pay-in-two" product is subject to the same payment parameters, consumer notifications, rescheduling rights, and applicable fees (including late, failed payment, and 'late saver' fees) described above for our "pay-in-four" product.

***Pay-in-Five***

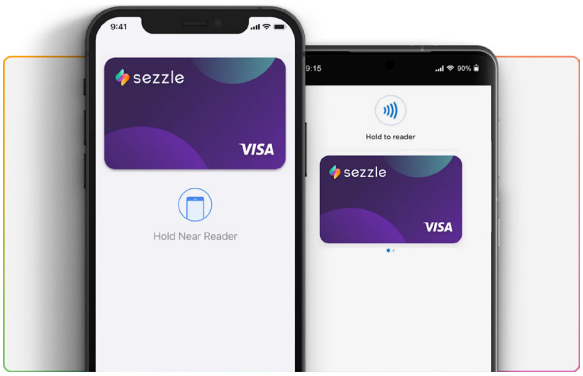



The "pay-in-five" beta product was piloted in 2025. "Pay-in-five" allows eligible consumers to pay a fifth of the purchase price up front, and then another four installments every two weeks thereafter over a total of eight weeks. The "pay-in-five" product is subject to the same payment parameters, consumer notifications, rescheduling rights, and applicable fees (including late, failed payment, and 'late saver' fees) described above for our "pay-in-four" product.

***Other Alternative Installment Options***

In addition to "pay-in-four", "pay-in-full", "pay-in-two" and "pay-in-five", we may offer customized installment terms that differ from our traditional installment plans with select enterprise merchants. An example of these alternative terms is a four payment, three month product. We offer these unique products to consumers through selected merchants at our discretion in situations where alternative terms would provide additional value to both the consumer and merchant, while also better aligning with the typical purchase frequency at these select merchants.

***Sezzle Virtual Card***




The Sezzle Virtual Card, issued by WebBank pursuant to a license from Visa U.S.A Inc., allows consumers to use the Sezzle Platform with merchants in-store and online, including merchants that are not directly-integrated with Sezzle. The Sezzle Virtual Card bolsters our omnichannel offering and provides a rapid-installation, point-of-sale option for brick-and-mortar retailers through its compatibility with Apple Pay and Google Pay. With the Sezzle Virtual Card solution, consumers can enjoy in-store shopping with the convenience of immediately tapping into the Sezzle Platform with the "tap" of their Sezzle Virtual Card at the point-of-sale.

***Sezzle Premium***

In 2022, we launched Sezzle Premium—a paid subscription service that allows our consumers to access large, non-integrated "premium merchants" for a recurring fee. In addition to being able to use Sezzle online or in-store at these premium merchants, consumers enrolled in Sezzle Premium also gain access to other benefits, including exclusive deals and discounts, the ability to earn Sezzle Spend back on purchases, and one additional free reschedule per order.

***Sezzle Anywhere***

We launched Sezzle Anywhere in 2023—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. Consumers enrolled in Sezzle Anywhere also gain access to all the benefits of Sezzle Premium, as well as earning cash back in Sezzle Spend on pay-in-full transactions.

***Sezzle On-Demand***

In 2024, we launched Sezzle On-Demand, a service that 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), Consumers using Sezzle On-Demand pay a finance charge that is added to the consumer's initial down payment. Sezzle On-Demand is only available in select states.

***Sezzle Balance***

In 2025, we launched a stored-value product that allows consumers to maintain funds within their Sezzle account for use toward eligible purchases or make payments on the Sezzle Platform ("Sezzle Balance"). Consumers may fund Sezzle Balance by applying eligible refunds, converting certain Sezzle Spend rewards, loading funds from a linked debit card or bank account (credit cards are not permitted), or otherwise receiving promotional credits from Sezzle. Funds loaded into Sezzle Balance may be subject to applicable load fees and minimum or maximum funding limits. Except as otherwise required by applicable law, funds held in Sezzle Balance are nonrefundable and not redeemable for cash.

***Sezzle Up***

Sezzle Up is an opt-in feature of the Sezzle Platform. Consumers elect to participate in Sezzle Up, which allows us to report the consumer's transactions made on the Sezzle Platform to establish a record of payments. Building a record of timely payments on financial obligations generally has a positive impact on a consumer's credit record. As these consumers pay their financial obligations to us when due, their spending limits on the Sezzle Platform and overall credit score may increase over time.

To qualify for Sezzle Up, consumers must pay off at least one order on time and in full, link a checking account and set it as their default payment method (consumers' initial down payments are still completed over a card network), and verify their account with a social security number for consumers located in the United States. In Canada, a social insurance number or similar identifying information is used to verify the account.

***Long-Term Lending — Access to Third-Party Lenders***

Through collaboration with third-party lenders, we enable our consumers at participating merchants access to interest-bearing monthly fixed-rate installment-loan products for larger-ticket items (up to $15,000), which extend up to 60 months. We earn a fee from our lending collaborators for marketing and referring the potential consumers to them and processing applications using our proprietary underwriting analysis; however, we do not make final credit decisions or originate or hold the loans in our portfolio, which limits our capital needs and credit risk. We believe providing consumers access to long-term borrowing options has the potential to enhance our relationship with both merchants and consumers, while generating an attractive fee stream with no capital requirements or credit risk for us and complementing our existing short-term, generally interest-free offering.

***Bank Sponsorship***

Outside of our existing Sezzle Platform offerings, we continuously strategize on new products and additional features that would complement our platform and add additional value for our stakeholders. As part of our ongoing initiatives in product innovation, we partnered with a bank sponsor, WebBank, enabling us to expand the suite of products we are able to offer our consumers.

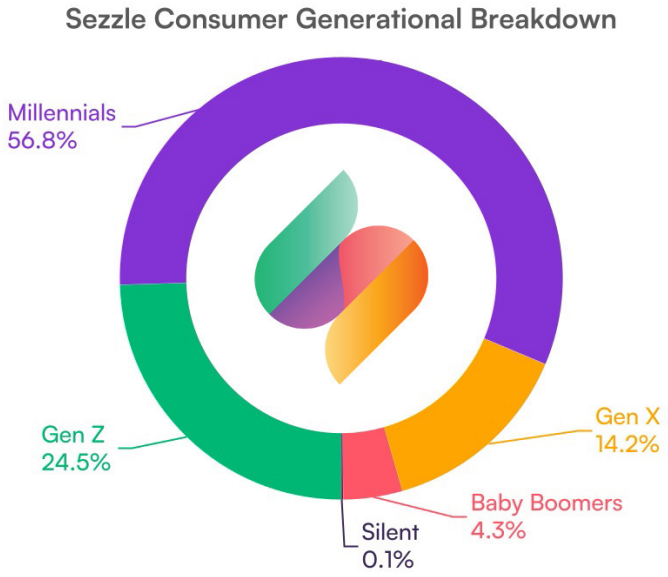
***Evaluation of a Potential Bank Charter***

We have initiated a process to evaluate whether to pursue an industrial loan company ("ILC") bank charter and have engaged external advisors in connection with this evaluation. No application has been submitted. If we pursue and obtain a bank charter, we would be subject to additional regulatory requirements and capital standards applicable to regulated banking institutions.

**Our Consumers**

We aim to help consumers improve their financial responsibility, manage their spending, grow their financial freedom, and develop a sense of financial empowerment through our suite of products. We offer our consumers a wide range of products and services to meet these goals, including a full suite of buy now, pay later products allowing consumers to choose a repayment plan based on their schedule and needs; personalized shopping features, such as daily deals and curated collections; and ways to save money through features like price comparison, our browser extension, and our Earn tab. We also offer the opportunity to build a credit record with our opt-in Sezzle Up feature.

We focus on a young consumer base that is tech-savvy; approximately 81% of our consumers who placed orders during the year ended December 31, 2025 were comprised of the Gen Z and Millennial generations (ages 18–48).




*Source: Internal data based on orders placed during 2025 (Gen Z (18-29), Millennials (30-48), Gen X (49-60), Baby Boomers (61-79), and Silent (80 and greater)).*

Gen Z and Millennial consumers use credit cards less frequently relative to other generations and, in many cases, lack access to traditional credit. As a result, they tend to have fewer viable options for budgeting, achieving financial flexibility, and building credit history. Consumers in these generations also tend to transact frequently across e-commerce and brick-and-mortar retail, but spend less on average per transaction than older generations. In doing so, these consumers are increasingly seeking financial products that offer transparency and affordability. Sezzle's buy now, pay later products provide these younger generations, who are newer to credit, with a unique solution to these challenges before they move up the FICO score spectrum and have more repayment history. In addition, as our platform grows and we establish more products, features, and ways to pay, our consumers enjoy a wider variety of financial tools and shopping features that provide alternatives to traditional credit cards. We generate revenue from consumers primarily through subscription revenue and fees.

**Our Merchants**

We offer an easy-to-use platform for merchants to reach untapped audiences, increase average order value, and reduce abandoned carts, all without any credit risk being assumed by the merchant. Our simple integration allows merchants of any size and any vertical to go live on our platform quickly and realize the benefits of the Sezzle Platform. As part of the Sezzle Platform, we provide merchants with a toolkit to enhance their checkout experiences and help them grow their businesses, such as "express checkout," which enables consumers to pay with just a tap, complementary placement in our marketplace presented across both the Sezzle website and mobile app. We also offer access to Sezzle Capital, a referral program through which eligible merchants can apply for small business loans issued and underwritten by a third-party lender. Additionally, we offer eligible merchants paid placements on the Sezzle Platform and co-branded marketing initiatives to assist with user acquisition efforts. Our directly-integrated merchant segments are small-to-medium–sized businesses ("SMB") and enterprise merchants, each spanning numerous verticals. We generate revenue from merchants primarily through merchant processing fees.

SMB, which we define as merchants with total annual gross sales of less than $250.0 million, have historically comprised the largest segment of our merchant base. Our fast, easy application process makes onboarding simple, and our user-friendly merchant interface streamlines the integration process. Through Sezzle, these merchants are able to offer their consumers an optimized, effortless checkout process that enables them to complete sales. Included in SMB are a diverse, growing array of "direct-to consumer" brands that are online-first and seek to connect with consumers without the use of secondary retailers, which naturally fits within our core offering. As we build out a larger consumer base, we believe we also enhance our value proposition to this segment by driving increased traffic toward brands that may not otherwise gain exposure through traditional retail channels by creating marketing campaigns designed to increase consumer exposure.

Enterprise merchants, which we define as merchants with over $250.0 million in total annual gross sales, also benefit from using the Sezzle Platform. Sezzle's buy now, pay later product helps these merchants to facilitate a sale by providing access to credit for a consumer who has limited-to-no credit history. Without the Sezzle Platform, the consumer without credit history may otherwise not have completed the purchase, or be rejected after applying for the store's private label or co-branded credit card. Importantly, we are not competing with a large retailer's card offering. Instead, we collaborate with these retailers to drive sales and over time serve as a lead generator to consumers who are ready to "graduate" to the retailer's card program.

For the years ended December 31, 2025 and 2024, no external party amounted to ten percent or more of our total revenue.

The concentration of a significant portion of our business and transaction volume with a limited number of scaled e-commerce platforms exposes us disproportionately to any of those partners choosing to no longer partner with us or choosing to partner with a competitor, and to any events, circumstances, or risks affecting such partners. In addition, a material modification in the financial operations of any significant scaled e-commerce partner could affect the results of our operations, financial condition, and future prospects.

**Our Employees**

Our success to date would not be possible without our dedicated people, who we believe are our greatest asset. Bringing together a team of highly-skilled engineering, product, marketing and business development professionals is imperative to execute our strategy. We do this by creating an inclusive, team-centric culture in which doing the right thing is celebrated. As of December 31, 2025, we had 201 employees across the United States and Canada. In other jurisdictions, we contract with professional employer organizations ("PEOs") and/or independent contractors. The highest concentration of these workers is in Colombia and Mexico. None of our workers are represented by a labor union or covered by a collective bargaining agreement. We consider our relations with our employees to be good.

***Workplace Culture***

We are committed to fostering a diverse work environment of driven employees who believe in our mission of financially empowering the next generation. A strong workplace culture is paramount to a sustainable and successful company. Our People Operations team works to create and execute sustainable hiring practices that span a diverse array of recruiting pipelines to find the best people for Sezzle. For existing employees, or "Sezzlers", we focus on developing an inclusive and fun culture with many opportunities for career and personal development to reward and retain our talented people. Our Sezzlers exhibit five key values throughout their work:

- **Exhibit Strong Character**: We do what we say we are going to do. We do the right thing. We are good team members. We are secure enough to praise others.

- **Demonstrate Excellent Communication**: We communicate openly and honestly. We maintain accountability. We are open-minded. We are good listeners.

- **Have Fun**: We like working with each other. We have a sense of humor. We keep work issues in perspective.

- **Act Like an Owner**: We are stakeholder obsessed. We surface solutions, not just problems. We seek responsibility. We work hard and smart.

- **Driven to Succeed**: We are passionate. We are tenacious. We are competitive.

***Remuneration and Benefits***

In addition to competitive base pay, we offer a profit-sharing incentive plan to our Sezzlers. We also offer comprehensive benefits, which includes medical, dental, vision, life insurance, disability insurance, unlimited paid time off, volunteer time off, gym membership discounts, commuter benefits, charitable donation matching, and company-matching retirement plans. In the United States and Canada, a majority of our Sezzlers hold equity awards under our equity incentive plans. We believe that having our employees own a part of the Company makes everyone more engaged and leads to better overall performance.

**Our Business Model**

***Revenue***

We have built a sustainable, transparent business model to align our success with the financial success of our merchants and consumers. The Sezzle Platform may be free or charge fees or interest. Our primary sources of revenue are from merchants and third-party affiliates, subscription revenue and fees from consumers.

Our historical source of revenue from merchants is from merchant processing fees, which are based on a percentage of GMV plus a fixed fee per transaction. For our direct integration solution, the purchase price, less merchant processing fees, is paid to merchants by us in advance of collecting installments payments from the consumer. For our virtual card solution, the full purchase price is paid to merchants at the time of sale, and we separately collect merchant processing fees due to us from the merchant to the extent applicable. We assume all costs associated with consumer payment processing and credit risk. We also earn revenue from partners, including interchange fees through our virtual card solution and third-party promotional incentives with affiliates. Merchant and partner income comprised 29% and 37% of our total revenue for the years ended December 31, 2025 and 2024, respectively.

A significant portion of our revenue is derived from 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 revenue comprised 22% and 30% of our total revenue for the years ended December 31, 2025 and 2024, respectively.

Another significant portion of our revenue is derived from consumer fees permitted under applicable law and disclosed to our consumers prior to purchase. These consumer fees generally include late payment fees assessed when a payment is not paid by its due date, failed payment fees associated with unsuccessful payment attempts, ‘late saver’ fees when consumers use a debit or credit card (excluding down payments), and fees charged when consumers elect to reschedule a payment. To promote responsible use and help manage outstanding obligations, consumers are required to bring past-due amounts current before initiating new purchases on the platform. We provide consumers with the ability to reschedule an order up to two times (or three times for subscribers to certain subscription products), subject to applicable fees and state law limitations. In addition, we maintain hardship and fee-forgiveness programs under which qualifying consumers may receive fee waivers.

***Credit Risk***

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 core product credit losses from our consumers. Credit losses are a significant component of our operating expenses, and excessive exposure to consumer repayment failure will adversely 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 lending and receipt of funds. Because consumers settle a portion 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 highly effective and allow for predominantly accurate, real-time decisions in connection with the consumer transaction approval process. As our consumer base grows, the availability of data on consumer repayment behavior will also better optimize our systems and ability to make real-time consumer repayment capability decisions over time.

***Funding***

We have designed a funding strategy that we believe allows us to scale our business and drive rapid growth. Our products are funded through our $225.0 million revolving credit facility and merchant account payables. Merchants have the ability to enroll, subject to our approval, into the Delayed Settlement Incentive Program, which allows merchants to delay payment from us in exchange for daily incentive payments. 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.

***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 consumers generally spending more during the holiday shopping season. These seasonal 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 an increase in the provision for credit losses on an absolute basis and as a percentage of GMV.

**Our Competition**

We operate in a highly competitive and dynamic industry. Our product offerings face competition from a variety of players, including those who enable transactions and commerce via digital payments, traditional credit cards that have revolving balances, contactless virtual cards, digital wallets, and other BNPL products.

We consider our main competitors to be other BNPL service providers. In the U.S. market, this includes Affirm, Afterpay (a subsidiary of Block, Inc.), Klarna, PayPal's "Pay Later," and Zip. In the Canadian market, this includes Klarna, Affirm, and Afterpay. We aim to differentiate our business to consumers by providing a product that is more simple, accessible, and consumer-friendly than our competitors. This includes offering our product to consumers with little-to-no credit history, allowing consumers to shift their repayment schedule, and waiving late payment and failed payment fees when the consumer qualifies for our hardship program.

We face intense competitive pressure on the fees we charge our merchants, particularly our enterprise merchants. To stay competitive, we may need to adjust our pricing, offer incentives, enter new market segments, adapt to regulatory changes, or expand the use and functionality of our platform—all of which impact our growth and profitability. We may enter into merchant agreements that require us to make marketing, incentive or other payments to the merchant over the term of the agreement. If we are unable to fulfill our obligations under these merchant agreements, including any payments we have agreed to make with merchants, the merchant may terminate or not renew such agreement.

See "*Risks Related to Our Industry - We operate in a highly competitive industry, and our inability to compete successfully would materially and adversely affect our business, results of operations, financial condition, and prospects*" for further discussion of competition risks.

**Our Intellectual Property**

Our business depends on our technology and intellectual property rights, including our technological systems and data processing algorithms. We rely on laws in the United States and Canada relating to trade secrets, copyrights, and trademarks to assist in protecting our proprietary rights. Our capacity to leverage our in-house technological systems, data infrastructure, and statistical models is essential for the commercial viability of our enterprise. These critical assets, including our underwriting platform and the data amassed from consumer transactions, underpin our operations.

The development of our proprietary credit risk and fraud detection models represents our commitment to innovation. Led by our data sciences team, these models harness multiple data points to determine the probability of our consumers' ability to repay us or if a consumer is engaging in fraudulent activities. Through detailed analysis of consumer interactions and transactional data, our models provide valuable insights. Subsequently, our underwriting platform tailors the amount of appropriate lending for each individual consumer, informed by the aforementioned models and a comprehensive evaluation of internal and external data sources.

Once a consumer places an order with us, we closely monitor the credit quality of their order, and our portfolio in general, 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, which we call the "Prophet Score."

We do not currently have any issued patents but continue to consider the most effective methods of protecting our intellectual property. We currently hold trademarks in the United States, Canada, the United Kingdom, the European Union, Brazil, and India. However, continued operations within our existing markets and expansion into new markets could risk conflicts with unrelated companies who may own registered trademarks for and/or otherwise use a similar name. See "*Other Risks Related to Our Business – Our efforts to protect our intellectual property rights may not be sufficient*."

**Regulatory Environment**

***Overview***

Various aspects of our business and services are subject to U.S. federal, state, and local regulation, as well as regulation outside the United States including Canada. Certain of our services also are subject to rules promulgated by various card networks and other authorities, as more fully described below. These descriptions are not exhaustive, and these laws, regulations and rules frequently change and are increasing in number and scope. Failure to comply with these laws, regulations and rules may result in, among other things, revocation of required licenses or registrations, voiding or rescission of lending agreements, class action lawsuits, administrative enforcement actions and civil and/or criminal liability.

***BNPL and Consumer Protection Regulation***

The BNPL segment of the point-of-sale financing market in which we operate an emerging product within the financing services sector. Recently, there has recently been an increased focus and scrutiny by regulators in various jurisdictions, including the United States and Canada, with respect to BNPL product. In light of this increased focus, we may become subject to additional legal or regulatory requirements if the current interpretation and application of existing laws, regulations, or industry standards, or industry standards, evolve into more restrictive laws and policies.

***United States***

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") established the Consumer Financial Protection Bureau ("CFPB") in July 2010. The CFPB has significant authority to regulate consumer financial products and services provided by bank and non-bank entities as well as their respective third-party providers. As a result, we are directly subject regulatory, supervisory and enforcement authority of the CFPB. The CFPB has imposed, and may continue to impose, certain requirements and restrictions on lending practices, including collection practices, which may have a detrimental impact on our business. Under the Dodd-Frank Act, the CFPB has (i) the supervisory authority to conduct on-site examinations of our and our originating bank partner's businesses on a periodic basis and/or subject us or our originating bank partner to a formal or informal inquiries or investigations and (ii) the enforcement authority to pursue administrative proceedings or litigation for violations of federal consumer laws. See "*Risks Related to Our Industry*" and *Risks Related to Our Regulatory Environment"* for more information.

In the United States, the Truth-in-Lending Act ("TILA") and Regulation Z thereunder, administered by the CFPB, require us to provide relevant and informative disclosure of the terms and conditions of our loan products to all consumers with whom we conduct business and to comply with certain lending practice requirements and restrictions. We are required to comply with Section 5 of the Federal Trade Commission Act ("FTC Act"), which prohibits unfair and deceptive acts or practices ("UDAP") in or affecting commerce, and analogous provisions in each state; the Consumer Financial Protections Act, which prohibits unfair, deceptive or abusive acts or practices ("UDAAP") in connection with consumer financial products and services; the Equal Credit Opportunity Act ("ECOA") and Regulation B promulgated thereunder, which prohibit creditors from discriminating against credit applicants on the basis of race, color, sex, age, religion, national origin, marital status, the fact that all or part of the applicant's income derives from any public assistance program, or the fact that the applicant has in good faith exercised any right under the Federal Consumer Credit Protection Act or applicable state law; the Fair Credit Reporting Act ("FCRA"), which promotes the accuracy, fairness, and privacy of information in the files of consumer reporting agencies; the Fair Debt Collection Practices Act (the "FDCPA"), which provides guidelines and limitations concerning the conduct of third-party debt collectors in connection with the collection of consumer debts; the Telephone Consumer Protection Act (the "TCPA"), which regulates the use of telephone and texting technology to contact customers; and the Controlling the Assault of Non-Solicited Pornography and Marketing Act ("CAN-SPAM Act"); which protects consumers from misleading or unwanted email messages.

We are subject to the Electronic Fund Transfer Act and Regulation E thereunder, which provide disclosure requirements, guidelines, and restrictions on the electronic transfer of funds from consumers' bank accounts, and the detailed timing, notification rules and guidelines administered by the National Automated Clearing House Association ("NACHA"). Transfers of funds for the repayment of loans offered by us or our originating bank partner may be performed by electronic fund transfers, such as ACH transfers. The EFTA requires us to make available loan payment methods other than automatic preauthorized electronic fund transfers and prohibits us or our originating bank partner from conditioning the approval of a loan transaction on the consumer's agreement to repay the loan through ACH transfers.

We are also subject to the Holder in Due Course Rule of the Federal Trade Commission ("FTC"), and equivalent state laws, which requires any holder of a consumer credit contract to include a required notice and become subject to all claims and defenses that a borrower could assert against the seller of goods or services; the Electronic Signatures in Global and National Commerce Act and similar state laws, which authorize the creation of legally binding and enforceable agreements utilizing electronic records and signatures; the Military Lending Act and similar state laws, which provide obligations and prohibitions relating to loans made to servicemembers and their dependents; and the Servicemembers Civil Relief Act, which allows active duty military members to suspend or postpone certain civil obligations.

***U.S. State Laws and Regulations***

We are subject to state licensing and other requirements in each individual U.S. state in which we operate. We possess certain state licenses, registrations and similar filings for lending, brokering, servicing and/or collections to conduct our business and we continuously evaluate whether others are required. The licensing statutes and regulations vary from state to state and have different (i) rules on the type, amount, and manner in which we impose fees, (ii) interest rate limits, (iii) disclosure requirements, (iv) loan term length restrictions, (v) consumer protections, and (vi) prohibitions on other activities. We are subject to supervisory oversight from these state license authorities and periodic examinations.

A substantial majority of the loans facilitated through the Sezzle Platform within the United States are originated by our originating bank partner, WebBank. WebBank originates loans through the Sezzle Platform based on federal law pursuant to Section 27 of the Federal Deposit Insurance Act ("Section 27"). Section 27 allows an FDIC-insured bank such as our originating bank partner to charge interest to consumers on a nationwide basis based on the rate allowed by the state where the bank is located. We rely on our originating banking partner's authority under federal law to establish interest rates and charge interest on the loans our originating bank partner originates through the Sezzle Platform. The interest rates that are charged to consumers and that form the basis of payments on the loans facilitated through the Sezzle Platform are based upon legal principles detailed in the FDIC's final rule relating to Federal Interest Rate Authority, published in the Federal Register on July 22, 2020 (the "Valid-When-Made Rule"). See "*Risks Related to Our Regulatory Environment – We rely on our originating bank partner for a substantial majority of the loans facilitated on the Sezzle Platform and if this relationship is successfully challenged or deemed impermissible, we could be found to be in violation of licensing, interest rate limits, lending, or brokering laws and face penalties, fines, litigation, or regulatory enforcement"* for more information.

Our business may become subject to licensing requirements in states in which we currently do not hold licenses. States may also impose a statutory interest rate on personal consumer loans or impose fee restrictions applicable to the loans originated or serviced through the Sezzle Platform. We continue to monitor how state licensing statues and regulations may apply to our business and how we may be required to apply for additional state licenses or modify the terms of loans offered and/or serviced in such states in the future.

***Recent Regulatory Developments from the Presidential Transition***

Changes in leadership, priorities, and enforcement approaches at the federal and state levels have led to increased uncertainty in the regulatory environment in which we operate. Since the presidential administration took office in January 2025, the administration has rescinded various executive orders issued by prior administrations and has issued new executive orders and has taken other related executive actions, which have impacted, and may continue to impact, financial services and consumer protection laws. For example, the new administration directed the CFPB to, among other things, reduce its workforce, limit supervisory and enforcement activities, and review, suspend or withdraw existing guidance and rulemakings. In response to such directives, the CFPB has reduced its workforce, scaled back supervisory and enforcement activities, and rescinded select interpretative rules. Any such changes in agency priorities could shift over time.

At the same time, other federal and state authorities have increased scrutiny of BNPL products. The U.S. Senate Committee on Banking, Housing, and Urban Affairs has issued information requests to several BNPL platforms, including Sezzle, seeking detailed information regarding the nature and terms of the BNPL products the platform makes available, user and transaction volumes, customer risk and demographic characteristics, underwriting and credit reporting practices, repayment performance and fee incidence, merchant and virtual card arrangements, consumer disclosures and complaint handling, analyses of consumer financial stress and overextension, and related regulatory and compliance risks. Similarly, the Attorneys General of California, Colorado, Connecticut, Illinois, Minnesota, North Carolina, and Wisconsin have issued coordinated information requests to many of the same BNPL platforms, including Sezzle, to, in part, to evaluate compliance with consumer protection laws and determine whether BNPL products made available by these platforms pose financial risk to consumers. We are responding to such inquiries in the ordinary course.

While these actions have already affected regulatory oversight and enforcement practices at certain agencies or in certain jurisdictions, there remains significant uncertainty regarding whether, how, or to what extent, applicable regulations or enforcement priorities may continue to change. In addition, certain objectives or directives may require further rule-making or other formal steps before they become effective. There may also be litigation over such regulatory changes, and if public enforcement decreases as a result of such changes, private litigation over consumer financial products matters may increase. See "*The BNPL industry has become subject to increased regulatory scrutiny, and our failure to manage our business to comply with new regulations would materially and adversely affect our business, results of operations and financial condition"* for more information.

***Canada***

In Canada, we are required to comply with the Canada Anti-Spam Law, which regulates the transmittal of commercial email messages, the Canadian Personal Information Protection and Electronic Documents Act and equivalent provincial privacy laws in the provinces of Alberta, British Columbia and Quebec, each of which includes requirements surrounding the use, disclosure, and other processing of certain personal information about Canadian residents. In addition, we are required to comply with the Canadian federal and provincial human rights legislation which prohibits discriminatory practices to deny, deny access to, or to differentiate adversely in relation to any individual in respect of the provision of services customarily available to the general public on the basis of a certain prohibited grounds of discrimination. The Canadian provincial consumer protection and cost of credit disclosure laws prohibit late fees, impose limits on default charges, prohibit unfair practices, and include consumer contract disclosure and related process requirements, among other compliance requirements. We are also subject to Canadian provincial and territorial e-commerce laws.

We believe that we are appropriately licensed as a lender and/or have designed our business activities to avoid a licensing requirement in each of the Canadian provinces that require such licenses. We are also generally subject to consumer protection legislation and other laws and our business is also generally subject to regulatory oversight and supervision from federal and/or provincial regulators in respect of those activities, regardless of whether we have a license. These regulators and enforcement agencies generally act on a complaints-basis and may receive consumer complaints about us. Investigations or enforcement actions may be costly and time consuming. Enforcement actions by such regulators and enforcement agencies could lead to fines, penalties, consumer restitution, the cessation of our business activities in whole or in part, or the assertion of private claims and lawsuits against us.

***Payment and Card Network Rules and Regulations***

We are subject to the rules, codes of conduct and standards of Visa, Mastercard and other payment networks and their participants. In order to provide our payment processing services, we must be registered either indirectly or directly as service providers with the payment networks that we use. As such, we are subject to applicable card association and payment network rules, standards and regulations, which impose various requirements and could subject us to a variety of fines or penalties that may be levied by such associations or networks for certain acts or omissions. Card associations and payment networks and their member financial institutions regularly update and generally expand expectations and requirements related to the security of consumer data and environments. Failure to comply with the networks' requirements, or to pay the fees or fines they may impose, could result in the suspension or termination of our registration with the relevant payment networks and therefore require us to limit, suspend or cease providing the relevant payment processing services. We are also subject to the Payment Card Industry Data Security Standard ("PCI DSS") with respect to the acceptance of payment cards, which provides for security standards relating to the processing of cardholder data and the systems that process such data. The failure of our products to comply with PCI DSS requirements may result in the loss of our status as a PCI DSS certified Service Provider and adversely impact our relationship with our merchant partners and their ability to comply with PCI DSS.

In Canada, we are required to comply with the Payments Canada Rule H1- Pre-Authorized Debit Rules in respect of the acceptance of payments from Canadian bank accounts and the Quebec Charter of French Language laws which regulates the language of communication in commerce and business and applies to entities carrying on business in Quebec.

***Data Privacy and Data Security Laws***

We are subject to a number of laws, rules, directives, and regulations relating to the collection, use, retention, security, processing, and transfer of personally identifiable information about our customers, our merchants, and employees in the geographies where we operate. Our business relies on the processing of personal data in several jurisdictions and, in some cases, the movement of data across national borders. As a result, much of the personal data that we process, which may include certain financial information associated with individuals, is subject to one or more privacy and data protection laws in one or more jurisdictions. In many cases, these laws apply not only to third-party transactions, but also to transfers of information between or among us, our subsidiaries, and other parties with which we have commercial relationships.

Regulatory scrutiny of privacy, data protection, cybersecurity practices, and the processing of personal data is increasing around the world. Regulatory authorities are continuously considering numerous legislative and regulatory proposals and interpretive guidelines that may contain additional privacy and data protection obligations. Many jurisdictions in which we operate have adopted, or are in the process of adopting, or amending data privacy legislation or regulation aimed at creating and enhancing individual privacy rights. In addition, the interpretation and application of these privacy and data protection laws in the U.S., Canada, and elsewhere are subject to change and may subject us to increased regulatory scrutiny and business costs.

In the United States, we are subject to the Gramm-Leach-Bliley Act (the "GLBA") and implementing regulations and guidance thereunder, in addition to applicable privacy and data protection laws in the other jurisdictions in which we carry on business activities or process personal information. Among other requirements, the GLBA imposes certain limitations on our ability to share consumers' nonpublic personal information with nonaffiliated third parties and requires certain disclosures to consumers about information collection, sharing, and security practices and their right to "opt out" of the institution's disclosure of their nonpublic personal information to nonaffiliated third parties. Privacy requirements, including notice and opt out requirements, under the GLBA and the FCRA are enforced by the FTC and by the CFPB through UDAAP claims, and are a standard component of CFPB examinations. State entities also may initiate actions for alleged violations of privacy or security compliance under state UDAAP claims, financial privacy, security and other laws. Regulators and enforcement agencies may receive consumer complaints about us. In the United States, these regulators and agencies include the Financial Crimes Enforcement Network ("FinCEN"), which could subject us to burdensome rules and regulations that could increase costs and use of our resources in order to satisfy our compliance obligations.

An increasing number of states have in place data security laws requiring companies to maintain certain safeguards with respect to the processing of personal information. For example, the California Consumer Privacy Act ("CCPA"), as amended by the California Privacy Rights Act ("CPRA") effective January 1, 2023, expanded a consumer's right with respect to certain sensitive personal information. The CCPA also provides civil penalties for violations, as well as a private right of action for certain data breaches that result in the loss of personal information. All states require, in varying degrees, companies to notify individuals or government regulators in the event of a data breach impacting such information. We continue to monitor state data privacy legislation and how they may apply to our business. In addition, in Canada, we are subject to the Personal Information Protection and Electronic Documents Act ("PIPEDA"), which governs how companies may collect, use, and disclose personal information of consumers, and other privacy or data security laws of Canada's provinces with respect to our operations in Canada. PIPEDA is overseen by the Office of the Privacy of Commissioner of Canada. See "*Risk Related to Our Regulatory Environment - Stringent and changing laws and regulations relating to privacy and data protection could result in claims, harm our results of operations, financial condition, and prospects, or otherwise harm our business"* for more information.

We monitor evolving U.S. state privacy laws and assess applicability based on our business activities.

***Artificial Intelligence and Machine Learning Technology (AI/ML) Regulations***

We use AI/ML in various aspects of our operations, including fraud prevention, risk management, marketing and customer service. Regulators at federal and state levels are increasingly focused on the oversight of AI/ML and have proposed or enacted laws intended to promote transparency, fairness, and accountability. Compliance with existing and emerging AI/ML regulations may require adjustments to how we develop, deploy or use AI/ML in our operations and could increase compliance-related costs. The regulatory framework governing AI/ML continues to evolve, and interpretations and enforcement of these laws may vary across jurisdictions, which may add complexity to the regulatory environment in which we operate.

***Other Applicable Regulations***

We are subject to regulations relating to our corporate conduct and the conduct of our business, including securities laws, trade regulations, anti-money laundering ("AML") laws, Know-Your-Customer ("KYC") laws as well as anti-corruption legislation. The United States and certain foreign jurisdictions have taken aggressive stances with respect to such matters and have implemented new initiatives and reforms. AML laws and related KYC requirements generally require certain companies to conduct necessary due diligence to prevent and protect against money laundering. AML enforcement activity could result in criminal and civil proceedings brought against companies and individuals, which could have a material adverse effect on our business.

We are required to comply with the U.S. Foreign Corrupt Practices Act, the Foreign Public Officials Act (Canada), and similar anti-bribery laws in other jurisdictions, which prohibit companies and their intermediaries from making improper payments for the purpose of obtaining or retaining business. Recent years have seen a substantial increase in anti-bribery law enforcement activity with more frequent and aggressive investigations and enforcement proceedings by both the Department of Justice and the SEC, increased enforcement activity by non-U.S. regulators and increases in criminal and civil proceedings brought against companies and individuals.

We are also subject to certain economic and trade sanctions programs including Canadian sanctions laws and the sanctions programs administered by the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC"), which prohibit or restrict transactions or dealings with specified countries, individuals, and entities.

**Biennial Public Benefit Corporation Statement**

Under Delaware law, a public benefit corporation is required to no less than biennially provide its stockholders with a statement as to the corporation's promotion of the public benefit or public benefits identified in the certificate of incorporation and of the best interests of those materially affected by the corporation's conduct. The following is intended to serve as the required statement to stockholders.

As a Delaware public benefit corporation, we are committed to having a positive effect (or a reduction in the negative effects) on consumer empowerment, education, and transparency in our local, national, and global communities. We want to create an accessible, equitable, and sustainable product suite for consumers, many of which do not have access to traditional credit. Our management team and Board of Directors believe that our product suite advances our mission of financial empowerment, benefits the community, and serves a public good. The Sezzle Platform uses non-traditional data for underwriting and extending credit to consumers, allowing consumers with little-to-no credit history to use our product and access credit.

We have a free, opt-in feature called "Sezzle Up," where we report payment records of transactions made through the Sezzle Platform to credit bureaus. This allows consumers who use Sezzle Up to build a record of timely payments on financial obligations over time, which in turn may help them gain access to more traditional credit products.

During 2025, we continued to pursue initiatives related to achieving our mission and providing a public benefit by promoting financial education and consumer engagement. Through certain features available in our "Earn" tab, consumers may access education content designed to support financial literacy and financial health, and in certain cases, earn rewards for engaging in that content. In addition, the 'Earn' tab provides consumers with opportunities to receive rewards and savings opportunities on purchases, including more essential purchases such as gas and groceries to help consumers derive additional value from planned spending. These features are designed to support consumer empowerment by enabling users to maximize value and make purchasing decisions that align with their financial goals and individual circumstances.

Management and the Board of Directors evaluate if we are meeting our progress to advancing our mission and promoting our state public benefit. In doing so, they consider the interests of all our stakeholders materially affected by our conduct as part of our strategic planning and operational decision-making processes.

We believe that our recent initiatives and the continued success of creating a responsible and financially accessible product suite supports the conclusion that we are successful in promoting our stated public benefits.

**B Corporation Update**

We became a Certified B Corporation by B Lab on March 22, 2021. On August 7, 2025, we elected to forego recertification as part of our ongoing evaluation of corporate governance and sustainability initiatives. We no longer hold B Corporation certification.

**Available Information**

Our website address is www.sezzle.com. Information found on, or accessible through, our website is not a part of, and is not incorporated into, this Form 10-K. Copies of our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are available, free of charge, on our website as soon as reasonably practicable after we file such material electronically with, or furnish it to, the Securities and Exchange Commission (the "SEC"). The SEC also maintains a website that contains our SEC filings. The address of the site is www.sec.gov.

## ITEM 1A. RISK FACTORS

### Risks Related to Our Industry

***The BNPL industry has become subject to increased regulatory scrutiny, and our failure to manage our business to comply with new regulations would materially and adversely affect our business, results of operations and financial condition.***

Regulators in various jurisdictions in which we operate are showing increasing attention and scrutiny of BNPL arrangements. We may become subject to additional legal or regulatory requirements if laws, regulations, or industry standards, or their interpretations and/or enforcement thereof, change in the future. This risk may relate to regulatory requirements concerning the lending and financing industry generally, BNPL arrangements, consumer protection or consumer finance matters, state lending licensing or other state licensing or registration requirements, data security and privacy, or similar limitations on the conduct of our business. There is a risk that additional or changed legal, regulatory and industry compliance standards may impose significant additional compliance costs, restrict our ability to expand in accordance with our current strategy, restrict some or all of our current business activities in certain jurisdictions, or even make it economically unfeasible for us to continue to operate our business as contemplated or at all. This would likely have a material adverse effect on our business, on our results of operations and financial condition, including by preventing our business from reaching sufficient scale.

We cannot currently assess the likelihood of any future unfavorable legislation or regulations being proposed or enacted that could affect our products and services in the various jurisdictions in which we operate. In January 2025, control of the executive branch of the U.S. government changed as well as some changes in the legislative branch, which may have a significant impact on existing and contemplated financial services laws. Additionally, executive orders and other executive actions, including the new administration's direction that the CFPB suspend rule-making implementations and cease supervisory activities, have been issued with direct and indirect impacts on financial services regulation. U.S. state regulators also have broad discretionary power and may impose new licensing requirements, interpret or enforce existing regulatory requirements in different ways or issue new administrative rules that could adversely impact our business or require us to terminate or modify our operations in a particular state. We closely monitor proposed legislation in the jurisdictions we offer products and services. For more information, see "*Risks Related to Our Regulatory Environment*."

***We operate in a highly competitive industry, and our inability to compete successfully would materially and adversely affect our business, results of operations, financial condition, and prospects.***

We operate in a highly competitive and dynamic industry with a low barrier to entry, which makes increased competition more likely. Our technology platform faces competition from a variety of existing businesses and new market entrants of consumer credit, including, but not limited to banks, non-bank lenders, retail-based lenders, other financial technology lending platforms, competitors with BNPL products and those who enable transactions and commerce via digital payments, such as mobile wallets, and legacy payment methods, such as debit and credit cards.

Despite any competitive advantage we may have, there is always a risk of new entrants in the market, which may disrupt our business and decrease our market share. We expect competition to intensify in the future, both as emerging technologies continue to enter the marketplace and as large financial institutions increasingly seek to innovate their offered services. In addition, deregulation of our industry, including as a result of policies adopted by the new administration, may encourage additional market entrants. Technological advances, including investment in artificial intelligence (AI), and the continued growth of e-commerce activities have increased consumers' accessibility to products and services and led to the expansion of competition in digital payment options such as pay-over-time solutions. We face competition in areas such as: flexibility on payment options; duration, simplicity, and transparency of payment terms; reliability and speed in processing applications; underwriting effectiveness; compliance and security; promotional offerings; fees; approval rates; ease-of-use; marketing expertise; service levels; products and services; technological capabilities and integration; customer service; brand and reputation; and consumer and merchant satisfaction. In addition, it may be become more difficult to distinguish our platform, and products and services, from those of our competitors.

Some of our competitors are substantially larger and have greater financial, technological, operational and marketing resources than we do. These competitors may benefit from more diverse product offerings, broader consumer and merchant bases, established distribution channels, stronger brand recognition and loyalty, longer operating histories and access to lower cost funding. They may also be able to cross-subsidize products and invest more heavily in technology, acquire competitors, or offer more favorable pricing or incentives to merchants and consumers.

The increasing adoption of BNPL and other alternative payment products may attract additional large financial institutions, card networks and technology companies into our markets. Such interests may be better positioned due to scale, brand strength and existing customer relationships.

Competition, particularly for large or high-volume merchants, may require us to reduce merchant fees, increase incentives or otherwise modify our pricing. In economic terms, if we are unable to compete effectively, demand for our platform and products may decline our growth and consumers and merchants may slow and. Our revenues, margins and market share could be adversely affected.

***Macroeconomic conditions may adversely impact the ability and willingness of our shoppers to interact with the merchants on our platform, and for our shoppers to fulfill their obligations to us, each of which may adversely impact our business, results of operations and financial condition.***

Our business depends primarily on individual consumers transacting with merchants utilizing the Sezzle Platform, and the ability of those individual consumers to fully repay to us the resulting loans. These events can be affected by uncertainty and changes in general economic and political conditions, particularly for those macroeconomic conditions that affect consumer spending and consumer credit. For example, consumer spending and consumer credit are affected by economic conditions such as unemployment, consumer confidence, actual or anticipated economic recessions, consumer debt, inflation and deflation, currency exchange rates, tariffs and international trade regulations, taxation, fuel and energy prices and interest rates, downturns or extended periods of uncertainty or volatility, all of which may influence consumer spending and the availability of consumer credit. In weaker economic environments, consumers may have less disposable income to spend and so may be less likely to purchase merchandise by utilizing our services. Alternatively, consumers may purchase merchandise but become unable or unwilling to repay loans, which would result in an increase of loans that will not be paid on time or at all. As a result, such conditions may result in reduced cash flow, failure to meet our forecasted financial expectations and failure to achieve revenue growth.

***Negative publicity about us or our industry could adversely affect our business, results of operations, financial condition, prospects and share price.***

Negative publicity about us or our industry could adversely affect our reputation and the confidence in, and the use of, our platform. Negative publicity may include the transparency, fairness, user experience, quality, and reliability of our platform or point-of-sale lending platforms in general, the effectiveness of our risk model, the setting and charging of merchant and consumer fees, our ability to effectively manage and resolve complaints, our privacy and security practices, litigation, regulatory activity, misconduct by our employees, funding sources, originating bank partner, service providers, or others in our industry, the experience of consumers and investors with our Sezzle Platform or services or point-of-sale lending platforms in general, or use of loan proceeds by consumers that have obtained loans facilitated through our platform or other point-of-sale lending platforms for illegal purposes, even if inaccurate. Any such reputational harm could further affect the behavior of consumers, including their willingness to obtain loans facilitated through our platform or to make payments on their loans.

**Risks Related to Our Strategy and Growth**

***We have generated significant net losses in the past. We may not achieve or be able to maintain historic levels of profitability in the future.***

Prior to 2023, we incurred substantial net losses. Although we achieved profitability in 2023 and subsequent periods, we may not be able to maintain profitability on a quarterly or annual basis, particularly as we continue to invest in growth initiatives.

We plan to continue investing in the growth of our business, including enhancing our technology infrastructure and platform capabilities, developing and launching new consumer products and services, expanding our merchant network, and increasing our sales and marketing efforts to acquire and retain both consumers and merchants, and pursuing initiatives designed to enhance our funding efficiency and financial services capabilities, which may include seeking additional licenses and/or a bank charter. These initiatives require significant ongoing investment and may increase our operating expenses and capital requirements in the near term.

New products and services, expansion into new markets, efforts to grow our merchant network, increased sales and marketing activities, and initiatives to enhance our funding and financial services capabilities may require meaningful upfront expenditures. These investments may increase our technology, regulatory, compliance, capital, and marketing costs, and may not generate the corresponding revenue, transaction volume, consumer adoption, or funding efficiencies at the levels or within the timeframes we anticipate, which could adversely affect our profitability.

Our ability to sustain profitability will depend on our ability to generate sufficient revenue growth and operating leverage to offset these expenditures. If revenue growth slows, if expenses increase more rapidly than anticipated, or if our growth initiatives do not perform as expected, we may not maintain profitability and could incur additional losses in future periods, which could adversely affect our business, financial condition, and results of operations.

***If we fail to retain existing consumers or acquire new consumers in a cost-effective manner, our business, financial condition, and results of operations could be adversely affected.***

We generate total revenue when consumers pay with Sezzle at checkout in e-commerce transactions. We believe that growth of our business is dependent on our ability to generate repeat usage and increased transaction volume from existing consumers and to attract new consumers to the Sezzle Platform. The revenue driven by consumer transaction activity includes fees related to processing orders and payments and interchange from our virtual card solution, both of which scale with overall gross merchandise volume ("GMV"). If we are unable to maintain or increase consume engagement, transaction frequency, or AOV, transaction volumes and GMV could decline, which would adversely affect our revenue and operating results.

The attractiveness of the Sezzle Platform as a payment method, depends upon, among other things: its ease of use and functionality; its features and benefits, including our subscription products; the overall consumer experience and level of satisfaction; the strength of our brand and reputation; and consumer trust. If we fail to meet consumer expectations in any of these areas, or if competing platforms and/or payment options offer more compelling features, pricing or convenience, consumers may reduce their usage of our platform or shift to alternative payment providers, resulting in lower transaction volumes and lower GMV.

The process of developing new services or enhancing our existing products and services to compete with technological advances and new digital payment options to retain existing consumers or attract new consumers is complex, costly and uncertain. Difficulties or failures in the development, production, testing and marketing of new products or services may cause consumers to shift away to competitors or other payment options. The acquisition of new consumers is costly and high turnover in our consumer base could result in higher than anticipated overhead costs. All of the foregoing could adversely affect our business, financial condition and our results of operations.

***Our ability to attract and retain consumers enrolled in our subscription products or maintain the competitiveness and value of our paid subscription products, our business, financial condition, and results of operations could be adversely affected.***

We generate subscription revenue when consumers enroll in our optional, paid subscriptions. For the year ended December 31, 2025, we derived 22% of our revenue from paid subscriptions and we expect subscription revenue to represent a key component of our total revenue in the future. Or ability to grow subscription revenue depends on our ability to retain existing subscribers and attract new subscribers.

Subscriber growth and retention depends on the attractiveness, functionality, and relative value of the benefits included in our subscription products. If we are unable to maintain, enhance, or expand the benefits offered through our subscription products, we may fail to attract new subscribers and/or existing subscribers may fail to renew their subscription, resulting in declines in our revenue and financial performance.

We have adjusted, and may continue to adjust, our subscription pricing from time to time. If subscribers do not view our pricing as providing sufficient value, they may choose not to enroll in or renew a subscription. Conversely, efforts to enhance or expand our subscription products may require additional investment, and we may not be able to offset such costs through pricing adjustments or subscriber growth.

In addition, we operate in a highly competitive environment in which competitors may introduce similar subscription products at lower prices, bundle comparable benefits with other services, or offer more extensive or differentiated benefits that consumers find more attractive. Increased competition could lead consumers to switch to competing subscription offerings or pressure us to modify our pricing or benefits structure.

The development, enhancement, and maintenance of our subscription products to deliver compelling benefits, remain competitive, and require responding to evolving consumer preferences. If we are unable to successfully design, implement, and market subscription products that consumers find valuable, subscribers may cancel or choose not to enroll. Any failure to effectively manage subscriber acquisition, retention, pricing, and development could adversely affect our business, financial condition, and results of operations.

***If we fail to retain existing merchants or acquire new merchants in a cost-effective manner, our business, financial condition, and results of operations could be adversely affected.***

We believe that growth of our business depends, in part, on our ability to continue to cost-effectively grow our GMV by retaining our existing merchants and attracting new merchants. A historical portion of our revenue is derived from merchant processing fees generated from transactions on our platform using our direct-integration method and our platform's appeal to consumers depends, in part, on offering access to a broad and diverse selection of merchants. In particular, our partnerships with larger merchants and merchants with a high degree of brand recognition are a key component of our strategy to provide a wide and attractive selection for consumers. If we fail to retain our existing merchants, especially our most popular and larger merchants, or acquire new enterprise merchants, the value of our platform would be negatively impacted.

The attractiveness of our platform to merchants depends upon, among other things: the size of our consumer base; our brand and reputation; the amount of merchant fees that we charge; the promotional marketing incentives we may offer; our ability to sustain our value proposition to merchants for consumer acquisition by demonstrating higher conversion at checkout and increased average order value ("AOV"); the attractiveness to merchants of our technology and data-driven platform; services and products offered by competitors; our availability and prominence as a payment method on e-commerce platforms; and our ability to perform under our merchant agreements.

We face intense competitive pressure on the fees we charge our merchants, particularly our larger merchants. In order to stay competitive, we may need to adjust our pricing or offer incentives to our merchants to increase payments volume, enter new market segments, adapt to regulatory changes, and expand their use and acceptance of the Sezzle Platform. These incentives include up-front cash payments, fee discounts, rebates, credits, performance-based incentives, marketing, and other support payments that impact our revenues and profitability. Market pressures on pricing, incentives, fee discounts, and rebates could impair our operations or growth. We may continue to incur substantial expenses to acquire additional merchants, particularly larger merchants that we believe will make our platform more attractive to consumers. These merchant partnership cost structures may not be cost-effective for us and we cannot assure you that the revenue we generate from the merchants we acquire will ultimately exceed the cost of adding them to our platform. We have entered into merchant agreements that require us to make marketing, incentive or other payments to these merchants over the terms of the agreement, which are typically one to three years. Certain agreements also contain provisions that may require payments by us and are contingent on us and/or the merchant meeting specified criteria, such as achieving volume targets and implementation benchmarks. If we are not able to implement cost savings and productivity initiatives in other areas of our business or increase our volumes in other ways to offset or absorb the financial impact of these incentives, fee discounts, and rebates, our business will be adversely impacted.

In addition, if we are unable to fulfill our obligations under these merchant agreements, including any payments owed to merchants, the merchant may terminate such agreement or determine not to renew and remain on our platform, which could have a negative impact on our business, results of operations and financial condition.

***We may not be able to sustain our total revenue growth rate, or our growth rate of related key operating metrics, in the future, and failure to effectively manage growth may adversely affect our financial results.***

Although we have historically experienced periods of strong growth in revenue, total income, GMV, employee numbers and consumers, there can be no assurances that such growth will continue at our current rate or at all. Many factors may contribute to a decline in our total revenue growth rate, including increased competition, slowing demand for our products from existing and new consumers, changes in transaction volumes and mix (particularly with our significant merchant partners), lower sales by our merchants (particularly those with whom we have significant relationships), general economic conditions, a failure by us to continue capitalizing on growth opportunities, changes in the regulatory environment and the maturation of our business, among others. You should not rely on our total revenue or key operating metrics for any prior quarterly or annual period as an indication of our future performance. If our total revenue growth rate declines, our results of operations and financial condition could be materially and adversely affected.

In addition, a continuation of this growth in the future could place additional pressures on current management, as well as corporate, operational and finance resources within our business, and on the infrastructure supporting the Sezzle Platform. Failure to appropriately manage growth could result in failure to retain and attract consumers and merchants, which could adversely affect our operating results and financial condition.

***If we fail to promote, protect, and maintain our brand in a cost-effective manner, we may lose market share and our results of operations and financial condition may be negatively impacted.***

We believe that developing, protecting, and maintaining awareness of our brand in a cost-effective manner is critical to attracting new and retaining existing merchants and consumers to our platform. As competition intensifies, we believe that positive consumer recognition is an important factor in our financial performance. We cannot guarantee that our brand development strategies will accelerate the recognition of our brand or increase total revenue. Successful promotion of our brand will depend largely on the effectiveness of our marketing efforts and incentives and the experience of merchants and consumers with the Sezzle Platform. Our brand promotion activities may not result in increased total revenue and, even if they do, any increases may not offset the expenses incurred in such promotional activities. Additionally, the successful protection and maintenance of our brand will depend on our ability to obtain, maintain, protect, and enforce trademark and other intellectual property protection for our brand. If we fail to successfully promote, protect, and maintain our brand or if we incur substantial expenses in an unsuccessful attempt to promote, protect, and maintain our brand, we may lose our existing merchants and consumers to our competitors or be unable to attract new merchants and consumers. Any such loss of existing merchants or consumers, or inability to attract new merchants or consumers, would have a material adverse effect on our business and results of operations.

The use of social media by us and our consumers accelerates and amplifies our reputational risks in ways we may not be able to directly control or effectively manage, including by giving users the ability to more effectively organize collective actions such as boycotts, coordinated complaint campaigns and other brand-damaging behaviors. Any failure to respond quickly and effectively to negative or potentially damaging social media content (especially if it goes "viral"), regardless of the content's accuracy, could damage our reputation, which in turn could harm our business, prospects, financial condition and results of operations and, in some cases, lead to litigation. The harm may be immediate without affording us an opportunity for redress or correction.

Other risks associated with the use of social media include improper disclosure of proprietary information, negative comments about our business, exposure of personally identifiable information, out-of-date information, fraud, hoaxes, or malicious dissemination of false information and negative comments relating to actions taken (or not taken) with respect to social, environmental and community outreach issues and initiatives.

Further, laws and regulations, including associated enforcement priorities, rapidly evolve to govern social media platforms and other internet-based communications. Any failure by us or third parties acting at our direction to abide by applicable laws and regulations in the use of social media or internet-based communications could adversely impact our reputation or financial performance or subject us to fines or other penalties.

Moreover, because our brand is directly associated with the brands of so many other companies by virtue of our business model and the integration of our platform with those of our partner merchants, there is a risk that we could be adversely affected by negative publicity that our partner merchants experience which is beyond our control. The negative publicity could involve any manner of conduct and relate to any number of subjects, and even the mere perception of our involvement could dilute or tarnish or otherwise adversely affect our reputation, and could contribute to diminished financial performance.

***We may require additional capital, and the terms of such capital may not be available on terms satisfactory to us, or at all.***

Our business model involves paying merchants for goods upon a consumer's purchase (less merchant processing fees) before we have received the full payment of the goods from a consumer utilizing the Sezzle Platform. As a result, we require significant cash to support the provision of installments plans to consumers and working capital. Historically, we have relied upon the availability of credit from our lenders to support our business model as we have experienced growth, and believe that we will have a continuing need to do so for the foreseeable future. Our current lending facility matures on April 19, 2027. There can be no assurance that such financing will be extended on favorable terms or at all, or will be sufficient to finance our future capital needs. In addition, on November 13, 2024, we filed a shelf registration on Form S-3 (Registration No. 333-283206), which, subject to applicable SEC rules, can be utilized to issue equity or debt securities.

If we require additional capital to grow our business, we may rely on a combination of funding options including equity and our credit facilities. An inability to raise sufficient capital through the issuance of equity securities or secure funding through credit facilities, or any increase in the cost of such funding, may adversely impact our ability to grow our business. Failure by us to meet financial covenants under our credit agreements, or the occurrence of other specified events, may lead to an event of default. If an event of default were to occur, we may be required to make repayments under our credit facility in advance of the relevant maturity dates and/or termination of the credit facility, which would limit our ability to utilize credit issuable under such facility and likely have an adverse impact on our business, results of operations and financial condition.

Our existing $225.0 million revolving credit facility is secured by our consumer notes receivable we choose to pledge and is subject to certain operating covenants. Thus, a significant portion of our funding capacity is in part dependent on our accounts receivable, which can be volatile and, at times, at levels low enough to result in our inability to draw down on a portion of our credit facility. Any material decrease in our accounts receivable could negatively impact our liquidity, which would have an adverse effect on our business, results of operations, and financial condition. In addition, it is possible that our transaction volume will outpace our ability to finance transactions if we do not have sufficient borrowing capacity under our credit facility, which in turn could result in a material adverse effect on our results of operations and financial condition.

To the extent we are required to raise additional financing, turmoil in the capital markets, including the tightening of credit and increased interest rates, may impact our ability to raise financing on terms and at a cost favorable to us. We may be required to raise capital during a weak economy, and have little flexibility to wait for more favorable terms or economic conditions. We are likely to face higher borrowing costs, less available capital, more stringent terms and tighter covenants. Such unfavorable market conditions could have an adverse impact on our ability to fund our operations and capital expenditures in the future. Any adverse change in the terms of our financing, including increased costs, could have a negative impact on our financial condition.

**Risks Related to Our Financing Program**

***Loans facilitated through our platform involve a high degree of financial risk because they are not secured, guaranteed, or insured, and consumers may not view or treat them with the same significance as other loan obligations.***

Consumers may not view the loans facilitated through our platform as having the same significance as a loan or other credit obligation arising under more traditional circumstances. If a consumer neglects his or her payment obligations on a loan facilitated through our platform or chooses not to repay his or her loan entirely, it will have an adverse effect on our business, results of operations, financial condition, prospects, and cash flows.

Personal loans facilitated through our platform are not secured by any collateral, not guaranteed or insured by any third party, and not backed by any governmental authority in any way. Therefore, we are limited in our ability to collect on these loans if a consumer is unwilling or unable to repay them. A consumer's ability to repay their loans can be negatively impacted by increases in their payment obligations to other lenders under mortgage, credit card, and other debt obligations resulting from increases in base lending rates or structured increases in payment obligations. These competing debt obligations may also be secured by the debtor's property, which may result in a consumer prioritizing payment of the secured debt obligations over those owed to us. If a consumer defaults on a loan, we may expend additional time and expense yet be unsuccessful in our efforts to collect the amount of the loan. We may also be required to pay credit card processing costs for loan transactions in which we fail to collect from our consumers. Our originating bank partner could decide to originate fewer loans through our platform. An increase in defaults precipitated by these risks and uncertainties could have a material adverse effect on our business, results of operations, financial condition, and prospects.

***Our agreement with our originating bank partner, WebBank, which has originated a substantial majority of loans facilitated by the Sezzle Platform since September 26, 2024, subjects us to an exclusivity provision and subject to early termination or suspension by WebBank upon the occurrence of certain events. If this agreement is terminated and we are unable to replace the commitments of WebBank or WebBank enters into a more favorable relationship with one of our competitors, our business, results of operations and financial condition may be adversely impacted.***

We rely on WebBank to originate a substantial majority of the loans facilitated by the Sezzle Platform and to comply with various federal and state laws. The agreement with WebBank (the "WebBank Agreement") is subject to early termination or suspension by WebBank upon certain events. Under the WebBank Agreement, WebBank is the exclusive issuer of our card products (including virtual card), on-demand products, and pay-in-four or pay-in-two consumer loans. The WebBank Agreement does not prohibit WebBank from working with our competitors or from offering competing services. WebBank currently participates in a variety of consumer and commercial financing programs, some of which include, or may in the future include, our competitors. WebBank could terminate the WebBank Agreement or suspend performance of its obligations under the WebBank Agreement immediately upon certain events or could decide to enter into a more favorable relationship with one or more of our competitors. WebBank may not perform as expected under the WebBank Agreement. We could have a disagreement or dispute with WebBank in the future which could negatively impact or threaten our relationship or with other originating banks with whom we may seek to partner.

WebBank is subject to oversight by the Federal Deposit Insurance Corporation ("FDIC") and the State of Utah Department of Financial Institutions ("UDFI") and must comply with rules and regulations and examination requirements, including requirements to maintain a certain amount of regulatory capital relative to its outstanding loans. We are a service provider to WebBank, and as such, we are subject to audit by WebBank and regulatory authorities having jurisdiction over WebBank in accordance with the WebBank Agreement and FDIC guidance related to the management of vendors.

If WebBank were to suspend, limit, or cease its operations, or if our relationship with WebBank were to otherwise terminate or be suspended for any reason, we would need to implement substantially similar arrangement with another bank, originate loans directly, or curtail our operations. If we enter into a relationship with a different originating bank partner, we may not be able to negotiate comparable terms in a timely manner or at all. If we are unable or unwilling to enter into a similar arrangement with another originating banking partner, we will become subject to additional state laws and state licensing requirements. In the event that our relationship with WebBank were terminated or suspended, our business, results of operations, and financial obligations would be adversely impacted.

***We rely on the accuracy of third-party data, and inaccuracies in such data may lead to reduced total revenue.***

We purchase data from third parties that is critical to our assessment of the creditworthiness of consumers before they are either approved or denied for credit for their purchase from a merchant. We rely on third parties to provide us accurate data. Inaccurate data could cause us to not approve transactions that otherwise would have been approved, reducing our transaction volume and potential to earn revenue. Alternatively, we may approve transactions that should have been denied, causing us to experience higher delinquency rates and either lose total revenue, or earn total revenue that may lead to a higher incidence of bad debts. Our inability to collect on certain amounts from consumers due to poor creditworthiness or otherwise would likely have a material adverse effect on our results of operations and financial condition.

***Consumer bad debts and insolvency of merchants may adversely impact our financial success.***

Our ability to generate profits depends on our ability to put in place and optimize our systems and processes to make predominantly accurate, real-time decisions in connection with the consumer transaction approval process. We do not perform hard credit checks on consumers in connection with the application process. Consumer non-payment is a major component of our expenses, and we are exposed to consumer bad debts as a normal part of our operations because we absorb the costs of all uncollectible notes receivable from our consumers. Our ability to collect on loans is dependent on the consumer's continuing financial stability, and consequently, collections can be adversely affected by a number of factors, including job loss, divorce, death, illness, or personal bankruptcy. Excessive exposure to bad debts as a result of consumers failing to repay outstanding amounts owed to us may materially and adversely impact our results of operations and financial position.

We also have exposure to the potential insolvency of merchants for which we have advanced funds. Exposure occurs in the period of time between the advance of funds to a merchant for a consumer's purchase of goods, and the retail merchant shipping the goods to the consumer (at which point we are entitled to payment from the consumer). While this period of risk is typically only a short period of time, it is still a period that we are exposed to the risk that merchants will be unable to repay the funds we have advanced to them. As the number and transaction volume of merchants on our platform continues to grow, so does the amount of funds that may be advanced by us. The failure by merchants to repay these funds may result in a material adverse effect to our results of operations and financial position.

***If our merchants fail to fulfill their obligations to consumers or comply with applicable law, we may incur costs.***

Although our merchants are obligated to fulfill their contractual commitments to consumers and to comply with applicable law, from time to time they might not do so, or a consumer might allege that they did not do so. This, in turn, can result in claims or defenses against us or any subsequent holder of our installment agreements. One such claim or defense could be made pursuant to a term included in our or our originating bank partner's installment loan agreement, which is pursuant to the Federal Trade Commission's Trade Regulation Rule Concerning Preservation of Consumers' Claims and Defenses (the "Holder in Due Course Rule"). The Holder in Due Course Rule provides that the holder of the consumer credit contract, in our or our originating bank partner's case the installment loan agreement, is subject to all claims and defenses which the debtor could assert against the seller of goods or services that were obtained with the proceeds of the consumer credit contract. If merchants fail to fulfill their contractual or legal obligations to consumers, it may also negatively affect our reputation with consumers, and negatively affect our business. Federal and state regulatory authorities may also bring claims against us, including unfair and deceptive acts or practices ("UDAP") or unfair, deceptive or abusive acts or practices ("UDAAP") claims, if we fail to provide consumer protections relating to potential merchants actions or disputes.

## Risks Related to Our Technology and the Sezzle Platform

***Our results depend on integration, support, and prominent presentation of our platform by our merchants.***

We use and rely on integration of the Sezzle Platform with third-party systems and platforms, particularly websites and other systems of our merchants. The success of our services, and our ability to attract additional consumers and merchants, depends on the ability of our Sezzle Platform to integrate into, and operate with, these various third-party systems and platforms. In addition, as these systems and platforms are regularly updated, it is possible that when such updates occur it could cause our services to operate inefficiently. This will likely require us to change the way we operate our systems and platform, which may take time and expense to remedy.

We also depend on our merchants, which generally accept most major credit cards and other forms of payment, to present our platform as a payment option, such as by prominently featuring our platform on their websites or in their stores and not just as an option at website checkout. Unless we have negotiated a specific contractual requirement, we do not have any recourse against merchants when they do not prominently present our platform as a payment option. The failure by our merchants to effectively integrate, support, and present our platform may have a material adverse effect on our business, results of operations and financial condition.

***Unanticipated surges or increases in transaction volumes may adversely impact our financial performance.***

Continued increases in transaction volumes may require us to expand and adapt our network infrastructure to avoid interruptions to our systems and technology. Any unanticipated surges or increases in transaction volumes may cause interruptions to our systems and technology, reduce the number of completed transactions, increase expenses, and reduce the level of customer service, and these factors could adversely impact our reputation and, thus, diminish consumer confidence in our systems, which may result in a material adverse effect on our business, results of operations and financial condition.

***Data security breaches, cyberattacks, employee or other internal misconduct, malware, phishing or ransomware, physical security breaches, or other disruptions to our technology system or a compromise of our data security could occur and would materially adversely impact our business and ability to protect the confidential information in our possession or control.***

Through the ordinary course of business, we collect, store, process, manage, transfer, and use (collectively, "process") a wide range of confidential information, including personally identifiable information, for various purposes, including to follow government regulations and to provide services to our consumers and merchants. The information we collect may be sensitive in nature and subject to a variety of privacy, data protection, cybersecurity, and other laws and regulations. Due to the sensitivity and nature of the information we process, we and our third-party service providers may be the targets of, defend against and must regularly respond to cyberattacks, including from malware, phishing or ransomware, physical security breaches, or similar attacks or disruptions. Cyberattacks and similar disruptions may compromise or breach the Sezzle Platform and the protections we use to try to protect confidential information in our possession or control. Breaches of the Sezzle Platform or other Sezzle systems could result in the criminal or unauthorized use of confidential information and could disrupt our platform, result in the failure of our systems to operate as expected, negatively affect our users and merchants and, because the techniques for conducting cyberattacks are constantly evolving and may be supported by significant financial and technological resources (e.g., state-sponsored actors), we may be unable to anticipate these techniques, react in a timely manner, or implement adequate preventative or remedial measures. These risks also reside with third party service providers and partners with whom we conduct business. Our business could be materially and adversely impacted by security breaches of our systems and the data and information of merchants' and consumers' data and information.

These events may cause significant disruption to our business and operations, cause our systems to fail to operate as expected, or expose us to reputational damage, loss of consumer confidence, legal claims, civil and criminal liability, constraints on our ability to continue operation, reduced demand for our products and services, termination of our contracts with merchants or third party service providers, and regulatory scrutiny and fines, any of which could materially adversely impact our financial performance and prospects. Any security or data issues experienced by other software companies or third-party service providers with whom we conduct business could diminish our customers' trust in providing us access to their personal data generally. Merchants and consumers that lose confidence in our security measures may be less willing to make payments on their loans or participate in the Sezzle Platform.

In addition, our partners include credit bureaus, collection agencies and banking parties, each of whom operate in a highly regulated environment, and many laws and regulations that apply directly to them may apply directly or indirectly to us through our contractual arrangements with these partners. Federal, state and international laws or regulators, as well as our contractual partners, may require notice in event of a security breach that involves personally identifiable information, and these disclosures may result in negative publicity, loss of confidence in our security measures, regulatory or other investigations, the triggering of indemnification and other contractual obligations, and other adverse effects to our partner ecosystem and operations. We may also incur significant costs and loss of operational resources in connection with remediating, investigating, mitigating, or eliminating the causes of security breaches, cyberattacks, or similar disruptions after they have occurred, and particularly given the evolving nature of these risks, our incident response, disaster recovery, and business continuity planning may not sufficiently address all of these eventualities. The retention and coverage limits in our insurance policies may not be sufficient to reimburse the full cost of responding to and remediating the effects of a security breach, cyberattack, or similar disruption, and we may not be able to collect fully, if at all, under these insurance policies or to ensure that the insurer will not deny coverage as to any future claim.

***Real or perceived software errors, failures, bugs, defects, or outages related to the Sezzle Platform could adversely affect our business, results of operations, financial condition, and prospects.***

Our platform and our internal systems rely on software that is highly technical and complex. In addition, our platform and our internal systems depend on the ability of such software to process immense amounts of data. As a result, undetected vulnerabilities, errors, failures, bugs, or defects may be present in such software or occur in the future in such software, including open source software and other software we license in from third parties, especially when updates or new products or services are released.

Any real or perceived vulnerabilities, errors, failures, bugs, or defects in the software may not be found until our consumers use our platform and could result in outages or degraded quality of service on our platform that could adversely impact our business (including through causing us not to meet contractually required service levels), as well as negative publicity, loss of or delay in market acceptance of our products and services, and harm to our brand or weakening of our competitive position. In such an event, we may be required, or may choose, to expend significant additional resources in order to correct the problem. Any real or perceived errors, failures, bugs, or defects in the software we rely on could also subject us to liability claims, impair our ability to attract new consumers, retain existing consumers, or expand their use of our products and services, which would adversely affect our business, results of operations, financial condition, and prospects.

We also rely on online payment gateways, banking and financial institutions for the validation of bank cards, settlement and collection of payments. There is a risk that these systems may fail to perform as expected or be adversely impacted by a number of factors, some of which may be outside our control, including damage, equipment faults, power failure, fire, natural disasters, computer viruses and external malicious interventions such as hacking, cyber-attacks or denial-of-service attacks.

***Any significant disruption in, or errors in, service on our platform or relating to vendors could prevent us from processing transactions on our platform or posting payments.***

We use vendors, such as our cloud computing web services provider, virtual card processing companies, and third-party software providers, in the operation of our platform. The satisfactory performance, reliability, and availability of our technology and our underlying network and infrastructure are critical to our operations and reputation and the ability of our platform to attract new and retain existing merchants and consumers. We rely on these vendors to protect their systems and facilities against damage or service interruptions from natural disasters, power or telecommunications failures, environmental conditions, computer viruses or attempts to harm these systems, criminal acts, and similar events. If our arrangement with a vendor is terminated or if there is a lapse of service or damage to its systems or facilities, we could experience interruptions in the operation of our platform. We also may experience increased costs and difficulties in replacing that vendor and replacement services may not be available on commercially reasonable terms, on a timely basis, or at all. Any interruptions or delays in our platform availability, whether as a result of a failure to perform on the part of a vendor, any damage to one of our vendor's systems or facilities, the termination of any of our third-party vendor agreement, software failures, our or our vendor's error, natural disasters, terrorism, other man-made problems, security breaches, whether accidental or willful, or other factors, could harm our relationships with our merchants and consumers and also harm our reputation.

In addition, we source certain information from third parties. In the event that any third party from which we source information experiences a service disruption, whether as a result of maintenance, natural disasters, terrorism, security breaches, or for any other reason, whether accidental or willful, the ability to score and evaluate loan applications through our platform may be adversely impacted. Additionally, there may be errors contained in the information provided by third parties. This may result in the inability to approve otherwise qualified applicants or may result in the approval of unqualified applicants through our platform, which may adversely impact our business by negatively impacting our reputation and reducing our transaction volume.

To the extent we use or depend on any particular third-party data, technology, or software, we may also be harmed if such data, technology, or software becomes non-compliant with existing laws, regulations, or industry standards, becomes subject to third-party claims of intellectual property infringement misappropriation, or other violation, or malfunctions or functions in a way we did not anticipate. Any loss of the right to use any of this data, technology, or software could result in delays in the provisioning of our products and services until equivalent or replacement data, technology, or software is either developed by us, or, if available, is identified, obtained, and integrated, and there is no guarantee that we would be successful in developing, identifying, obtaining, or integrating equivalent or similar data, technology, or software, which could result in the loss or limiting of our products, services, or features available in our products or services.

These factors could prevent us from processing transactions or posting payments on our platform, damage our brand and reputation, divert the attention of our employees, reduce total revenue, subject us to liability, and cause consumers or merchants to abandon our platform, any of which could have a material and adverse effect on our business, results of operations, financial condition, and prospects.

***Fraudulent activities may result in us suffering losses, causing a materially adverse impact to our reputation and results of operations.***

We are exposed to risks imposed by fraudulent conduct, including the risks associated with consumers attempting to circumvent our system and repayment capability assessments. There is a risk that we may be unsuccessful in defeating fraud attempts, resulting in higher than budgeted costs of fraud and consumer non-payment.

We pay merchants for goods and services purchased by consumers up front, and accept the responsibility associated with minimizing fraudulent activity and bear all costs associated with such fraudulent activity. Fraudulent activity is likely to result in us suffering losses, which may have a material adverse impact on our reputation and cause us to bear increased costs to rectify and safeguard business operations and our systems against such fraudulent activity. Significant amounts of fraudulent cancellations or chargebacks could adversely affect our business, results of operations or financial condition. High profile or significant increases in fraudulent activity could also lead to regulatory intervention, negative publicity, and the erosion of trust from our consumers and merchants, which could result in a material adverse effect on our business, results of operations and financial condition.

**Other Risks Related to Our Business**

***If we fail to comply with the applicable requirements of Visa or other payment processors, those payment processors could seek to fine us, suspend us or terminate our registrations, which could limit our ability to process transactions or earn related revenue, and could have a material adverse effect on our business, results of operations, financial condition, and prospects.***

We partially rely on card issuers or payment processors to process transactions. We pay fees for access to and use of these services and, depending on the payment method used, we may incur interchange or other network-related fees or generate interchange revenue. From time to time, payment processors such as Visa may increase the interchange or other fees they charge for transactions processed on their networks. Payment processors also routinely update and modify their requirements. Changes in the requirements, including changes to risk management and collateral requirements, may increase our cost of doing business, affect the interchange revenue we earn, and we may not, in every circumstance, be able to pass through such costs to our merchants or associated participants.

A portion of our revenue is derived from interchange fees associated with our virtual card transactions processed on payment networks, including Visa. The amount of interchange we earn depends on the network rules, card product classifications, transaction mix, and applicable interchange schedules. Payment networks may modify their interchange fee structures, eligibility criteria, or program requirements, including with respect to our virtual card program, which could reduce the interchange revenue we earn and adversely affect our transaction economics.

Furthermore, if we do not comply with the payment processors requirements (e.g., their rules, bylaws, and charter documentation), payment processors could seek to fine us, suspend us or terminate our registrations that allow us to process transactions on their networks. Some payment processors may also choose not to support BNPL solutions; including our products, in which case, the credit cards these processors issue cannot be linked to pay for purchases made through BNPL entities, including Sezzle. The termination of our registration due to failure to comply with the applicable requirements of Visa or other payment processors, or any changes in the payment processors' rules that would impair our registration, could require us to stop providing payment services to Visa or other payment processors, which could have a material adverse effect on our business, results of operations, financial condition, and prospects. We are also subject to the Payment Card Industry Data Security Standard ("PCI DSS") with respect to the acceptance of payment cards. PCI DSS sets forth security standards relating to the processing of cardholder data and the systems that process such data, and a failure to adhere to these standards can result in fines, limitations on our ability to process payment cards, and impact to our relationship with our merchant partners and their own ability to comply with PCI DSS.

***Our vendor relationships subject us to a variety of risks, and the failure of third parties to comply with legal or regulatory requirements or to provide various services that are important to our operations could have an adverse effect on our business, results of operations and financial condition.***

We have significant vendors that, among other things, provide us with financial, technology, and other services to support our products and other activities, including, for example, cloud-based data storage and other IT solutions, and payment processing. We could be adversely impacted to the extent our vendors fail to comply with the legal requirements applicable to the particular products or services being offered. For example, the CFPB has issued guidance stating that institutions under its supervision may be held responsible for the actions of the companies with which they contract.

In some cases, we are reliant on one or a limited number of vendors for critical services. Most of our vendor agreements are terminable by the vendor on little or no notice, and if our current vendors were to terminate their agreements with us or otherwise stop providing services to us on acceptable terms, we may be unable to procure alternatives from other vendors in a timely and efficient manner and on acceptable terms or at all. If any vendor fails to provide the services we require, fails to meet contractual requirements (including compliance with applicable laws and regulations), fails to maintain adequate data privacy controls and electronic security systems, or suffers a cyber-attack or other security breach, we could be subject to regulatory enforcement actions, claims from third parties, including our consumers, suffer operational outages, and suffer economic and reputational harm that could have an adverse effect on our business. Further, we may incur significant costs to resolve any such disruptions in service, which could adversely affect our business.

***The loss of key partners and merchant relationships would adversely affect our business.***

We depend on continued relationships with our current significant merchants and partners that assist in obtaining and maintaining our relationships with merchants. There can be no guarantee that these relationships will continue or, if they do continue, that these relationships will continue to be successful. Our contracts with merchants can generally be terminated for convenience on relatively short notice by either party, therefore we do not have long-term contracted income. There is a risk that we may lose merchants for a variety of reasons, including a failure to meet key contractual or commercial requirements, merchants shifting to in-house solutions (including providing a service competitive to us), or competitor service providers. Similarly, there is a risk that e-commerce platforms with which we partner may limit or prevent Sezzle from being offered as a payment option at checkout. Such actions would magnify the risks to our business as compared to similar actions taken by individual merchants unaffiliated with such platforms. We also face the risk that our key partners could become competitors of our business after our key partners determine how we have implemented our model to provide our services.

***Changes to our key operating metrics may negatively affect our business and reputation.***

As our products and services change or expand over time, we may revise or cease reporting certain key operating metrics if we determine such metrics are no longer appropriate measures of our performance. We regularly review our processes for calculating these key operating metrics, and from time to time we may make adjustments to improve the accuracy or relevance of these key metrics. Our key operating metrics are calculated using internal company data based on activity we measure and compile from multiple systems, and we believe to be reasonable methodologies and estimates. If investors, analysts, or customers do not consider our reported measures to be sufficient or accurately reflect our business, we may receive negative publicity, our reputation may be damaged, and our business may be adversely affected.

***Conditions in the capital and credit markets, including higher interest rates, may adversely affect our access to various sources of capital or financing and the cost of capital, which could affect our business activities and earnings.***

In periods when the capital and credit markets experience significant volatility, the amounts, sources, and cost of capital available to us may be adversely affected. If sufficient sources of external financing are unavailable to us on cost effective terms, we could be forced to limit our growth activities or take other actions to fund our business activities and repay our debt, such as selling assets. If we are able and choose to access capital at a higher cost than we have experienced in recent years (reflected in higher interest rates for debt financing or a lower stock price for equity financing), our earnings and cash flow could be adversely affected.

We have incurred, and may in the future incur, additional indebtedness that bears interest at a variable rate. The interest paid on borrowings under our credit facility is tied to the U.S. Federal Reserve's Secured Overnight Financing Rate ("SOFR"). The facility carries an interest rate of SOFR plus 6.75%. An increase in interest rates would increase our interest expense and increase the cost of refinancing existing debt and issuing new debt, which would adversely affect our cash flow. In addition, if we need to repay existing debt during periods of rising interest rates, we could have to liquidate one or more of our assets at times that may not permit realization of the maximum return on such assets. The effect of prolonged interest rate increases could adversely impact our ability to continue to execute on our strategy. As a result, any increase in interest rates could adversely affect our results of operations.

***We are exposed to exchange rate fluctuations in the international markets in which we operate.***

There are instances in which our costs and revenues related to international operations are not able to be exactly matched with respect to currency denomination. Currency fluctuations cause the U.S. dollar value of our international results of operations and net assets to vary with exchange rate fluctuations. A decrease in the value of any of these currencies relative to the U.S. dollar could have a negative impact on our business, results of operations and financial condition. We may experience economic loss and a negative impact on earnings or net assets solely as a result of foreign currency exchange rate fluctuations. In the future, we may utilize derivative instruments to manage the risk of fluctuations in foreign currency exchange rates that could potentially impact our future earnings and forecasted cash flows. However, the markets in which we operate could restrict the removal or conversion of the local or foreign currency, resulting in our inability to hedge against some or all of these risks and/or increase our cost of conversion of local currency to U.S. dollar.

***Our efforts to protect our intellectual property rights may not be sufficient.***

Our business depends on our ability to commercially exploit our technology and intellectual property rights, including our technological systems and data processing algorithms. We rely on laws relating to trade secrets, copyright, and trademarks to assist in protecting our proprietary rights. However, there is a risk that unauthorized use or copying of our software, data, specialized technology, trademarks or platforms will occur. In addition, there is a risk that the validity, ownership, registration or authorized use of intellectual property rights relevant to our business may be successfully challenged by third parties. This could involve significant expense and potentially the inability to use the intellectual property rights in question. If an alternative cost-effective solution were not available, there may be a material adverse impact on our financial position and performance. Such disputes may also temporarily adversely impact our performance or ability to integrate new systems, which may adversely impact our income and financial position.

There is a risk that we will be unable to register or otherwise protect new intellectual property rights we develop in the future, or which are developed on our behalf by contractors. In addition, competitors may be able to work around any of our intellectual property rights, or independently develop technologies, or competing payment products or services that are not protected by our intellectual property rights. Our competitors may then be able to offer identical or very similar services or services that are otherwise competitive against those we provide, which could adversely affect our business. We will also face risks in connection with any further or resumed activities related to international expansion, including in countries that may have less protection for our intellectual property rights than the United States. We have registered trademarks in the United States, the United Kingdom ("UK"), the European Union, India and Brazil, and we have pending trademark applications in Canada. There is a risk that our trademarks and other intellectual property rights may not be adequate to protect our brand or proprietary technology or may conflict with the registered trademarks or other intellectual property rights of other companies, both domestically and abroad, which may require us to rebrand our product and service offerings, obtain costly licenses, defend against third-party claims, or substantially change our product or service offerings. Should such risks manifest, we may be required to expend considerable resources and divert the attention of our management, which could have an adverse effect on our business and results of operations.

***We may be sued by third parties for alleged infringement, misappropriation, or other violation of their intellectual property or other proprietary rights.***

Our success depends, in part, on our ability to develop and commercialize our products and services without infringing, misappropriating, or otherwise violating the intellectual property or other proprietary rights of third parties. Third parties have alleged in the past, and there is a risk that third parties may in the future allege or claim, that our solutions or intellectual property infringe, misappropriate, or otherwise violate third-party intellectual property or other proprietary rights, and we may become involved in disputes, including actual or threatened litigation, from time to time concerning these rights. Similarly, competitors or other third parties may raise claims alleging that service providers or other third parties retained or indemnified by us, infringe on, misappropriate, or otherwise violate such competitors' or other third parties' intellectual property or other proprietary rights. These claims of infringement, misappropriation, or other violation may be extremely broad, and it may not be possible for us to conduct our operations in such a way as to avoid all such alleged violations of such intellectual property or other proprietary rights. We also may be unaware of third-party intellectual property or other proprietary rights that cover or otherwise relate to some or all of our products and services.

Given the complex, rapidly changing, and competitive technological and business environment in which we operate, and the potential risks and uncertainties of intellectual property-related litigation, a claim of infringement, misappropriation, or other violation against us may require us to spend significant amounts of time and other resources to defend against the claim (even if we ultimately prevail), pay significant money damages, lose significant revenues, be prohibited from using the relevant systems, processes, technologies, or other intellectual property (temporarily or permanently), cease offering certain products or services, obtain a license, which may not be available on commercially reasonable terms or at all, or redesign our products or services or functionality therein, which could be costly, time-consuming, or impossible. Moreover, the volume of intellectual-property-related claims, and the mere specter of threatened litigation, could distract our management from the day-to-day operations of our business. The direct and indirect costs of addressing these actual and threatened disputes may have an adverse impact on our operations, reputation, and financial performance. Some of the aforementioned risks of infringement, misappropriation, or other violation, in particular with respect to patents, are potentially increased due to the nature of our business, industry, and intellectual property portfolio. In addition, our insurance may not cover potential claims of this type adequately or at all, and we may be required to pay monetary damages, which may be significant and result in a material adverse effect on our results of operations and financial condition.

***Some aspects of our products and services incorporate open source software, and our use of open source software could negatively affect our business, results of operations, financial condition, and prospects.***

Some of our systems incorporate and are dependent on the use and development of open source software. Open source software is software licensed under an open source license, which may include a requirement that we make available, or grant licenses to, any modifications or derivative works created using the open source software, make our proprietary source code publicly available, or make our products or services available for free or for nominal amounts. If an author or other third party that uses or distributes such open source software were to allege that we had not complied with the legal terms and conditions of one or more of these open source licenses, we could incur significant legal expenses defending against such allegations, could be subject to significant damages, and could be required to comply with these open source licenses in ways that cause substantial competitive harm to our business.

The terms of various open source licenses have not been interpreted by U.S. and international courts, and there is a risk that such licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our products or services. In such an event, we could be required to re-engineer all or a portion of our technologies, seek licenses from third parties in order to continue offering our products and services, discontinue the use of our platform in the event re-engineering cannot be accomplished, or otherwise be limited in the licensing of our technologies, each of which could reduce or eliminate the value of our technologies and loan products and services. If portions of our proprietary software are determined to be subject to an open source license, we could also be required to, under certain circumstances, publicly release or license, at no cost, our products or services that incorporate the open source software or the affected portions of our source code, which could allow our competitors or other third parties to create similar products and services with lower development effort, time, and costs, and could ultimately result in a loss of transaction volume for us. We cannot ensure that we have not incorporated open source software in our software in a manner that is inconsistent with the terms of the applicable license or our current policies, and we or our third party contractors or suppliers may inadvertently use open source in a manner that we do not intend or that could expose us to claims for breach of contract or intellectual property infringement, misappropriation, or other violation. If we fail to comply, or are alleged to have failed to comply, with the terms and conditions of our open source licenses, we could be required to incur significant legal expenses defending such allegations, be subject to significant damages, be enjoined from the sale of our products and services, and be required to comply with onerous conditions or restrictions on our products and services, any of which could be materially disruptive to our business.

In addition to risks related to license requirements, usage of open source software can lead to greater risks than use of third-party commercial software because open source licensors generally do not provide warranties or other contractual protections regarding infringement, misappropriation, or other violations, the quality of code, or the origin of the software. Many of the risks associated with the use of open source software cannot be eliminated and could adversely affect our business, results of operations, financial condition, and prospects. For instance, open source software is often developed by different groups of programmers outside of our control that collaborate with each other on projects. As a result, open source software may have security vulnerabilities, defects, or errors of which we are not aware. Even if we become aware of any security vulnerabilities, defects, or errors, it may take a significant amount of time for either us or the programmers who developed the open source software to address such vulnerabilities, defects, or errors, which could negatively impact our products and services, including by adversely affecting the market's perception of our products and services, impairing the functionality of our products and services, delaying the launch of new products and services, or resulting in the failure of our products and services, any of which could result in liability to us, our vendors, and our service providers. Further, our adoption of certain policies with respect to the use of open source software may affect our ability to hire and retain employees, including engineers.

***Any loss of licenses or any quality issues with third-party technologies that support our business operations or are integrated with our products or services could have an adverse impact on our reputation and business.***

In addition to open source software, we rely on certain technologies that we license from third parties, which we may use to support our business operations and incorporate into our products or services. This third-party technology may currently, or could in the future, infringe, misappropriate, or violate the intellectual property rights of third parties, or the licensors of such technology may not have sufficient rights to the technology they license us in all jurisdictions in which we may offer our products or services. We engage third parties to provide a variety of technology to support our business infrastructure. Any failure on the part of our third-party providers or of our business infrastructure to operate effectively, stemming from maintenance problems, upgrading or transitioning to new platforms, a breach in security, or other unanticipated problems could result in interruptions to or delays in our operations or our products or services. The licensors of third-party technology we use may discontinue their offerings or change the terms under which their technology is licensed. If we are unable to continue to license any of this technology on terms we find acceptable, or if there are quality, security, or other substantive issues with any of this technology, we may face delays in releases of our solutions or we may be required to find alternative vendors or remove functionality from our solutions or internal business infrastructure. In addition, our inability to obtain certain licenses or other rights might require us to engage in litigation regarding these matters. Any of the foregoing could have a material adverse effect on our business, financial condition, and results of operations.

***Misconduct and errors by our employees, vendors, and service providers could harm our business and reputation.***

We are exposed to many types of operational risk, including the risk of misconduct and errors by our employees, vendors, and other service providers. Our business depends on our employees, vendors, and service providers to process a large number of increasingly complex transactions, including transactions that involve significant dollar amounts and loan transactions that involve the use and disclosure of personal and business information. We could be materially and adversely affected if transactions were redirected, misappropriated, or otherwise improperly executed, personal and business information was disclosed to unintended recipients, or an operational breakdown or failure in the processing of other transactions occurred, whether as a result of human error, a purposeful sabotage or a fraudulent manipulation of our operations or systems. If any of our employees, vendors, or service providers take, convert, or misuse funds, documents, or data, or fail to follow protocol when interacting with consumers and merchants, we could be liable for damages and subject to regulatory actions and penalties. We could also be perceived to have facilitated or participated in the illegal misappropriation of funds, documents, or data, or the failure to follow protocol, and therefore be subject to civil or criminal liability. It is not always possible to identify and deter misconduct or errors by employees, vendors, or service providers, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses. Any of these occurrences could result in our diminished ability to operate our business, potential liability to consumers and merchants, inability to attract future consumers and merchants, reputational damage, regulatory intervention, and financial harm, which could negatively impact our business, results of operations, financial condition, and prospects.

***Our business is subject to risks beyond our control, including fires, floods, pandemics, and other natural catastrophic events and to interruption by man-made issues such as strikes.***

Our systems and operations are vulnerable to damage or interruption from fires, floods, power losses, telecommunications failures, strikes, health pandemics, and similar events. A significant natural disaster in locations in which we have employees, offices or other facilities could have a material adverse effect on our business, results of operations, financial condition, and prospects, and our insurance coverage may be insufficient to compensate us for losses that may occur. In addition, strikes, wars, terrorism, and other geopolitical unrest could cause disruptions in our business and lead to interruptions, delays, or loss of critical data. We may not have sufficient protection or an effective recovery plan in certain circumstances, and our business interruption insurance may be insufficient or inadequate to recoup losses that we incur from these occurrences.

***We may not have adequate insurance to cover losses and liabilities.***

We maintain insurance we consider appropriate for our business needs. However, we may not be insured against all risks, either because appropriate coverage is not available or because we consider the applicable premium and deductibles to be excessive in relation to the perceived benefits that would accrue. Accordingly, we may not be fully insured or insured at all against losses and liabilities that could unintentionally arise from our operations. The incurrence of uninsured or partially insured losses or liabilities could have a material adverse effect on our business, results of operations and financial condition.

***Any inability to retain our workforce or recruit additional workforce could adversely impact our financial position.***

Our ability to effectively execute our growth strategy depends upon the performance and expertise of our workforce. We rely on experienced managerial and highly qualified technical individuals to develop and operate our technology and to direct operational staff to manage the operational, sales, compliance and other functions of our business.

We may not be able to attract and retain key individuals or be able to find effective replacements in a timely manner. The loss of key individuals, or any delay or inability to replace such individuals, could impact our ability to operate our business and achieve our growth strategies, including through the development of new systems and technology. There is a risk that we may not be able to recruit suitably qualified and talented employees in a timeframe that meets our growth objectives. This may result in delays in the integration of new systems, development of technology and general business expansion. There is also a risk that we will be unable to retain existing staff, or recruit new staff, on terms of retention that are as attractive to us. Our inability to retain or recruit key individuals would likely have a material adverse effect on our business, results of operation and financial condition.

In addition, since March 2020 we have transitioned to a primarily remote-first working environment, with only a modest in-office presence of hybrid workers. There is a risk that continuing such an arrangement in the future may decrease the cohesiveness of our teams and our ability to maintain our culture, both of which are critical to our success. Additionally, a remote-first working environment may impede our ability to undertake new business projects, to foster a creative environment, to hire new team members, and to retain existing team members. Such effects may adversely affect the productivity of our team members and overall operations, which could have a material adverse effect on our business, results of operations, financial condition, and prospects.

## Risks Related to Our Regulatory Environment

***The BNPL industry is subject to various and complex state and federal laws in the United States and federal, provincial and territorial laws in Canada, and the costs to maintain compliance with such laws and regulations may be significant.***

We are subject to a range of state and federal laws and regulations concerning consumer finance that can be highly technical, subject to varying interpretations, and potentially conflict or overlap as they change over time. These laws and regulations include but are not limited to state lending licensing or other state licensing or registration laws, consumer credit disclosure laws such as Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"), the Truth in Lending Act ("TILA"), the Fair Credit Reporting Act ("FCRA") and other laws concerning credit reports and credit reporting, the Equal Credit Opportunity Act ("ECOA") which addresses anti-discrimination, the Electronic Fund Transfer Act ("EFTA") and the rules and guidelines of National Automated Clearing House Association ("NACHA") which governs the ACH network and electronic money movement, a variety of anti-money laundering and anti-terrorism financing rules, the Telephone Consumer Protection Act ("TCPA"), the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 ("CAN-SPAM Act") and other laws concerning initiating phone calls or text messages and electronic mail, the Electronic Signatures in Global and National Commerce Act, debt collection laws, laws governing short-term consumer loans and general consumer protection laws, such as laws that prohibit unfair, deceptive, misleading or abusive acts or practices. There is also the potential that we may become subject to additional legal or regulatory requirements if our business operations, strategy or geographic reach expand in the future. These laws and regulations may also change in the future, and they may be applied to us and the Sezzle Platform in a manner that we do not currently anticipate. While we have developed policies and procedures designed to assist in compliance with laws and regulations applicable to our business, no assurance is given that our compliance policies and procedures will be effective. We may not always have been, and may not always be, in compliance with these laws and regulations and such non-compliance could have a material adverse effect on our business, results of operations and financial condition.

In Canada, we are subject to a range of federal and provincial laws and regulations including, but not limited to, provincial and territorial consumer finance legislation (including prohibition on late fees, limits on default charges, debt collection laws and requirements), consumer lender licensing or registration laws, consumer contract and credit disclosure laws, credit advertising requirements, e-commerce laws and unfair practices regulation, Canadian sanctions laws, federal and provincial-level private sector privacy laws, federal Canadian anti-spam legislation, federal and provincial human rights legislation, Quebec Charter of French language laws and requirements, and regulation under Payments Canada Rule H1- Pre-Authorized Debit Rules in respect of the acceptance of payments from Canadian bank accounts. We are also subject to FINTRAC guidance and rules in part, and have registered our business under the Retail Payments Activities Act. There is also the potential that we may become subject to additional legal or regulatory requirements if our business operations, strategy or geographic reach expand in the future.

New laws or regulations in the U.S. or Canada, or laws and regulations in new markets, that apply to us or our business could also require us to incur significant expenses and devote significant management attention to ensure compliance. In addition, our failure to comply with these laws or regulations may result in litigation or enforcement actions, the penalties for which could include: revocation of our licenses, fines and other monetary penalties, civil and criminal liability, substantially reduced payments by borrowers, modification of the original terms of loans, permanent forgiveness of debt, or inability to, directly or indirectly, collect all or a part of the principal of or interest on loans. Further, we may not be able to respond quickly or effectively to regulatory, legislative, and other developments, and these changes may in turn impair our ability to offer our existing or planned features, products, and services and/or increase our cost of doing business.

In the United States, we have certain state lending licenses and other licenses, which subject us to supervisory oversight from these license authorities and periodic examinations. Our business is also generally subject to investigation by regulators and enforcement agencies, regardless of whether we have a license from such authorities. These regulators and enforcement agencies may receive complaints about us. Investigations or enforcement actions may be costly and time consuming. Enforcement actions by such regulators and enforcement agencies could lead to fines, penalties, consumer restitution, the cessation of our business activities in whole or in part, or the assertion of private claims and lawsuits against us. In the United States, these regulators and agencies at the state level include state licensing agencies, financial regulatory agencies, and attorney general offices. At the federal level in the United States, these regulators and agencies include the Federal Trade Commission ("FTC"), the CFPB, FinCEN, and OFAC, any or all of which could subject us to burdensome rules and regulations that could increase costs and use of our resources in order to satisfy our compliance obligations.

In Canada, we are currently licensed as a lender where we believe required. In connection with our business activities, we are also generally subject to consumer protection legislation and other laws and, on that basis, our business is also generally subject to regulatory oversight and supervision from federal and/or provincial regulators in respect of those activities, regardless of whether we have a license. These regulators and enforcement agencies generally act on a complaints-basis and may receive consumer complaints about us. Investigations or enforcement actions may be costly and time consuming. Enforcement actions by such regulators and enforcement agencies could lead to fines, penalties, consumer restitution, the cessation of our business activities in whole or in part, or the assertion of private claims and lawsuits against us.

Compliance with these laws and regulations is costly, time-consuming, and limits our operational flexibility. Any failure or perceived failure to comply with any statute, ordinance, regulation, rules and/or guidance may subject us to significant fines, penalties, criminal and civil lawsuits, and enforcement actions in one or more jurisdictions; result in significant compliance costs and licensing requirements, cause us to lose existing licenses or prevent or delay us from obtaining pending licenses; restrict our operations or force us to make changes to our business practices; and incur significant reputational damage. Legal proceedings brought under state consumer protection statutes or under federal consumer financial services statutes subject to the jurisdiction of the CFPB and FTC, in particular, may result in a separate fine for each violation of the statute, which, particularly in the case of class action lawsuits, could result in damages in excess of the amounts we earned from the underlying activities.

***We are subject to the regulatory, supervisory, and enforcement authority of the CFPB. Regulations issued by the CFPB or examinations by the CFPB, or changes in such regulations and examinations, could impact our business and financial condition due to, among other things, increased compliance costs or costs due to noncompliance.***

Under Title X of the Dodd-Frank Act, the CFPB continues to have broad authority to regulate and supervise providers of consumer financial products and services such as Sezzle. The CFPB is specifically authorized, among other things, to take actions to prevent companies providing consumer financial products or services and their service providers from engaging in unfair, deceptive or abusive acts or practices in connection with consumer financial products and services, and to issue rules requiring enhanced disclosures for loan products and services. The CFPB also has authority to interpret, enforce, and issue regulations implementing enumerated consumer laws that apply to our business.

In 2017, the CFPB issued a final rule under its unfair, deceptive and abusive acts and practices rule-making authority relating to certain installment loans entitled “Payday, Vehicle Title, and Certain High-Cost Installment Loans” (the "Rule"). The Rule introduces new limitations on repayment for lenders of certain installment loans. If a consumer has two consecutive failed payment attempts, the lender must obtain a consumer’s new and specific authorization to make further withdrawals from the consumer’s bank account. The lender may also be required to provide certain notices to consumers before attempting a first payment withdrawal, an unusual withdrawal and/or after two consecutive failed payment attempts. The Rule became effective on March 30, 2025, however, on March 28, 2025, the CFPB announced it would not prioritize supervisory or enforcement actions related to compliance with the Rule. Despite this enforcement posture, the Rule remains effective and compliance obligations may still apply, including through potential state enforcement actions or future changes to the CFPB’s supervisory or enforcement priorities. Compliance with the Rule may require changes to our practices and procedures for loans to which the Rule applies and the profitability of such loans. Additionally, any further regulatory changes to the Rule could have effects that could further materially and adversely impact our business and operations.

In addition to the above, we may become subject to future CFPB rule-making and the enactment of one or more of such regulatory changes, or the exercise of broad regulatory authority by the CFPB over the Company’s business or discretionary consumer financial transactions, generally, could materially and adversely affect our business, results of operations and prospects. See “*Risks Related to Our Industry-The BNPL industry has become subject to increased regulatory scrutiny, and our failure to manage our business to comply with new regulations would materially and adversely affect our business, results of operations and financial condition”* for more information.

***We rely on our originating bank partner for a substantial majority of the loans facilitated on the Sezzle Platform and if this relationship is successfully challenged or deemed impermissible, we could be found to be in violation of licensing, interest rate limit, lending, or brokering laws and face penalties, fines, litigation, or regulatory enforcement.***

A substantial majority of the loans facilitated through the Sezzle Platform are originated by WebBank, our originating bank partner, and we rely on our originating bank partner model to comply with various federal and state laws in accordance with the Depository Institutions Deregulation and Monetary Control Act of 1980 ("DIDMCA") and the Valid-When-Made Rule. Pursuant to the DIDMCA, a state-chartered, FDIC-insured bank is permitted to "export" interest rates from the state where the bank is located for loans originated by such bank, regardless of the usury limitations imposed by the state law of the borrower's residence, unless the borrower's state has chosen to opt out of the exportation regime. The Valid-When-Made Rule provides, generally, that the determination of whether interest on a loan is permissible under Section 27 is made at the time the loan is made and that interest on a loan permissible under Section 27 shall not be affected by the sale, assignment, or other transfer of the loan, in whole or in part.

While a number of state attorneys general have unsuccessfully challenged the Valid-When-Made Rule, if the legal structure underlying our relationship with WebBank was successfully challenged, we may be in violation of state licensing requirements and state laws regulating interest rates and other aspects of consumer lending. Many states have passed laws, or have proposed laws, capping interest rates on consumer loans at rates that are lower than the annual percentage rate of some the loans originated on the Sezzle Platform. In the event of such a challenge or if our arrangement with our originating bank partner were to change or terminate for any reason, we would need to rely on an alternative bank relationship or originate these loans ourselves and be subject to these interest rate limitations.

In addition, some state legislatures have passed laws or have proposed or are threatening to propose laws, that opt out of the DIDMCA to prevent out of state, state-chartered, FDIC-insured banks from exporting the interest rate in which they are located to such state. For example, the State of Iowa opted out in the 1980s and, in 2023, the State of Colorado enacted legislation to opt-out of DIDMCA's interest-rate exportation provisions. In March 2024, industry trade associations challenged Colorado's DIDMCA opt-out law, and a federal district court issued a preliminary injunction blocking its enforcement. In November 2025, the U.S. Court of Appeals for the Tenth Circuit issued a decision in the case; however, the preliminary injunction remains in effect unless and until further court action lifts it. If the injunction is lifted and Colorado's opt-out law becomes enforceable, Colorado regulators could seek to apply the state's interest rate limits and other consumer lending laws to out-of-state, state-chartered, FDIC-insured banks making loans to Colorado residents. Enforcement of Colorado's opt-out law, or the adoption or enforcement of similar laws in other states, could limit our and our bank partner's ability to rely on federal interest rate exportation, increase compliance and operational complexity and costs, require changes to our product pricing or structure, or result in the discontinuation of certain products in affected jurisdictions, which could adversely affect our business, results of operations, and financial condition.

In addition, some state legislatures have passed laws, or have proposed or are threatening to propose laws, to determine the "true lender" with respect to certain loans, including laws that implement a "totality of the circumstances" test or "predominant economic interest" test. There also have been private litigation and government enforcement actions seeking to re-characterize a lending transaction, claiming that another entity was the de facto lender, or true lender, instead of the named lender. These claims are generally based on state lending laws or state common law through which a private litigant or government agency could seek to license, regulate or prohibit the activities of the entity they consider the de facto lender. Any such litigation or enforcement action with respect to a loan facilitated through the Sezzle Platform against us or our originating bank partner could subject us or them to claims for damages, disgorgement, or other penalties.

Any of the foregoing changes in law or interpretation or enforcement of existing laws could impair our relationship with our originating bank partner and could adversely impact our business, results of operations and financial condition.

***If loans made by us under our state lending licenses are found to violate applicable state lending or other laws, or if we were found to be operating without having obtained necessary licenses or approvals, it could adversely affect our business, results of operations, financial condition, and prospects.***

Certain states have adopted laws regulating and requiring licensing, registration, notice filing, or other approval by parties that engage in certain activity regarding consumer finance transactions. Furthermore, certain states and localities have also adopted laws requiring licensing, registration, notice filing, or other approval for consumer debt collection or servicing, and/or purchasing or selling consumer loans. We have obtained lending licenses or made applicable notice filings in certain states, and we may in the future pursue obtaining additional licenses or making additional notice filings. The loans we may originate or service on the Sezzle Platform pursuant to these state licenses are subject to state licensing and interest rate restrictions, as well as numerous state requirements regarding consumer protection, interest rate, disclosure, prohibitions on certain activities, and loan term lengths. We cannot assure you that we will be successful in obtaining state licenses in other states or that we have not yet been required to apply for.

The application of certain consumer financial licensing laws to our platform and business is unclear. In addition, licensing requirements may evolve over time. If we were found to be in violation of applicable licensing requirements by a court or a state, federal, or local enforcement agency, or agree to resolve such concerns by voluntary agreement, we could be subject to revocation or suspension of such license or agree to pay fines, damages, injunctive relief (including required modification or discontinuation of our business in certain areas), criminal penalties, and other penalties or consequences, and the loans facilitated through our platform could be rendered void or unenforceable in whole or in part, any of which could have an adverse effect on the enforceability or collectability of the loans facilitated through our platform.

***Litigation, regulatory actions, and compliance issues could subject us to fines, penalties, judgments, remediation costs, and requirements resulting in increased expenses.***

In the ordinary course of business, we have been, are, or may be named as a defendant in various legal actions, including arbitrations and other litigation. From time to time, we may also be involved in, or the subject of, reviews, requests for information, investigations, and proceedings (both formal and informal) by state and federal governmental agencies, including banking regulators, the FTC, and the CFPB, regarding our business activities and our qualifications to conduct our business in certain jurisdictions, which could subject us to fines, penalties, obligations to change our business practices, and other requirements resulting in increased expenses and diminished earnings. Our involvement in any such matter also could cause harm to our reputation and divert management attention from the operation of our business, even if the matters are ultimately determined in our favor. Moreover, any settlement, or any consent order or adverse judgment, in connection with any formal or informal proceeding or investigation by a government agency, may prompt litigation or additional investigations or proceedings as other litigants or other government agencies begin independent reviews of the same or similar activities.

In addition, a number of participants in the consumer finance industry have been and are the subject of putative class action lawsuits; state attorney general actions and other state regulatory actions; federal regulatory enforcement actions, including actions relating to alleged UDAAP; violations of state licensing and lending laws, including state interest rate limits; actions alleging discrimination on the basis of race, ethnicity, gender, or other prohibited bases; and allegations of noncompliance with various state and federal laws and regulations relating to originating and servicing consumer finance loans. BNPL competitors in the BNPL space are subject to ongoing class action litigation, including allegations of unfair business and deceptive practices, and we may become subject to similar types of litigation in the future. The current regulatory environment, increased regulatory compliance efforts, and enhanced regulatory enforcement have resulted in significant operational and compliance costs and may prevent us from providing certain products and services. There is no assurance that these regulatory matters or other factors will not, in the future, affect how we conduct our business and, in turn, have a material adverse effect on our business. In particular, legal proceedings brought under state consumer protection statutes or under federal consumer financial services statutes subject to the jurisdiction of the CFPB and FTC may result in a separate fine for each violation of the statute, which, particularly in the case of class action lawsuits, could result in damages in excess of the amounts we earned from the underlying activities.

***Stringent and evolving laws and regulations relating to privacy and data protection could result in claims, harm our results of operations, financial condition, and prospects, or otherwise harm our business.***

We process significant volumes of personal, financial and transaction data in connection with our platform and services. As a result, we are subject to a complex and evolving array of laws, rules, directives, and regulations, as well as contractual obligations, relating to privacy and data protection, including with respect to cloud computing and artificial intelligence and machine learning ("AI/ML"). The legal and regulatory environment relating to privacy and data protection laws continues to develop and evolve in ways we cannot predict. Any failure or alleged failure by us to comply with our privacy policies as communicated to customers or with privacy and data protection laws could result in proceedings or actions against us by data protection authorities, other government agencies, or others, which could subject us to significant fines, penalties, judgments, and negative publicity, require us to change our business practices, increase the costs and complexity of compliance, result in reputational harm, and materially harm our business. Compliance with inconsistent privacy and data protection laws may also restrict or limit our ability to provide products and services to our customers, or alternatively increase our costs in ways that could materially and adversely affect our financial position.

We use AI/ML in certain aspects of our operations, including for fraud detection and risk management. If the AI/ML models are incorrectly designed, the data we use to train them is incomplete, inadequate, or biased in some way, or we do not have sufficient rights to use the data on which our AI/ML models rely, the performance of our products, services, and business, as well as our reputation, could suffer or we could incur liability through the violation of laws, third-party privacy, or other rights, or contracts to which we are a party. In addition, future privacy and data protection laws, rules, directives, and regulations may complicate or limit efforts to use data in connection with AI/ML.

We publicly post policies and documentation regarding our practices concerning the processing of personal information. This publication of our privacy policy and other documentation that provide information about our privacy and security practices is required by applicable law and can subject us to proceedings and actions brought by data protection authorities, government entities, or others (including, potentially, in class action proceedings brought by individuals) if our policies are alleged to be deceptive, unfair, or misrepresentative of our actual practices. Although we endeavor to comply with our published policies and documentation consistent with applicable law, we may at times fail to do so or be alleged to have failed to do so.

Many jurisdictions in which we operate have enacted, or are in the process of enacting, data privacy legislation or regulations aimed at creating and enhancing individual privacy rights. A growing number of U.S. states have enacted or are in the process of enacting state level data privacy laws and regulations governing the collection, use, and retention of their residents' personal information, including the California Consumer Privacy Act, California Privacy Rights Act, Minnesota Consumer Data Privacy Act, Virginia Consumer Data Protection Act, Colorado Privacy Act, Utah Consumer Privacy Act, Texas Data Privacy and Security Act, Delaware Personal Data Privacy Act, Montana Consumer Data Privacy Act, Iowa Consumer Data Protection Act, Nebraska Data Privacy Act, New Jersey Privacy Act, New Hampshire Expectation of Privacy Act, Tennessee Information Protection Act, Rhode Island Data Transparency and Privacy Protection Act, Oregon Consumer Privacy Act, Maryland Online Data Privacy Act, Kentucky Consumer Data Protection Act, Indiana Consumer Protection Act, and Connecticut Data Privacy Act. Internationally, we are currently or have in the past been subject to the Canadian Personal Information Protection and Electronic Documents Act ("PIPEDA") in Canada. The continued proliferation of privacy laws in the jurisdictions in which we operate is likely to result in a disparate array of privacy rules with unaligned or conflicting provisions, accountability requirements, individual rights, and national or local enforcement powers, which could lead to increased regulatory scrutiny and business costs, or unintended consumer confusion. It may also increase our potential liability and may inhibit our operations to the extent that such requirements do not allow international transfers of personal information or otherwise restrict our processing of personal information or the availability of personal information to us.

Our failure, or the failure of any third party with whom we conduct business, to comply with privacy, data protection and AI/ML laws could result in potentially significant regulatory investigations and government actions, litigation, fines, or sanctions, consumer, funding source, bank partner, or merchant actions, and damage to our reputation and brand, all of which could have a material adverse effect on our business. Complying with privacy and data protection laws and regulations may cause us to incur substantial operational costs or require us to change our business or privacy and security practices. We may not be successful in our efforts to achieve compliance either due to internal or external factors, such as resource allocation limitations or a lack of cooperation from third parties. We have in the past, and may in the future, receive complaints or notifications from third parties, including individuals, alleging that we have violated applicable privacy and data protection laws and regulations.

Non-compliance could result in proceedings against us by governmental entities, consumers, data subjects, or others. We may also experience difficulty retaining or obtaining new consumers in these jurisdictions due to the legal requirements, compliance cost, potential risk exposure, and uncertainty for these entities, and we may experience significantly increased liability with respect to these consumers pursuant to the terms set forth in our agreements with them.

Any claims regarding our inability to adequately address privacy and data protection concerns, even if unfounded, or to comply with applicable privacy and data protection laws, regulations, contractual requirements, and policies, could result in additional cost and liability to us, damage our reputation, and adversely affect our business. Privacy and data protection concerns, whether valid or not, may inhibit market adoption of our products and services, particularly in certain industries and jurisdictions. If we are not able to quickly adjust to changing laws, regulations, and standards related to the internet, our business may be harmed.

**Risks Related to Our Corporate Structure**

***We do not currently intend to pay dividends on our common stock; holders will benefit from an investment in our common stock only if it appreciates in value.***

We have never declared nor paid dividends on our common stock and currently have no intention to pay cash dividends on our common stock in the near term. The payment of dividends on our common stock will be at the discretion of our board directors and will depend on our financial condition, operating results, current and anticipated cash needs, the requirements of our current or then-existing debt instruments, and other factors our board of directors deems relevant. As a result, the success of an investment in our common stock will depend entirely upon future appreciation in its value. There is no guarantee that our common stock will maintain its value or appreciate in value.

***The trading price of our common stock has been, and may continue to be, volatile.***

The trading price of our common stock has experienced substantial volatility and may continue to be volatile. The closing price of our common stock between February 27, 2025 and February 25, 2026 has ranged from a low of $28.70 and a high of $182.16. Various factors have impacted, and may continue to impact, the trading price of our common stock, including but not limited to, the following:

- trading volume or the size of our public float of our common stock;
- previous and future strategic actions and manipulations of the market for our securities by short sellers;
- failure by industry or securities analysts to maintain coverage of us, downgrade of our common stock by analysts or provision of a more favorable recommendation of our competitors;
- failure by analysts to regularly publish research reports or the publication of an unfavorable or inaccurate report about our business;
- changes by external analysts to their financial and operating estimates for our company or our performance relative to third parties' estimates or the expectations;
- forward-looking financial or operating information or financial projections we may provide to the public and any changes in that information or projections or our failure to meet projections;
- the public’s perception of the quality and accuracy of our key operating metrics;
- the public’s reaction to our press releases, other public announcements and filings with the SEC;
- sales, or anticipated sales, of shares of our common stock by us or our stockholders, including our directors and officers;
- changes in accounting standards, policies, guidelines, interpretations or principles;
- adverse resolution of new or pending litigation, claims, or investigations against us;
- announcements by us or our competitors of new products, features, services, technical innovations;
- rumors and market speculation involving us or other companies in our industry; and
- existing, new and evolving regulations in the United States.

***We may initiate stock buyback programs in the foreseeable future and, if initiated, we cannot guarantee that such programs will enhance the long-term value of our share price.***

During the year ended December 31, 2025, we repurchased approximately $50.0 million of our common stock in the open market, and, on December 15, 2025, we received approval from our Board of Directors to repurchase an additional $100.0 million of our common stock. Stock repurchases could affect the price of our stock and increase volatility in the market. We cannot guarantee that these repurchases will continue or, if we do repurchase additional common stock, if such program will enhance the long-term value of our share price.

***Our major stockholder owns a large percentage of our stock and can exert significant influence over us.***

Our Chief Executive Officer and Chairman, Charles Youakim, is our largest stockholder. As reported in Amendment No. 1 to Mr. Youakim's Schedule 13D filed with the SEC on February 11, 2025, Mr. Youakim holds approximately 44.2% of all shares of our common stock outstanding and can exert significant influence over us, including in relation to the election of directors, the appointment of new management and the potential outcome of matters submitted to the vote of stockholders. As a result, other stockholders have minimal control and influence over any matters submitted to our stockholders. There is a risk that the interests of our largest stockholder may be different from those of other stockholders. This concentrated control could delay, defer, or prevent a change of control, merger, consolidation, or sale of all or substantially all of our assets that our other stockholders support, or conversely this concentrated control could also discourage certain potential investors from acquiring our common stock and might harm the trading price of our stock. In addition, our officers and directors the ability to control the management and major strategic investments of our Company as a result of their positions within the Company as our and their ability to control the election or replacement of directors.

***Future sales of common stock by our directors and officers could adversely affect the price of our common stock and could, in the future, result in a loss of control of our Company.***

Consistent with our securities trading policy, certain of our directors and officers have in the past, and may continue in the future, to sell certain shares of our common stock in compliance with the terms of our securities trading policy. These sales may occur in accordance with the terms of the plan of distribution included in our Registration Statement on Form S-3 (File No. 333-270755) filed with the SEC on July 10, 2024, or in lieu thereof, within the restrictions imposed by Rule 144 under the Securities Act. Sales by insiders could cause our share price to decrease as a result of such sales, and if a large number of shares are sold, could result in a loss of control of our company.

***Future sales of common stock by our directors and officers, or their pledgees, as a result of foreclosure could adversely affect the price of common stock and could, in the future, result in a loss of control of our company.***

Upon the approval of our Audit & Risk Committee, our directors and officers may pledge shares of common stock as collateral for personal loans or investments in favor of third parties. Depending on the status of the various loan obligations for which the stock would ultimately serve as collateral and the trading price of our common stock, our directors and/or officers, and their affiliates, may experience foreclosure that could result in the sale of the pledged stock, in the open market or otherwise. Sales by these pledgees may not be subject to the volume limitations of Rule 144 of the Securities Act. Even in the absence of shares being sold, the act of pledging shares and the risk of sales of shares may create a misalignment of interests between insider pledgors and the Company's shareholders, as the insider may be incentivized to take actions that limit his or her exposure to such sales. Either scenario could potentially subject the Company and its insiders to shareholder lawsuits, particularly in an environment of declining share prices. As of the date of this Form 10-K, the only officer or director that has pledged shares of common stock is our Chief Executive Officer and Chairman, Charles Youakim.

***Our Chairman and Chief Executive Officer is a party to a loan arrangement pursuant to which he has pledged as collateral a portion of his common stock in our company to an institutional lender, the sale or perceived sale of which may adversely impact the price of our common stock and result in negative publicity.***

As reported in Amendment No. 1 to Mr. Youakim's Schedule 13D filed with the SEC on February 11, 2025, Mr. Youakim reported beneficial ownership of over 14,899,386 shares of our common stock, representing approximately 44.2% beneficial ownership. These shares are eligible for resale into the public market in accordance with the terms of the plan of distribution including in our Registration Statement on Form S-3 (File No. 333-270755) filed with the SEC on July 10, 2024, or in lieu thereof, with the restrictions imposed by Rule 144 under the Securities Act. A large percentage of Mr. Youakim's common stock in our company is subject to a pledge agreement between himself and Oppenheimer & Co., Inc. ("Oppenheimer"), an institutional lender. Upon the occurrence of certain events that are customary for these types of loans, including satisfaction of minimum margin maintenance requirements in accordance with Oppenheimer's internal policy or the rules of any organization or agency to which Oppenheimer is subject, Oppenheimer may exercise its rights to require Mr. Youakim to repay the loan proceeds or post additional collateral, and Oppenheimer may exercise its rights to foreclose on, and dispose of, the pledged shares, in each case, in accordance with the agreements by and between Oppenheimer and Mr. Youakim. A foreclosure on, or disposal of, the pledged shares may result in negative publicity, and have an adverse impact to our stock price.

***We are no longer an "emerging growth company" or a "smaller reporting company" and the reduced U.S. public company reporting requirements applicable to emerging growth companies and smaller reporting companies will no longer apply to us.***

As of December 31, 2025, we no longer qualify as an "emerging growth company," as defined in the JOBS Act or as a "smaller reporting company" as defined in the Exchange Act. Although we are permitted to continue to provide certain scaled disclosures through this Form 10-K, as incorporated by reference into our definitive proxy statement, we are no longer entitled to rely on various exemptions from disclosure and compliance requirements previously available to us. These include, among other things, compliance with the auditor attestation requirements under Section 404(b) of the Sarbanes-Oxley Act, expanded executive compensation disclosures, advisory votes on executive compensation matters, and other corporate governance and reporting obligations.

The loss of emerging growth company and smaller reporting company status has increased our accounting, legal, and compliance costs and placed additional demands on our management and financial resources. As a result, we are subject to expanded disclosure, internal control, and corporate governance requirements under SEC rules, the Sarbanes-Oxley Act, the Dodd-Frank Act, the Securities Act, the Exchange Act, and Nasdaq rules. If we are unable to comply with these requirements in a timely and effective manner, or if our disclosures are perceived as inadequate by investors or regulators, the market price of our common stock could decline and we could become subject to regulatory actions or stockholder litigation.

***We incur significant costs and are subject to extensive regulations and requirements as a U.S. public company.***

As a U.S. public company, we incur significant legal, accounting, compliance and other expenses that we did not incur as a private company. We are subject to the requirements of the Exchange Act, the Sarbanes-Oxley Act, the SEC rules, and the listing standards of Nasdaq. These requirements impose significant obligations.

Compliance with these requirements require considerable time and attention from our management and places demands on our systems and resources. The Sarbanes-Oxley Act requires that we maintain effective disclosure controls and procedures, and internal controls over financial reporting. In addition, Nasdaq listing standards require corporate governance standards with which we must comply. The costs associated with public company reporting, internal controls, and corporate governance have increased in recent years and may continue to rise. These rules and regulations to increase our legal and financial compliance costs and to make some activities more time-consuming and costly, although we are currently unable to estimate these costs with any degree of certainty. As a public company, we face a more limited and expensive market for director and officer liability insurance and may incur higher premiums or accept reduced coverage. In addition, heightened governance and disclosure expectations. In addition, heightened governance and disclosure expectations increase the demands on our directors and executive officers and may affect our ability to attract and retain qualified persons to serve on our board of directors, on our board committees or as our executive officers. Advocacy efforts by stockholders and third parties may also prompt even more changes in governance and reporting requirements.

If we fail to comply with the applicable reporting, internal control, or listing requirements, we could be subject to delisting of our common stock on Nasdaq, as well as fines, sanctions and other regulatory action and civil litigation.

***We can provide no assurance that our securities will continue to meet Nasdaq listing requirements. If we fail to comply with the continuing listing standards of the Nasdaq, our securities could be delisted.***

Our common stock is listed for trading on the Nasdaq Capital Market tier of The Nasdaq Stock Market LLC ("Nasdaq"). Nasdaq requires its listed companies to abide by certain rules to maintain its listing, including corporate governance rules. Although we currently satisfy such rules and intend to continue to do so, there is no assurance that we will remain in compliance.

If we fail to meet Nasdaq's continued listing standards and are unable to regain compliance within any applicable cure period, our common stock could be delisted. A delisting would likely reduce the liquidity and market price of our common stock, limit the ability of investors to buy or sell shares, reduce analyst coverage, and impair our ability to raise additional capital.

Any delisting of our common stock could materially adversely affect our business, financial condition, and results of operations.

***We discovered a material weakness in our internal control over financial reporting. If we fail to remedy the material weakness or otherwise fail to maintain effective internal control over financial reporting or disclosure controls and procedures, our ability to report our financial results on a timely and accurate basis may be adversely affected.***

We are required to comply with the SEC's rules implementing Sections 302 and 404 of the Sarbanes-Oxley Act, which require management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of internal controls over financial reporting.

As described within our Management's Report on Internal Control over Financial Reporting within this Annual Report on Form 10-K, management identified a material weakness in its internal control over financial reporting with respect to the design and effectiveness of controls to evaluate the appropriate classification of the cash flows related to our notes receivable. While we have designed a remediation plan, we will not be able to conclude whether the remediation of the material weakness was successful until sufficient time has passed to allow management to test the design and operational effectiveness of the enhanced controls. Not remediating the material weakness or not identifying additional control weaknesses could result in additional accounting errors or reporting delays that could negatively impact our reputation or stock price.

To comply with Section 404 on an ongoing basis, we expect to incur additional costs, expend significant management time on compliance-related issues and hire and retain accounting, financial, and internal audit staff with appropriate public company experience and technical accounting knowledge. Moreover, if we are not able to comply with the requirements of Section 404 in a timely manner, if we identify deficiencies in our disclosure controls and procedures, or if we or our independent registered public accounting firm identify deficiencies in our internal control over financial reporting that are deemed to be material weaknesses, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock could be negatively affected. We could also become subject to investigations by the SEC and other regulatory authorities, which could require additional financial and management resources. In addition, if we fail to remedy any material weakness, our financial statements could be inaccurate and we could face restricted access to capital markets.

***Some provisions of our charter documents may have anti-takeover effects that could discourage an acquisition of us by others, even if an acquisition would be beneficial to our stockholders, and may prevent attempts by our stockholders to replace or remove our current management.***

Provisions in our Fifth Amended and Restated Certificate of Incorporation (the "Charter") and our Third Amended and Restated Bylaws ("Bylaws") could make it more difficult for a third party to acquire us or increase the cost of acquiring us, even if doing so would benefit our stockholders, including transactions in which stockholders might otherwise receive a premium for their shares. These provisions include:

- advance notice procedures apply for stockholders to nominate candidates for election as directors or to bring matters before an annual meeting of stockholders;
- only our chairman of the board of directors, our chief executive officer, our president, or a majority of the board of directors are authorized to call a special meeting of stockholders;
- no provision in our Charter or Bylaws provides for cumulative voting, which limits the ability of minority stockholders to elect director candidates;
- our Charter authorizes undesignated preferred stock, the terms of which may be established and shares of which may be issued, without the approval of the holders of our capital stock; and
- certain litigation against us can only be brought in Delaware.

These anti-takeover defenses could discourage, delay or prevent a transaction involving a change in control of our company. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and cause us to take corporate actions other than those you desire.

***Our Charter designates the Court of Chancery of the State of Delaware as the exclusive forum for substantially all disputes between us and our stockholders and the federal district courts as the exclusive forum for Securities Act claims, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us.***

Our Charter provides that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed to us or our stockholders by any of our directors, officers, employees or stockholders, (iii) any action asserting a claim against us arising under the Delaware General Corporation Law ("DGCL"), our Charter or our Bylaws, (iv) any action to interpret, apply, enforce, or determine the validity of our Charter or our Bylaws, (v) any action governed by the internal affairs doctrine; provided that, the exclusive forum provision will not apply to suits brought to enforce any liability or duty created by the Exchange Act, or to any claim for which the federal courts have exclusive jurisdiction. Our Charter also provides that, unless we consent in writing to the selection of an alternative forum, the U.S. federal district courts shall be the exclusive forum for the resolution of any claims arising under the Securities Act. Under the Securities Act, federal and state courts have concurrent jurisdiction over all suits brought to enforce any duty or liability created by the Securities Act, and investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. Accordingly, there is uncertainty as to whether a court would enforce such a forum selection provision as written in connection with claims arising under the Securities Act. By becoming a stockholder in our company, you will be deemed to have notice of and have consented to the provisions of our Charter related to choice of forum. The choice of forum provisions in our Charter may limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or may make such lawsuits more costly for stockholders. Additionally, the enforceability of choice of forum provisions in other companies' governing documents has been challenged in legal proceedings, and it is possible that, in connection with any applicable action brought against us, a court could find the choice of forum provisions contained in our Charter to be inapplicable or unenforceable in such action. If so, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, results of operations, and financial condition.

**Risks Related to Our Existence as a Public Benefit Corporation**

***We operate as a Delaware public benefit corporation. As a public benefit corporation, we cannot provide any assurance that we will achieve our public benefit purpose.***

As a public benefit corporation, we are required to produce a public benefit and to operate in a responsible and sustainable manner, balancing our stockholders' pecuniary interests, the best interests of those materially affected by our conduct, and the public benefits identified by our Charter. There is no assurance that we will achieve our public benefit purpose or that the expected positive impact from being a public benefit corporation will be realized, which could have a material adverse effect on our reputation, our business, results of operations, and financial condition.

As a public benefit corporation, we are required to publicly disclose a report at least biennially on our overall public benefit performance and on our assessment of our success in achieving our specific public benefit purpose. If we are not timely or are unable to provide such reports, or if these reports are not viewed favorably by our investors, parties doing business with us or regulators or others reviewing our credentials, our reputation and status as a public benefit corporation may be harmed.

***As a public benefit corporation, our focus on providing a specific public benefit purpose and producing a positive effect for society may negatively impact our financial condition.***

Unlike traditional corporations, in which directors have a fiduciary duty to focus exclusively on maximizing stockholder value, our directors have a fiduciary duty to consider not only the stockholders' interests, but also our specific public benefit and the interests of other stakeholders affected by our actions. Therefore, we may take actions that we believe will be in the best interests of those stakeholders materially affected by our specific benefit purpose, even if those actions do not maximize our financial results, and we may be restricted from pursuing certain growth opportunities to the extent not consistent with our public benefit corporation status. While we intend for this public benefit designation and obligation to provide an overall net benefit to us and our customers, it could instead cause us to make decisions and take actions without seeking to maximize the income generated from our business, and hence available for distribution to our stockholders. Our pursuit of longer-term or non-pecuniary benefits may not materialize within the timeframe we expect, or at all, yet may have an immediate negative effect on any amounts available for distribution to our stockholders. Accordingly, being a public benefit corporation and complying with our related obligations could have a material adverse effect on our business, results of operations and financial condition. To the extent the market ties our stock price to the results of our business, operations and financial results, such material adverse effects would likely cause our stock price to decline.

As a public benefit corporation, we may be less attractive as a takeover target than a traditional company because our directors have a fiduciary duty to consider not only the stockholders' financial interests, but also our specific public benefit and the interests of other stakeholders affected by our actions and, therefore, our stockholders' ability to realize a return on their investments through an acquisition may be limited. Additionally, public benefit corporations may also not be attractive targets for activists or hedge fund investors because new directors would still have to consider and give appropriate weight to the public benefit along with stockholder value, and stockholders committed to the public benefit can enforce this through derivative suits. Further, by requiring that board of directors of public benefit corporations consider additional constituencies other than maximizing shareholder value, Delaware public benefit corporation law could potentially make it easier for a board to reject a hostile bid, even where the takeover would provide the greatest short-term financial return to investors.

***Our directors have a fiduciary duty to consider not only our stockholders' interests, but also our specific public benefit and the interests of other stakeholders affected by our actions. If a conflict between such interests arises, there is no guarantee such a conflict would be resolved in favor of our stockholders.***

While directors of traditional corporations are required to make decisions they believe to be in the best interests of their stockholders, directors of a public benefit corporation have a fiduciary duty to consider not only the stockholders' interests, but also the company's specific public benefit and the interests of other stakeholders affected by the company's actions. Under Delaware law, directors are shielded from liability for breach of these obligations if they make informed and disinterested decisions that serve a rational purpose. Thus, unlike traditional corporations which must focus exclusively on stockholder value, our directors are not merely permitted, but obligated, to consider our specific public benefit and the interests of other stakeholders. In the event of a conflict between the interests of our stockholders and the interests of our specific public benefit or our other stakeholders, our directors must only make informed and disinterested decisions that serve a rational purpose; thus, there is no guarantee such a conflict would be resolved in favor of our stockholders, which could have a material adverse effect on our business, results of operations and financial condition, which in turn could cause our stock price to decline.

***As a Delaware public benefit corporation, we may be subject to increased derivative litigation concerning our duty to balance stockholder and public benefit interest, the occurrence of which may have an adverse impact on our financial condition and results of operations.***

Stockholders of a Delaware public benefit corporation (if they, individually or collectively, own at least two percent of a company's outstanding shares or, in the case of a corporation with shares listed on a national securities exchange, the lesser of such percentage or shares with a market value of at least $2 million as of the date the action is filed) are entitled to file a derivative lawsuit claiming the directors failed to balance stockholder and public benefit interests. Although traditional Delaware corporations are also subject to derivative litigation, the public benefit corporation framework creates an additional statutory basis for claims relating to the balancing of stockholder and public benefit interests. Therefore, we may be subject to the possibility of increased derivative litigation, which would require the attention our management, and, as a result, may adversely impact our management's ability to effectively execute our strategy. Additionally, any such derivative litigation may be costly, which may have an adverse impact on our financial condition and results of operations.

## ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

## ITEM 1C. CYBERSECURITY

### Risk Management and Strategy

We have integrated cybersecurity risk management into our overall risk management framework and include cybersecurity in our risk management processes and procedures and in our decision-making about and evaluation of such processes and procedures.

As part of our cybersecurity risk management, we regularly assess risks from cybersecurity and technology vulnerabilities and monitor our information systems for potential threats. We use a widely-adopted risk quantification model to identify, measure and prioritize cybersecurity and technology risks and develop related security controls and safeguards. In light of the industry in which we operate and our processing of sensitive information, we engage external auditors to annually assess our internal controls governing our services and data, to conduct a payment card industry data security standard review of our security controls protecting payment information, and to perform third-party penetration testing of our payment information and related systems. In addition, we engage third-party service providers to monitor our information storage and systems and to conduct evaluations of our security controls, including independent audits. The results of these independent audits are reported to our management who then report to the Audit and Risk Committee.

Broad oversight of our overall risk assessment, where we assess key risks including security and technology risks and cybersecurity threats, is maintained by our full Board. Our Board delegates to the Audit and Risk Committee oversight of our programs, policies, and procedures related to cybersecurity, information asset security, network security, and data privacy and protection. The Audit and Risk Committee reports on such matters to the full Board as needed. The Audit and Risk Committee also receives regular reports about our cybersecurity program from the Response Team described below.

We have implemented incident response and breach management processes which have overarching and interconnected stages, including (i) preparation for a cybersecurity incident, (ii) detection and analysis of an incident, (iii) containment, eradication, and recovery, and (iv) post-incident analysis. An internal committee of senior management (the "Response Team") is responsible for overseeing our incident response and breach management processes. The Response Team is tasked with reporting to the Audit and Risk Committee incidents and other cybersecurity matters deemed important or to have a business impact, even if immaterial to the Company as a whole. The Response Team, as necessary and appropriate, is briefed by our information security and engineering teams with respect to risk assessments, mitigation strategies, areas of emerging risks, incidents and industry trends, and other areas of importance.

### Cybersecurity Governance

Our cybersecurity risk management and strategy processes are overseen by the Response Team, including our Chief Operating Officer ("COO"). The individuals on the Response Team and our COO have prior work experience in various roles involving information technology, including security, auditing, compliance, systems and programming. These individuals are informed by our information security and engineering teams about, and monitor, the prevention, mitigation, detection and remediation of cybersecurity incidents through their management of, and participation in, the cybersecurity risk management and strategy processes described above, including the operation of our incident response and breach management processes. The Response Team and COO report to the Audit and Risk Committee on any appropriate items. The Board retains broad oversight of all risk management of the Company.

### Third Party Risk Management

Because we are aware of the risks associated with third-party service providers, we have implemented controls designed to identify and mitigate cybersecurity threats associated with our use of third-party service providers. Such third-party service providers are subject to security risk assessments at the time of onboarding, contract renewal, and upon detection of any heightened risk profile. We use a variety of inputs in such risk assessments, including information supplied by providers and certifications by third parties. In addition, we require our providers to meet appropriate security requirements, controls and responsibilities and we investigate security incidents that impact our third-party providers, as appropriate.

**Risks from Cybersecurity Threats**

As of the date of this report, we are not aware of any material risks from cybersecurity threats that have materially affected or are reasonably likely to materially affect the Company, including our business strategy, results of operations, or financial condition. However, we cannot provide assurance that we will not experience any such event in the future. For more information about the cybersecurity risks we face in connection with our business, see the risk factor entitled "*Data security breaches, cyberattacks, employee or other internal misconduct, malware, phishing or ransomware, physical security breaches, or other disruptions to our technology system or a compromise of our data security could occur and would materially adversely impact our business and ability to protect the confidential information in our possession or control*" in Item 1A of this Form 10-K, "*Risk Factors.*"

## ITEM 2. PROPERTIES

Our corporate headquarters is currently located in Minneapolis, Minnesota where we lease 11,498 square feet of office space pursuant to a lease agreement that expires in June 2029. We also lease a small amount of additional space for our remote workforce to support our operations in North America and the winding down of our operations outside of North America. We believe that these premises are suitable and adequate for our needs now and for the foreseeable future. If required, we believe that suitable additional or alternative space would be available in the future on commercially reasonable terms.

## ITEM 3. 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 a seeking an injunction to prevent Shopify from continuing its anticompetitive conduct and to restore competition and consumer choice. Sezzle is also seeking damages, which could be tripled under applicable laws. Shopify has denied the allegations and filed a motion to dismiss the complaint. A hearing on such motion was held on December 8, 2025. As of the date of this report, the court has not issued a ruling on such motion and its outcome, including the timing of that outcome, cannot be predicted with certainty.

While the outcome of these 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 4. MINE SAFETY DISCLOSURES**

Not applicable.

## PART II

## ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

### Market Information for Shares of Common Stock

Our common stock is listed on the Nasdaq Capital Market under the symbol "SEZL."

### Holders of Record

As of February 24, 2026, there were 5,561 stockholders of record of our common stock.

### Dividend Policy

We have never declared or paid any cash dividends. The payment of dividends on our common stock will be at the discretion of our Board of Directors and will depend on our financial condition, operating results, current and anticipated cash needs, the requirements of our current or then-existing debt instruments and other factors our Board of Directors deem relevant.

### Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Throughout the three months ended December 31, 2025, we 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. 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 and December 15, 2025. The table below presents information with respect to such common stock purchases made by us during the three months ended December 31, 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] |
|---|---|---|---|---|
| October 1, 2025 through October 31, 2025 | — | $ — | — | $ 26,439,441 |
| November 1, 2025 through November 30, 2025 | 401,247 | 54.12 | 341,650 | 8,177,473 |
| December 1, 2025 through December 31, 2025 | 125,106 | 66.49 | 122,933 | 100,000,000 |
| **Total** | **526,353** | **$ 57.06** | **464,583** | **$ 100,000,000** |

(1) 61,770 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 expired December 4, 2025. On December 12, 2025, the Board of Directors authorized a stock repurchase program to repurchase up to $100 million of our outstanding shares. This program commenced December 12, 2025, and does not have a fixed expiration date.

### Recent Sales of Unregistered Securities

None.

**ITEM 6. [RESERVED]**

## ITEM 7. 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 Form 10-K. This discussion and analysis may contain 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-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 shopping and payments platform that provides consumers a flexible alternative to traditional credit. Through our platform, we aim to give consumers control of their spending, ways to save money, and access to responsible credit. 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 has the ability to instantly extend credit at the point-of-sale, allowing consumers to purchase and receive merchandise, 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, consumer fees, 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.

We primarily operate in the United States and Canada, and are currently winding down and exiting operations in India and certain countries in Europe.

**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, Earn tab, 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 and Sezzle On-Demand. 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. 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 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, the Earn tab, and Sezzle Balance. Price comparison is a feature in our product marketplace that provides consumers the ability to compare the price of a product across a variety of different merchants and receive notifications if the price drops. The Earn tab allows consumers the ability to save money through coupons, discounts, and playing games. Sezzle Balance 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 settle a portion 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 consumers generally spending more during the holiday shopping season. These seasonal 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 an increase in the provision for credit losses on an absolute basis and as a percentage of GMV.

**Key Operating Metrics**

***Gross Merchandise Volume***

| | For the years ended December 31, | | Change | |
|---|---|---|---|---|
| | 2025 | 2024 | $ | % |
| | (in thousands, except percentages) | | | |
| Gross Merchandise Volume ("GMV") | $ 3,940,422 | $ 2,540,237 | $ 1,400,185 | 55.1% |

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 December 31, | | Change | |
|---|---|---|---|---|
| | 2025 | 2024 | # | % |
| | (in thousands, except percentages) | | | |
| Active Consumers | 3,049 | 2,725 | 324 | 11.9% |
| Monthly On-Demand Users and Subscribers | 918 | 707 | 211 | 29.8% |

“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 December 31, 2025, plus consumers with an active subscription for either Sezzle Premium or Sezzle Anywhere as of the end of the period.

As of December 31, 2025, we had 0.7 million unique consumers who had an active subscription for either Sezzle Premium or Sezzle Anywhere (“Active Subscribers”), and 0.2 million unique consumers who placed an On-Demand order during the month ended December 31, 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 purchase is recognized at the time the underlying order is placed. 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. These fees are recognized at the time the fee is assessed to the extent the fee is reasonably collectible.

*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, and current economic conditions. In estimating the allowance for credit losses, we utilize a roll rate analysis of delinquent and current notes receivable. A 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. 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.

***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 judgment 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.

**Results of Operations**

***Total Revenue***

| | For the years ended December 31, | | Change | |
|---|---|---|---|---|
| | 2025 | 2024 | $ | % |
| | (in thousands, except percentages) | | | |
| Transaction income | $ 234,117 | $ 146,776 | $ 87,341 | 59.5% |
| Subscription revenue | 99,400 | 82,222 | 17,178 | 20.9% |
| Income from other sources | 116,762 | 42,130 | 74,632 | 177.1% |
| **Total revenue** | **$ 450,279** | **$ 271,128** | **$ 179,151** | **66.1%** |

For the years ended December 31, 2025 and 2024, transaction income included merchant and partner income of $102.2 million and $86.5 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 $131.9 million and $60.3 million for the years ended December 31, 2025 and 2024, respectively. The increase in consumer fees was driven by a higher number of fees charged in the current period as a result of higher GMV, contributing to approximately $41.1 million of the increase, the standardization of consumer fees stemming from our strategic bank partnership, which contributed to approximately $13.7 million of the increase, and the introduction of new products, contributing to approximately $16.8 million of the increase.

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

The increase in income from other sources was largely derived from consumer fee income. The increase in consumer fees was driven by a higher absolute number of fees charged in the current period as a result of GMV growth, contributing to approximately $32.7 million of the increase; fee standardization, contributing to approximately $26.3 million; and the introduction of new products, which contributed to approximately $3.9 million of the increase. Consumer late payment fees totaled $74.0 million and $25.2 million for the years ended December 31, 2025 and 2024, respectively. The increase in late payment fees was primarily driven by the standardizing of late payment fees along with a higher number of orders becoming past due as a result of GMV growth. Increases in affiliate and advertising revenue also contributed to the increase in income from other sources.

***Personnel***

| | For the years ended December 31, | | Change | |
|---|---|---|---|---|
| | 2025 | 2024 | $ | % |
| | (in thousands, except percentages) | | | |
| Personnel | $ 54,825 | $ 51,765 | $ 3,060 | 5.9% |

The increase in personnel was driven by higher contract labor and additional equity awards granted during the current year. Recorded within personnel, equity based compensation totaled $6.5 million and $5.2 million for the years ended December 31, 2025 and 2024, respectively.

***Transaction Expense***

| | For the years ended December 31, | | Change | |
|---|---|---|---|---|
| | 2025 | 2024 | $ | % |
| | (in thousands, except percentages) | | | |
| Payment processing costs | $ 61,724 | $ 44,872 | $ 16,852 | 37.6% |
| Affiliate and partner fees | 2,858 | 5,124 | (2,266) | (44.2)% |
| Other transaction expense | 1,379 | 1,368 | 11 | 0.8% |
| **Transaction expense** | **$ 65,961** | **$ 51,364** | **$ 14,597** | **28.4%** |

The increase in payment processing costs was primarily driven by higher GMV. GMV growth outpaced the increase in payment processing expenses as a result of more efficient processing strategies in place in the current year.

Affiliate and partner 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 years ended December 31, | | Change | |
|---|---|---|---|---|
| | 2025 | 2024 | $ | % |
| | (in thousands, except percentages) | | | |
| Third-party technology and data | $ 14,441 | $ 9,595 | $ 4,846 | 50.5% |

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 years ended December 31, | | Change | |
|---|---|---|---|---|
| | 2025 | 2024 | $ | % |
| | (in thousands, except percentages) | | | |
| Marketing, advertising, and tradeshows | $ 32,191 | $ 9,740 | $ 22,451 | 230.5% |

The increase in marketing, advertising, and tradeshow costs was from expanding initiatives to promote consumer acquisition and co-market the Sezzle brand.

***General and Administrative***

| | For the years ended December 31, | | Change | |
|---|---|---|---|---|
| | 2025 | 2024 | $ | % |
| | (in thousands, except percentages) | | | |
| General and administrative | $ 16,774 | $ 11,403 | $ 5,371 | 47.1% |

The increase was primarily from higher professional service fees related to corporate strategic projects, consisting of costs related to the ongoing support for the antitrust litigation, our evaluation of a potential bank charter, and general capital markets exploration. Corporate strategic project costs totaled $3.1 million and $0.3 million for the years ended December 31, 2025 and 2024, respectively. The remainder of the increase was driven by overall growth of the business.

***Provision for Credit Losses***

| | For the years ended December 31, | | Change | |
|---|---|---|---|---|
| | 2025 | 2024 | $ | % |
| | (in thousands, except percentages) | | | |
| Provision for credit losses | $ 89,298 | $ 55,015 | $ 34,283 | 62.3% |

The increase in credit losses was a result of higher GMV during the year ended December 31, 2025, when compared to the year ended December 31, 2024, as well as changes to consumer underwriting to promote consumer acquisition and retention. Of the $34.3 million increase when comparing the years ended December 31, 2025 and 2024, approximately $30.3 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 19.8% and 20.3% for the years ended December 31, 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 years ended December 31, | | Change | |
|---|---|---|---|---|
| | 2025 | 2024 | $ | % |
| | (in thousands, except percentages) | | | |
| Net interest expense | $ 14,021 | $ 13,762 | $ 259 | 1.9% |

Net interest expense remained flat when comparing the years ended December 31, 2025 and 2024, as higher outstanding borrowings on our line of credit during the year ended December 31, 2025 were offset by 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 (Benefit)***

| | For the years ended December 31, | | Change | |
|---|---|---|---|---|
| | 2025 | 2024 | $ | % |
| | (in thousands, except percentages) | | | |
| Income tax expense (benefit) | $ 29,761 | $ (11,205) | $ 40,966 | Not meaningful |

Our effective income tax rate for the years ended December 31, 2025 and 2024 was 18.3% and (16.6%), respectively. The change in the effective tax rate was primarily driven by a release of the majority of our valuation allowance during the year ended December 31, 2024.

The primary driver of the effective tax rate for the year ended December 31, 2025 related to $5.7 million of excess tax benefits on equity 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 a result of the positive trends in our net income, during the years ended December 31, 2025 and 2024 we concluded that it was more likely than not that our U.S. federal and state deferred tax assets are realizable. During the year ended December 31, 2024, we recorded a tax benefit of $28.2 million to reflect the release of our valuation allowance.

**Liquidity and Capital Resources**

For the years ended December 31, 2025 and 2024, our net income was $133.1 million and $78.5 million, respectively. As of December 31, 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 December 31, 2025, we had cash and cash equivalents of $64.1 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 December 31, 2025 and 2024, we had restricted cash of $38.5 million and $25.1 million, respectively.

As of December 31, 2025 and 2024, we had working capital of $262.1 million and $151.9 million, respectively. The increase in working capital was primarily a result of the growth in notes receivable, net, driven by higher GMV. Additionally, as of December 31, 2025 and 2024 we had an unused borrowing capacity on our line of credit of $73.5 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 depends 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, material changes in interest rates, 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 tighter covenants, 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 years ended December 31, | |
|---|---|---|
| **(in thousands)** | **2025** | **2024** |
| Net Cash Provided from Operating Activities | $ 209,907 | $ 130,648 |
| Net Cash Used for Investing Activities | (181,569) | (91,213) |
| Net Cash Used for Financing Activities | (25,412) | (10,368) |
| Net increase in cash, cash equivalents, and restricted cash | $ 2,926 | $ 29,067 |

***Operating Activities***

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

During the year ended December 31, 2025, net cash provided from operating activities totaled $209.9 million as a result of cash inflows of $133.1 million in net income adjusted for $133.8 million of non-cash charges including credit losses, deferred income taxes, equity based compensation, depreciation, and amortization offset against cash outflows of $57.0 million due to changes in our operating assets and liabilities.

Our cash outflow from changes in operating assets and liabilities for the year ended December 31, 2025 was driven by a $36.0 million increase in our other receivables, which was related to a higher volume of consumer fees charged in the current year and the timing of consumer repayment on such fees, which resulted in decreased cash receipts from consumers, as well as the timing of settlement with our originating partner to pay our merchants. We also had a $13.0 million decrease in merchant accounts payable as a result of the timing of payments to merchants, which resulted in increased cash payments to merchants during the year ended December 31, 2025, and a $6.8 million increase in prepaid assets and other current assets as a result of higher partner and affiliate fees earned during the year ended December 31, 2025 that have not been collected as of the end of the year.

During the year ended December 31, 2025, cash payments for personnel-related expenses totaled $52.3 million, cash payments for processing costs totaled $65.0 million, and cash interest payments totaled $15.3 million.

During the year ended December 31, 2024, net cash provided from operating activities totaled $130.6 million as a result of cash inflows of $78.5 million in net income adjusted for $57.4 million of non-cash charges including credit losses, deferred income taxes, equity based compensation, depreciation, and amortization offset against cash outflows of $5.2 million due to changes in our operating assets and liabilities.

Our cash outflow from changes in operating assets and liabilities for the year ended December 31, 2024 was driven by a $12.7 million increase in our other receivables, which was related to the timing and settlement with our originating partner to pay our merchants. Offset against this, we had a $13.1 million increase in our accrued and other liabilities, driven by receiving down payments from consumers prior to purchasing the related receivable from our originating partner, resulting in increased cash receipts from consumers classified as liabilities during the current year.

During the year ended December 31, 2024, cash payments for personnel-related expenses totaled $44.6 million, cash payments for processing costs totaled $44.4 million, and cash interest payments totaled $14.0 million.

The change in net cash from operating activities year-over-year was from higher cash receipts from consumers related to our increased profitability during the year ended December 31, 2025.

***Investing Activities***

Net cash used for investing activities during the year ended December 31, 2025 was $181.6 million, compared to $91.2 million during the year ended December 31, 2024. Cash outflows for investing activities were from purchases and originations of notes receivable, net of repayments; 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 years ended December 31, 2025 and 2024 was $25.4 million and $10.4 million, respectively.

Financing cash outflows for the year ended December 31, 2025 were primarily from repurchases and the retirement of shares of common stock made under our stock repurchase plans totaling $50.0 million, repurchases of shares of common stock from employees to cover minimum statutory tax obligations totaling $14.7 million, and payments of debt issuance costs totaling $0.8 million, offset against net proceeds from our line of credit totaling $36.3 million and proceeds from stock option exercises totaling $3.8 million.

Financing cash outflows during the year ended December 31, 2024 were primarily from repurchases and the retirement of shares of common stock made under our stock repurchase plans totaling $20.0 million, repurchases of shares of common stock from employees to cover minimum statutory tax obligations totaling $3.6 million, and payments of debt issuance costs totaling $1.1 million, offset against net proceeds from our line of credit totaling $10.0 million and proceeds from stock option and warrant exercises totaling $4.4 million.

***Line of Credit***

Refer to Note 8. Line of Credit on the accompanying Notes to the Consolidated Financial Statements for discussion about our line of credit.

***Loan Commitments***

Refer to Note 11. 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. We believe the following estimate has the greatest risk of affecting our consolidated financial statements; therefore, we consider this to be our critical accounting policy and estimate.

***Allowance for Credit Losses on Notes Receivable***

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.

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, and current economic conditions. In estimating the allowance for credit losses, we utilize a roll rate analysis of delinquent and current notes receivable. A 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. 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. See Note 3. Notes Receivable and Allowance for Credit Losses on the accompanying Notes to the Consolidated Financial Statements for more information about our notes receivable.

**Recent Accounting Pronouncements**

Refer to Note 1. Principal Business Activity and Significant Accounting Policies on the accompanying Notes to the 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 7A. 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 December 31, 2025 and 2024, we had a revolving line of credit facility of $225 million and $150 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 December 31, 2025 and 2024, we had $141.3 million and $105.0 million, respectively, outstanding under our line of credit. For the year ended December 31, 2025, a 100 basis point hypothetical adverse change in SOFR during the year would have resulted in an additional $1.2 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 year.

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 years ended December 31, 2025 and 2024 would have resulted in an additional foreign currency translation adjustment of approximately $1.6 million and $1.5 million, respectively.

## ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

### Index to Consolidated Financial Statements


| | Page |
|---|---|
| Report of Independent Registered Public Accounting Firm (PCAOB ID 23) | 70 |
| Consolidated Balance Sheets | 73 |
| Consolidated Statements of Operations and Comprehensive Income | 74 |
| Consolidated Statements of Stockholders' Equity | 75 |
| Consolidated Statements of Cash Flows | 76 |
| Notes to the Consolidated Financial Statements | 78 |

**Report of Independent Registered Public Accounting Firm**

To the Shareholders and the Board of Directors of Sezzle Inc.

**Opinions on the Financial Statements and Internal Control over Financial Reporting**

We have audited the accompanying consolidated balance sheets of Sezzle Inc. and subsidiaries (the "Company") as of December 31, 2025 and 2024, the related consolidated statements of operations and comprehensive income, stockholders' equity and cash flows for the years then ended, and the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2025 and 2024, and the consolidated results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, because of the effect of the material weakness identified below on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

**Basis for Opinions**

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment:

> *Management did not design and maintain effective controls to evaluate the appropriate classification of the cash flows related to notes receivable.*

We considered the material weakness in determining the nature, timing, and extent of audit tests applied in our audit of the Company's consolidated financial statements as of and for the year ended December 31, 2025, and our opinion on such consolidated financial statements was not affected.

**Restatement of Previously Issued Financial Statements**

As discussed in Note 1 to the consolidated financial statements, the Company has restated its 2024 financial statements to correct an error.

**Definition and Limitations of Internal Control Over Financial Reporting**

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Critical Audit Matter**

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

*Allowance for Credit Losses for Notes Receivable*

As described in Notes 1 and 3, the Company maintains 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 the Company's current estimate of expected credit losses over the remaining contractual term and incorporates evaluations of known and inherent risks in the Company's portfolio, historical credit losses and current economic conditions. The allowance for credit losses is determined using a roll rate analysis of delinquent and current notes receivable. The roll rate analysis is a technique used to estimate the likelihood that a loan progresses through various stages of delinquency and eventually charges-off. The Company segments its notes receivable into delinquency statuses and semi-monthly vintages for the purpose of evaluating historical performance and determining the future likelihood of default.

We identified the allowance for credit losses for notes receivable as a critical audit matter given the subjective nature associated with the estimation of the historical loss rate assumption.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included evaluating the design and testing the operating effectiveness of internal controls related to the Company's roll rate analysis and historical loss rate assumption. Our audit procedures related to the allowance for credit losses also included the following, among others:

- Evaluating the appropriateness of the roll rate analysis.
- Developing an independent expectation of the historical loss rate assumption, including testing the completeness and accuracy of the data used to develop an independent estimate.

/s/ Baker Tilly US, LLP

Minneapolis, Minnesota
February 26, 2026

We have served as the Company's auditor since 2019.

## Consolidated Balance Sheets

| (in thousands, except per share amounts) | As of December 31, 2025 | 2024 |
|---|---|---|
| **Assets** | | |
| **Current Assets** | | |
| Cash and cash equivalents, including amounts held by variable interest entity ("VIE") of $25,921 and $30,899, respectively | $ 64,054 | $ 73,185 |
| Restricted cash, current, including amounts held by VIE of $8,245 and $4,096, respectively | 8,413 | 4,850 |
| Notes receivable | 283,400 | 190,665 |
| Allowance for credit losses | (28,505) | (26,103) |
| Notes receivable, net, including amounts held by VIE of $237,062 and $152,174, respectively | 254,895 | 164,562 |
| Other receivables, net | 6,186 | 3,629 |
| Prepaid expenses and other current assets | 18,316 | 11,393 |
| Total current assets | 351,864 | 257,619 |
| **Non-Current Assets** | | |
| Internally developed intangible assets, net | 3,331 | 2,442 |
| Operating right-of-use assets | 665 | 800 |
| Restricted cash, non-current | 30,134 | 20,275 |
| Deferred tax asset, net of $0 and $3,742 valuation allowance, respectively | 13,615 | 16,905 |
| Other assets | 620 | 331 |
| **Total Assets** | **$ 400,229** | **$ 298,372** |
| | | |
| **Liabilities and Stockholders' Equity** | | |
| **Current Liabilities** | | |
| Merchant accounts payable | $ 56,374 | $ 68,967 |
| Other payables, including amounts held by VIE of $1,476 and $1,103, respectively | 6,908 | 7,455 |
| Deferred revenue | 5,431 | 4,234 |
| Other current liabilities | 21,053 | 25,021 |
| Total current liabilities | 89,766 | 105,677 |
| **Non-Current Liabilities** | | |
| Operating lease liabilities | 661 | 823 |
| Line of credit, net of unamortized debt issuance costs of $1,268 and $1,008, respectively, held by VIE | 139,991 | 103,992 |
| Other non-current liabilities | — | 45 |
| **Total Liabilities** | **230,418** | **210,537** |
| | | |
| **Commitments and Contingencies (see Note 11)** | | |
| | | |
| **Stockholders' Equity*** | | |
| Common stock and additional paid-in capital, $0.00001 par value; 750,000 shares authorized; 35,130 and 34,786 shares issued, respectively; 33,798 and 33,735 shares outstanding, respectively | 194,890 | 188,589 |
| Treasury stock, at cost: 1,332 and 1,051 shares, respectively | (24,072) | (9,391) |
| Accumulated other comprehensive loss | (683) | (1,588) |
| Accumulated deficit | (324) | (89,775) |
| **Total Stockholders' Equity** | **169,811** | **87,835** |
| **Total Liabilities and Stockholders' Equity** | **$ 400,229** | **$ 298,372** |

* Effective March 28, 2025, we performed a 6-for-1 stock split of the Company's common stock, effected 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

| (in thousands, except per share amounts) | For the years ended December 31, 2025 | 2024 |
|---|---|---|
| Total revenue | $ 450,279 | $ 271,128 |
| | | |
| **Operating Expenses** | | |
| Personnel | 54,825 | 51,765 |
| Transaction expense | 65,961 | 51,364 |
| Third-party technology and data | 14,441 | 9,595 |
| Marketing, advertising, and tradeshows | 32,191 | 9,740 |
| General and administrative | 16,774 | 11,403 |
| Provision for credit losses | 89,298 | 55,015 |
| Total operating expenses | 273,490 | 188,882 |
| | | |
| **Operating Income** | **176,789** | **82,246** |
| | | |
| **Other Income (Expense)** | | |
| Net interest expense | (14,021) | (13,762) |
| Other income, net | 123 | 354 |
| Fair value adjustment on warrants | — | (1,261) |
| Loss on extinguishment of line of credit | — | (260) |
| Income before taxes | 162,891 | 67,317 |
| | | |
| Income tax expense (benefit) | 29,761 | (11,205) |
| | | |
| **Net Income** | **133,130** | **78,522** |
| | | |
| **Other Comprehensive Income (Loss)** | | |
| Foreign currency translation adjustment | 905 | (941) |
| | | |
| **Total Comprehensive Income** | **$ 134,035** | **$ 77,581** |
| | | |
| **Net income per share*:** | | |
| Basic | $ 3.93 | $ 2.33 |
| Diluted | $ 3.72 | $ 2.19 |
| | | |
| **Weighted-average shares outstanding*:** | | |
| Basic | 33,910 | 33,711 |
| Diluted | 35,744 | 35,890 |

* Effective March 28, 2025, we performed a 6-for-1 stock split of the Company's common stock, effected 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

| (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 | — | 3,318 | — | — | — | — | 3,318 |
| Stock option exercises | 449 | 3,918 | — | — | — | — | 3,918 |
| Warrant exercises | 301 | 401 | — | — | — | — | 401 |
| Restricted stock issuances and vesting of awards | 845 | 1,875 | — | — | — | — | 1,875 |
| 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 | (1,770) | (9,208) | — | — | — | (10,777) | (19,985) |
| Repurchase of common stock | (279) | — | — | (3,635) | — | — | (3,635) |
| Foreign currency translation adjustment | — | — | — | — | (941) | — | (941) |
| Net income | — | — | — | — | — | 78,522 | 78,522 |
| **Balance at December 31, 2024** | **33,735** | **188,589** | **—** | **(9,391)** | **(1,588)** | **(89,775)** | **87,835** |

| (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 | — | 2,350 | — | — | — | — | 2,350 |
| Stock option exercises | 643 | 3,731 | — | — | — | — | 3,731 |
| Restricted stock issuances and vesting of awards | 838 | 6,471 | — | — | — | — | 6,471 |
| Stock subscriptions receivable related to stock option exercises | 7 | 44 | (44) | — | — | — | — |
| Stock subscriptions collected related to stock option exercises | — | — | 44 | — | — | — | 44 |
| Repurchase and retirement of common stock | (1,144) | (6,295) | — | — | — | (43,679) | (49,974) |
| Repurchase of common stock | (281) | — | — | (14,681) | — | — | (14,681) |
| Foreign currency translation adjustment | — | — | — | — | 905 | — | 905 |
| Net income | — | — | — | — | — | 133,130 | 133,130 |
| **Balance at December 31, 2025** | **33,798** | **194,890** | **—** | **(24,072)** | **(683)** | **(324)** | **$ 169,811** |

* Effective March 28, 2025, we performed a 6-for-1 stock split of the Company's common stock, effected 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

| (in thousands) | For the years ended December 31, 2025 | (As restated) 2024 |
|---|---|---|
| **Operating Activities:** | | |
| Net income | $ 133,130 | $ 78,522 |
| Adjustments to reconcile net income to net cash provided from operating activities: | | |
| Depreciation and amortization | 1,356 | 965 |
| Provision for credit losses | 89,298 | 55,015 |
| Provision for other credit losses | 33,475 | 10,605 |
| Discount on notes receivable | (735) | 460 |
| Equity based compensation and restricted stock vested | 6,520 | 5,193 |
| Amortization of debt issuance costs | 532 | 526 |
| Fair value adjustment on warrants | — | 1,261 |
| Impairment losses on long-lived assets | 68 | 48 |
| Gain on sale of fixed assets | (21) | (55) |
| Loss on extinguishment of line of credit | — | 260 |
| Deferred income taxes | 3,290 | (16,905) |
| Changes in operating assets and liabilities: | | |
| Other receivables | (36,021) | (12,670) |
| Prepaid expenses and other assets | (6,794) | (4,997) |
| Merchant accounts payable | (13,036) | (4,345) |
| Other payables | (572) | 1,951 |
| Accrued and other liabilities | (1,816) | 13,145 |
| Deferred revenue | 1,193 | 1,595 |
| Operating leases | 40 | 74 |
| **Net Cash Provided from Operating Activities** | **209,907** | **130,648** |
| | | |
| **Investing Activities:** | | |
| Purchases and originations of notes receivable, net of proceeds from repayments | (178,874) | (89,749) |
| Purchase of property and equipment | (655) | (70) |
| Internally developed intangible asset additions | (2,040) | (1,394) |
| **Net Cash Used for Investing Activities** | **(181,569)** | **(91,213)** |
| | | |
| **Financing Activities:** | | |
| Proceeds from line of credit | 180,860 | 107,427 |
| Payments to line of credit | (144,600) | (97,427) |
| Payments of debt issuance costs | (792) | (1,106) |
| Proceeds from stock option exercises | 3,731 | 3,918 |
| Stock subscriptions collected related to stock option exercises | 44 | 39 |
| Proceeds from warrant exercises | — | 401 |
| Repurchase of common stock | (64,655) | (23,620) |
| **Net Cash Used for Financing Activities** | **(25,412)** | **(10,368)** |
| | | |
| Effect of exchange rate changes on cash | 1,365 | (1,456) |
| Net increase in cash, cash equivalents, and restricted cash | 2,926 | 29,067 |
| Cash, cash equivalents, and restricted cash, beginning of period | 98,310 | 70,699 |
| **Cash, cash equivalents, and restricted cash, end of period** | **$ 102,601** | **$ 98,310** |

See the accompanying Notes to the Consolidated Financial Statements.

## Consolidated Statements of Cash Flows (continued)

| (in thousands) | For the years ended December 31, 2025 | 2024 |
|---|---|---|
| **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 | $ 15,322 | $ 14,047 |
| Income taxes paid: | | |
| Federal income taxes paid | 21,040 | |
| State income taxes paid | 6,640 | |
| Foreign income taxes paid | 385 | |
| Total income taxes paid | $ 28,065 | $ 4,766 |

See the accompanying Notes to the Consolidated Financial Statements.

## Notes to the Consolidated Financial Statements

### Note 1. Principal Business Activity and Significant Accounting Policies

***Principal Business Activity***

Sezzle Inc. (“Sezzle”, the “Company”, “we”, “us”, or “our”) is a technology-enabled payments company based in the United States with operations in the United States and Canada. We are a Delaware Public Benefit Corporation formed on January 4, 2016. We offer a digital shopping and payments platform in-store and online that provides consumers a flexible alternative to traditional credit.

The Sezzle Platform offers a payments solution for consumers in the United States and Canada that has the ability to instantly extend credit at the point-of-sale, allowing consumers to purchase and receive merchandise 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.

We are headquartered in Minneapolis, Minnesota.

***Concentrations of Credit Risk***

Our cash, cash equivalents, restricted cash, and notes receivable are potentially subject to concentrations of credit risk. Cash, cash equivalents, and restricted cash are placed in depository accounts with financial institutions that management believes are reputable and high-quality. We have balances with financial institutions that exceed the Federal Deposit Insurance Corporation (“FDIC”) and foreign equivalents’ insurance limits. As of the date of this report, we have not experienced losses on such accounts.

Our notes receivable are derived from extending credit to consumers, which exposes us to the risk of credit losses. Changes in economic conditions may result in higher credit losses. To help mitigate our credit risk, we establish individually tailored credit lines for our consumers. The allowance for credit losses is adequate for covering any potential losses on outstanding notes receivable. Refer to Note 3. Notes Receivable and Allowance for Credit Losses for more information. No consumer accounted for more than 10% of net notes receivable as of December 31, 2025 and 2024.

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

The consolidated financial statements are prepared and presented under accounting principles generally accepted in the United States of America (U.S. GAAP). All amounts are reported in U.S. dollars, unless otherwise noted. 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 have been eliminated in consolidation.

***Cash and Cash Equivalents***

We consider all money market funds and other highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. We accept Automated Clearing House ("ACH"), Electronic Funds Transfer ("EFT"), debit card, and credit card payment methods from consumers to settle receivables, and these transactions are generally processed through third parties. The payments due from the third parties are generally settled within three days of initiation. Funds in transit at the end of the period are classified as cash and cash equivalents.

***Restricted Cash***

We are required to maintain restricted cash balances in accordance with certain agreements.

We maintain restricted cash in a bank account related to our line of credit agreement, where access to funds are controlled by our line of credit provider. On a regular basis, cash is deposited into the restricted bank account and subsequently made available to us through periodic settlement. Cash deposits to the restricted bank account include cash received from pledged receivables, including consumer payments and affiliate partner payments. The minimum balance consists of accrued interest on the drawn credit facility, accrued interest on the unused portion of the credit facility, and accrued management fees charged by our line of credit providers. We are permitted to withdraw cash from the bank account provided we meet certain requirements of the line of credit. We are also required to maintain minimum balances in deposit accounts to fund merchants using our virtual card solution and to cover consumer card chargebacks. We expect these cash balances to remain restricted for less than one year from the reporting date; therefore, these accounts are classified as current restricted cash on the consolidated balance sheets.

Additionally, we are required to maintain minimum cash balances in reserve accounts pursuant to agreements with various third parties. We have an agreement with an independent chartered financial institution ("originating partner") in which we are required to maintain a collateral account. We expect these cash balances to remain restricted for more than one year from the reporting date; therefore, these accounts are classified as non-current restricted cash on the consolidated balance sheets.

***Notes Receivable and Allowance for Credit Losses***

We offer consumer installment payment plans on our platform. 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 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 includes unpaid principal adjusted for charge-offs and deferred loan fees and costs. The amortized cost basis is adjusted for the allowance for credit losses within notes receivable, net.

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.

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, and current economic conditions. In estimating the allowance for credit losses, we utilize a roll rate analysis of delinquent and current notes receivable. A 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. 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. See Note 3. Notes Receivable and Allowance for Credit Losses for more information about our notes receivable.

***Debt Issuance Costs***

Costs incurred in connection with originating debt are capitalized and are classified in the consolidated balance sheets as a reduction of the financial statement line item for which those costs relate. Debt issuance costs are amortized over the life of the underlying debt obligation utilizing the straight-line method, which approximates the effective interest method. In the event of an extinguishment of debt, the remaining unamortized debt issuance costs related to the extinguished debt are immediately expensed. Amortization of debt issuance costs is included within net interest expense on the consolidated statements of operations and comprehensive income.

***Internally Developed Intangible Assets***

We capitalize costs incurred for web development, software developed for internal use, and software products that are marketed to others. The costs capitalized primarily relate to direct labor costs for employees and contractors working directly on software development and implementation. Software developed for internal use is eligible for capitalization once it is determined that the project is being designed or modified to meet internal business needs; the project is ready for its intended use; the total estimated costs to be capitalized exceed $1,000; and there are no plans to market, sell, or lease the project. Software products that are marketed to others are eligible for capitalization once technological feasibility of the computer software product is established.

Amortization is provided using the straight-line method, based on the useful lives of the intangible assets as follows:

| | Years | Method |
|---|---|---|
| Internal use software | 3 | Straight-line |
| Marketed software | 3 | Straight-line |
| Website development costs | 3 | Straight-line |

Amortization expense is recorded within general and administrative on the consolidated statements of operations and comprehensive income. See Note 5. Internally Developed Intangible Assets for further information.

We review the carrying value of internally developed intangible assets for impairment whenever events and circumstances indicate that the assets' carrying value may not be recoverable from the future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends, and prospects; the manner in which the asset is used; and the effects of obsolescence, demand, competition, and other economic factors. Impairments for the years ended December 31, 2025 and 2024 were not material. Impairment costs are recorded in general and administrative within operating expenses in the consolidated statements of operations and comprehensive income.

As of December 31, 2025 and 2024, we have not renewed or extended the initial determined life for any of our recognized internally developed intangible assets.

***Income Taxes***

Income taxes are provided for the tax effects of transactions reported in the consolidated financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of receivables, nondeductible interest, 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.

We evaluate our tax positions that have been taken or are expected to be taken on income tax returns to determine if an accrual is necessary for uncertain tax positions. As of December 31, 2025 and 2024, we have not recorded any liabilities for uncertain tax positions.

***Advertising Costs***

Advertising costs are expensed as incurred and consist of traditional marketing, digital marketing, sponsorships, promotional product expenses, and contractual obligations to co-market the Sezzle brand. Such costs were $31.5 million and $9.0 million for the years ended December 31, 2025 and 2024, respectively, and were recorded within marketing, advertising, and tradeshows on the consolidated statements of operations and comprehensive income.

***Equity Based Compensation***

We maintain stock compensation plans that offer incentives in the form of stock options, restricted stock, and unrestricted stock to employees, directors, and advisors of the Company. Equity based compensation expense reflects the fair value of awards measured at the grant date and recognized over the relevant vesting period. We estimate the fair value of stock options without a market condition on the measurement date using the Black-Scholes valuation model. The Black-Scholes valuation model incorporates assumptions about stock price volatility, the expected life of the options, risk-free interest rate, and dividend yield. For valuing our stock option grants, significant judgment is required for determining the expected volatility of our shares of common stock and is based on the historical volatility of our share price. The fair value of restricted stock awards and restricted stock units that vest based on a service condition is based on the fair market value of our shares of common stock on the date of grant. The expense associated with equity based compensation is recognized over the requisite service period using the straight-line method. We issue new shares of common stock upon the exercise of stock options and vesting of restricted stock units and recognize forfeitures of awards as they occur. Refer to Note 13. Equity Based Compensation for further information about our equity based compensation plans.

***Estimates***

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. Our estimates and judgments are based on historical experience and various other assumptions that we believe are reasonable under the circumstances. The amount of assets and liabilities reported on our consolidated balance sheets and the amounts of income and expenses reported for each of the periods presented are affected by estimates and assumptions, which are used for, but not limited to, determining the allowance for credit losses recorded against notes receivable.

***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 December 31, 2025 and 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 December 31, 2025 and 2024 are as follows:

| (in thousands) | December 31, 2025 Carrying Amount | Level 1 | Level 2 | Level 3 | Balance at Fair Value |
|---|---|---|---|---|---|
| **Assets:** | | | | | |
| Cash and cash equivalents | $ 64,054 | $ 64,054 | $ — | $ — | $ 64,054 |
| Restricted cash[1] | 38,547 | 38,547 | — | — | 38,547 |
| Notes receivable, net | 254,895 | — | — | 254,895 | 254,895 |
| **Total assets** | **$ 357,496** | **$ 102,601** | **$ —** | **$ 254,895** | **$ 357,496** |
| **Liabilities:** | | | | | |
| Line of credit, net | 139,991 | — | 139,991 | — | 139,991 |
| **Total liabilities** | **$ 139,991** | **$ —** | **$ 139,991** | **$ —** | **$ 139,991** |

| (in thousands) | December 31, 2024 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.

***Foreign Currency***

We work with international merchants, creating exposure to gains and losses from foreign currency exchanges. Losses from foreign exchange rate fluctuations that affected our net income totaled $0.1 million for both the years ended December 31, 2025 and 2024. Foreign currency exchange gains and losses are recorded within other income, net, on the consolidated statements of operations and comprehensive income.

The financial statements of our non-U.S. subsidiaries are translated into U.S. dollars in accordance with ASC 830, "Foreign Currency Matters". Under ASC 830, if our assets and liabilities are recorded in certain non-U.S. functional currencies other than the U.S. dollar, they are translated at current rates of exchange. Revenue and expense items are translated at average monthly exchange rates. The resulting translation adjustments are recorded directly into accumulated other comprehensive loss. Foreign currency translation adjustment gains (losses) totaled $0.9 million and ($0.9) million for the years ended December 31, 2025 and 2024, respectively.

***Stock Split***

Our Board of Directors approved a stock split of our issued shares of common stock at a ratio of 6-for-1, effected 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.

***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 receivable are not sufficient to repay the outstanding line of credit balance. Refer to Note 8. 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.

***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 liabilities, net income, or total comprehensive income.

***Restatement of Previously Issued Consolidated Financial Statements***

We have restated herein our impacted consolidated statements of cash flows for the year ended December 31, 2024, and for the three months ended March 31, 2025 and 2024, six months ended June 30, 2025 and 2024, and nine months ended September 30, 2025 and 2024.

In connection with the preparation of our consolidated financial statements for the year ended December 31, 2025, we concluded that we had not appropriately classified purchases and originations of notes receivable, and proceeds from repayments thereof, as investing activities within our consolidated statements of cash flows for the year ended December 31, 2024. The impacts of the restatement for the year ended December 31, 2024, as described above, are reflected in the consolidated statements of cash flows and had no impact on the consolidated balance sheets, consolidated statements of operations and comprehensive income, consolidated statements of stockholders' equity, or the notes to the consolidated financial statements. The impacts of the restatement for each of the quarterly periods are presented in Note 15. Restated Quarterly Consolidated Statements of Cash Flows (Unaudited).

The following table presents the amounts previously reported and a reconciliation of the restatement amounts reported on the restated consolidated statements of cash flows for the year ended December 31, 2024. The amounts previously reported were derived from our Annual Report on Form 10-K for the year ended December 31, 2024, filed with the SEC on February 27, 2025.

| | For the year ended December 31, 2024 | | |
|---|---|---|---|
| **(in thousands)** | **As previously reported** | **Restatement impact** | **As restated** |
| **Operating Activities:** | | | |
| Discount on notes receivable | $ — | $ 460 | $ 460 |
| Notes receivables | (89,289) | 89,289 | — |
| **Net Cash Provided from Operating Activities** | **$ 40,899** | **$ 89,749** | **$ 130,648** |
| Purchases and originations of notes receivable, net of proceeds from repayments | $ — | $ (89,749) | $ (89,749) |
| **Net Cash Used for Investing Activities** | **$ (1,464)** | **$ (89,749)** | **$ (91,213)** |

***Recent Accounting Pronouncements***

*Recently Adopted Accounting Guidance*

| Standard | Description | Date of 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 updated the supplementary disclosures in the Consolidated Statements of Cash Flows and the disclosures in Note 10 of the accompanying Notes to the Consolidated Financial Statements to provide the required, enhanced disclosures using the prospective transition approach. |

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

| Standard | Description | Date of Planned Adoption | Effect on 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 | As this ASU related to disclosures only, there will be no impact to our consolidated financial statements. We will include the enhanced disclosure requirements in our 2027 annual consolidated financial statements. |
| **ASU 2025-06**, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software | This ASU changes the criteria required to begin capitalizing internal-use software and website development costs, in addition to clarifying which disclosures are required for capitalized internal-use software costs. | Year ended December 31, 2028 | We do not expect the adoption of this ASU to have a material impact on our consolidated financial statements. We expect to elect the prospective transition approach upon adoption. |

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 $450.3 million and $271.1 million for the years ended December 31, 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 purchase is recognized at the time the sale is completed. 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 $102.2 million and $86.5 million for the years ended December 31, 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 $131.9 million and $60.3 million for the years ended December 31, 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 $74.0 million and $25.2 million for the years ended December 31, 2025 and 2024, respectively.

***Disaggregation of Total Revenue***

Our total revenue by category and Accounting Standards Codification ("ASC") recognition criteria for the years ended December 31, 2025 and 2024 was as follows:

| | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| **(in thousands)** | **Topic 310** | **Topic 606** | **Total** | **Topic 310** | **Topic 606** | **Total** |
| Transaction income | $ 127,225 | $ 106,892 | $ 234,117 | $ 103,505 | $ 43,271 | $ 146,776 |
| Subscription revenue | — | 99,400 | 99,400 | — | 82,222 | 82,222 |
| Income from other sources | 87,176 | 29,586 | 116,762 | 28,227 | 13,903 | 42,130 |
| **Total revenue** | **$ 214,401** | **$ 235,878** | **$ 450,279** | **$ 131,732** | **$ 139,396** | **$ 271,128** |

Transaction income that falls under the scope of ASC Topic 310, Receivables, relates to transactions that result in a financing receivable being recognized. For any transaction income that is recognized over the duration of the loan, the income is initially recorded as a reduction to notes receivable, net, within the consolidated balance sheets and 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 $3.1 million and $3.8 million as of December 31, 2025 and 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 $5.3 million and $4.2 million as of December 31, 2025 and 2024, respectively. All deferred revenue as of December 31, 2024 was recognized during the year ended December 31, 2025.

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.

For the years ended December 31, 2025 and 2024, no external party amounted to ten percent or more of our total revenue.

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

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

| (in thousands) | 2025 | 2024 |
|---|---|---|
| Notes receivable, gross | $ 286,459 | $ 194,434 |
| Deferred loan fees and costs | (3,059) | (3,769) |
| **Notes receivable, amortized cost** | **$ 283,400** | **$ 190,665** |

Deferred loan fees and costs are 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 total revenue on the consolidated statements of operations and comprehensive income. Our notes receivable had a weighted average days outstanding of 33 days and 34 days as of December 31, 2025 and 2024, respectively.

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 evaluates the integrity of the Prophet Score machine learning model at least annually and updates it as necessary. 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 December 31, 2025 and 2024 was as follows:

| | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| | Amortized cost basis by year of origination | | | | | |
| (in thousands) | 2025 | 2024 | Total | 2024 | 2023 | Total |
| A | $ 105,974 | $ 4 | $ 105,978 | $ 57,945 | $ — | $ 57,945 |
| B | 109,843 | 13 | 109,856 | 74,999 | 1 | 75,000 |
| C | 67,422 | 71 | 67,493 | 57,646 | — | 57,646 |
| No score | 73 | — | 73 | 74 | — | 74 |
| **Total amortized cost** | **$ 283,312** | **$ 88** | **$ 283,400** | **$ 190,664** | **$ 1** | **$ 190,665** |

The amortized cost basis of our notes receivable by delinquency status as of December 31, 2025 and 2024 was as follows:

| (in thousands) | 2025 | 2024 |
|---|---|---|
| Current | $ 246,720 | $ 161,870 |
| 1–28 days past due | 18,565 | 15,303 |
| 29–56 days past due | 8,274 | 6,267 |
| 57–90 days past due | 9,841 | 7,225 |
| **Total amortized cost** | **$ 283,400** | **$ 190,665** |

The activity in the allowance for credit losses, including the provision for credit losses, charge-offs, and recoveries for the years ended December 31, 2025 and 2024 was as follows:

| | For the years ended December 31, | |
|---|---|---|
| **(in thousands)** | **2025** | **2024** |
| Balance at beginning of period | $ 26,103 | $ 12,253 |
| Provision for credit losses | 89,298 | 55,015 |
| Charge-offs | (94,442) | (43,916) |
| Recoveries of charged-off receivables | 7,546 | 2,751 |
| **Balance at end of period** | **$ 28,505** | **$ 26,103** |

Net charge-offs by year of origination for the years ended December 31, 2025 and 2024 was as follows:

| | For the year ended December 31, 2025 | | | | | |
|---|---|---|---|---|---|---|
| **(in thousands)** | **2025** | **2024** | **2023** | **2022** | **2021** | **Total** |
| Current period gross charge-offs | $ (67,044) | $ (27,267) | $ (5) | $ (125) | $ (1) | $ (94,442) |
| Current period recoveries | 1,939 | 4,293 | 454 | 322 | 538 | 7,546 |
| **Current period net charge-offs** | **$ (65,105)** | **$ (22,974)** | **$ 449** | **$ 197** | **$ 537** | **$ (86,896)** |

| | For the year ended December 31, 2024 | | | | | |
|---|---|---|---|---|---|---|
| **(in thousands)** | **2024** | **2023** | **2022** | **2021** | **2020** | **Total** |
| Current period gross charge-offs | $ (31,071) | $ (12,830) | $ (11) | $ (4) | $ — | $ (43,916) |
| Current period recoveries | 563 | 1,321 | 404 | 355 | 108 | 2,751 |
| **Current period net charge-offs** | **$ (30,508)** | **$ (11,509)** | **$ 393** | **$ 351** | **$ 108** | **$ (41,165)** |

**Note 4. Other Receivables**

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

| **(in thousands)** | **2025** | **2024** |
|---|---|---|
| Delinquency fees receivable, net | $ 2,871 | $ 993 |
| Receivables from merchants | 684 | 698 |
| Receivables from originating partner | 2,631 | 1,938 |
| **Other receivables, net** | **$ 6,186** | **$ 3,629** |

Delinquency fees are comprised of late payment fees and failed payment fees. Late payment fees are applied to delinquent principal installments. Failed payment fees are applied when a payment method fails when attempting to make an installment payment. Delinquency fees are subject to regulations within specific state jurisdictions and are considered to be the same number of days delinquent as the principal payment associated with the fee. Delinquency fees receivable, net, is comprised of outstanding delinquency fees that we reasonably expect to collect from our consumers. As of December 31, 2025 and 2024, gross delinquency fees receivable totaled $14.8 million and $6.3 million, respectively.

Our delinquency 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 delinquency 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 delinquency fees, including the provision for other credit losses, charge-offs, and recoveries for the years ended December 31, 2025 and 2024 was as follows:

| | For the years ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| Balance at beginning of period | $ 5,276 | $ 1,272 |
| Provision for other credit losses | 33,475 | 10,605 |
| Charge-offs | (28,537) | (7,092) |
| Recoveries of charged-off receivables | 1,701 | 491 |
| **Balance at end of period** | **$ 11,915** | **$ 5,276** |

Due to the nature of delinquency fees, we monitor the credit quality of the receivables based on delinquency status. Delinquency fees receivable were $14.8 million delinquent as of December 31, 2025, and $6.0 million delinquent and $0.3 million current as of December 31, 2024. Net delinquency fee charge-offs by year of origination for the year ended December 31, 2025 was as follows:

| (in thousands) | 2025 | 2024 | 2023 | 2022 | 2021 | Total |
|---|---|---|---|---|---|---|
| Current period gross charge-offs | $ (22,022) | $ (6,492) | $ (1) | $ (22) | $ — | $ (28,537) |
| Current period recoveries | 809 | 682 | 75 | 54 | 81 | 1,701 |
| **Current period net charge-offs** | **$ (21,213)** | **$ (5,810)** | **$ 74** | **$ 32** | **$ 81** | **$ (26,836)** |

Both charge-offs and recoveries during the year ended December 31, 2024 relating to prior year loan originations were not material.

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. Internally Developed Intangible Assets**

As of December 31, 2025 and 2024, internally developed intangible assets, net, consisted of the following:

| (in thousands) | 2025 | 2024 |
|---|---|---|
| Internally developed intangible assets, gross | $ 6,988 | $ 5,064 |
| Less accumulated amortization | (3,657) | (2,622) |
| **Internally developed intangible assets, net** | **$ 3,331** | **$ 2,442** |

Amortization expense relating to internally developed intangible assets was $1.1 million and $0.9 million for the years ended December 31, 2025 and 2024, respectively, and is recorded within general and administrative on the consolidated statements of operations and comprehensive income.

## Note 6. 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, $42.3 million and $49.3 million were recorded within the DSIP balance as of December 31, 2025 and 2024, respectively. The average annual percentage yield and related interest expense was 4.12% and $1.9 million, and 4.89% and $2.5 million for the years ended December 31, 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. Prior to that, all delayed payments retained in the program bore daily incentive payments at a fixed rate of 5.20% during the year ended December 31, 2024.

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 7. Other Current Liabilities

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

| (in thousands) | 2025 | 2024 |
|---|---|---|
| Consumer down payments on unpurchased originating partner receivables[1] | $ 9,542 | $ 9,221 |
| Accrued operational expenses | 4,330 | 6,725 |
| Accrued personnel expenses | 7,018 | 8,979 |
| Operating lease liabilities | 163 | 96 |
| **Other current liabilities** | **$ 21,053** | **$ 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 8. 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 $141.3 million and $105.0 million as of December 31, 2025 and 2024, respectively. Our revolving credit facilities are secured by a pool of pledged, eligible notes receivable. As of December 31, 2025 and 2024, we had pledged $251.1 million and $168.4 million of eligible gross notes receivable, respectively. We had an unused borrowing capacity of $73.5 million and $39.0 million as of December 31, 2025 and 2024, respectively.

Expenses related to our lines of credit for the years ended December 31, 2025 and 2024 were as follows:

| (in thousands) | 2025 | 2024 |
|---|---|---|
| Interest expense on utilization | $ 13,201 | $ 11,247 |
| Interest expense on unused daily amounts | 221 | 264 |
| Amortization of debt issuance costs | 532 | 526 |

For the years ended December 31, 2025 and 2024, our lines of credit carried an effective annual interest rate of 10.72% and 11.25%, respectively.

***2022 Credit Agreement***

On October 14, 2022, we entered into a secured revolving credit facility (the "2022 Credit Agreement") with Bastion Funding IV, LLC and other certain lenders. The 2022 Credit Agreement had a borrowing capacity of up to $100.0 million and a maturity date of October 14, 2024. The borrowing base was 75% of pledged, eligible notes receivable. Our 2022 Credit Agreement referenced "Adjusted SOFR," which was defined as the 3-month Term U.S. Federal Reserve Secured Overnight Financing Rate ("SOFR") plus a spread adjustment of 0.262%. The 2022 Credit Agreement carried an interest rate of Adjusted SOFR plus 11.5%, with an Adjusted SOFR floor rate of 1.0%. Interest on borrowings was due on collection dates as specified in the loan agreement, typically every two weeks. We incurred an unused facility fee of 0.50% per annum on the difference between the maximum borrowing capacity and the amount outstanding. We were also required to maintain a minimum outstanding balance of $50.0 million prior to January 31, 2023, and $75.0 million between January 31, 2023 and March 30, 2023. Beginning on March 31, 2023, we were required to maintain a minimum outstanding balance of $80.0 million.

The 2022 Credit Agreement contained customary representations, warranties, affirmative and negative covenants, financial covenants, events of default (including upon change of control or upon collateral loss rates exceeding pre-determined levels), and indemnification provisions in favor of the lenders. The negative covenants included restrictions regarding incurrence or guarantee of additional indebtedness, incurrence of liens, making investments or other restricted payments, acquiring assets or subsidiaries, selling assets, paying dividends or distributions, repurchasing or redeeming capital stock, transacting with affiliates, engaging in liquidations or mergers, and making changes to our credit guidelines or servicing guide, in each case subject to certain exceptions and qualifications. The financial covenants required us to meet financial tests related to tangible net worth, liquidity, and leverage.

***2024 Credit Agreement***

On April 19, 2024, we entered into a secured revolving credit facility (the "2024 Credit Agreement") with Bastion Funding VI LP. The 2024 Credit Agreement, as amended, has a borrowing capacity of up to $225.0 million and a maturity date of April 19, 2027. On October 30, 2025, we increased the amount of our borrowing capacity from $150.0 million to $225.0 million by exercising an available $75.0 million of additional funding. The borrowing base is 85% of pledged, eligible notes receivable, increased to 90% based on the loss rates of the underlying collateral. Eligible notes receivable are defined as notes receivable from consumers from the United States or Canada that are less than 30 days past due and fall within certain term and principal criteria.

Our 2024 Credit Agreement carries an interest rate of SOFR plus 6.75%, with a SOFR floor rate of 2.0%. Interest on borrowings is due on collection dates as specified in the loan agreement, typically monthly. We incur an unused facility fee of 0.5% per annum on the difference between the maximum borrowing capacity and the amount of principal outstanding. We are also required to maintain a minimum outstanding balance of $60.0 million.

The 2024 Credit Agreement contains customary representations, warranties, affirmative and negative covenants, events of default (including upon change of control or collateral loss rates exceeding pre-determined levels), and indemnification provisions in favor of the lenders. The negative covenants limit our ability to incur or guarantee additional indebtedness; make investments or other restricted payments; acquire assets or form or acquire subsidiaries; create liens; sell assets; pay dividends or make other distributions or repurchase or redeem capital stock; engage in certain transactions with affiliates; enter into agreements that restrict the creation or incurrence of liens other than liens securing the new 2024 Credit Agreement and related documents; engage in liquidations, mergers, or consolidations; and make any material amendment, modification, or supplement to our credit guidelines or servicing guide, in each case subject to certain exceptions and qualifications. We are also subject to financial covenants, which require us to meet financial tests related to collection rates, default rates, leverage, tangible net worth, and liquidity. We were in compliance with all of our covenants as of December 31, 2025 and 2024.

In connection with entering into the 2024 Credit Agreement, we recognized a $0.3 million loss on extinguishment of our previous line of credit primarily related to unamortized debt issuance costs during the year ended December 31, 2024.

**Note 9. Warrants**

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

On October 14, 2022, in connection with entering into the 2022 Credit Agreement, we issued our lenders warrants to purchase up to 0.3 million shares of our common stock as consideration for the revolving credit facility. These warrants were exercisable until October 14, 2029 at an exercise price of A$3.10 per share. The warrants were denominated in Australian dollars and therefore were not considered indexed to our stock given our functional currency is the U.S. dollar; therefore, we recognized the warrants as a liability on the consolidated balance sheets and revalued the warrants to their fair value as of each reporting date.

On February 23, 2024, in connection with our delisting from the Australian Securities Exchange, we amended the strike price of all outstanding warrants originally denominated in Australian dollars to U.S. dollars. As a result of the amendment, the warrants were no longer subject to foreign currency fluctuations and became considered indexed directly to our stock price and, on the date of amendment, we converted the warrants from a liability to stockholders' equity within the consolidated balance sheets. The amount converted totaled $2.2 million.

Prior to converting our warrant liabilities, we revalued them to their fair value as of each reporting date using a Black-Scholes valuation model, which is calculated using Level 3 inputs. The primary unobservable input used in determining the fair value of the warrant liabilities is the expected volatility of our common stock. On the conversion date, we revalued the warrants using the Black-Scholes valuation model using a risk-free interest rate of 4.2%, expected volatility of 139.1%, and an expected life of 5.6 years, resulting in an estimated fair value of $6.80 per warrant.

The activity related to our warrant liabilities during the year ended December 31, 2024 was as follows:

| **(in thousands)** | | **2024** |
|---|---|---|
| Balance at beginning of period | $ | 968 |
| Fair value remeasurement loss | | 1,261 |
| Conversion of warrant liabilities to stockholders' equity | | (2,229) |
| **Balance at end of period** | **$** | — |

The fair value remeasurement loss was recognized within other income (expense) on the consolidated statements of operations and comprehensive income.

During the year ended December 31, 2024, all 0.3 million warrants were exercised into 0.3 million shares of common stock, with an immaterial number of shares withheld to cover the exercise price on certain exercises during the period. As of December 31, 2025 and 2024, we had no warrants outstanding. No warrants were cancelled during the year ended December 31, 2024.

**Note 10. Income Taxes**

The components of income before taxes for the years ended December 31, 2025 and 2024 were as follows:

| (in thousands) | 2025 | 2024 |
|---|---|---|
| United States | $ 162,263 | $ 64,783 |
| International | 628 | 2,534 |
| **Total** | **$ 162,891** | **$ 67,317** |

The components of income tax expense (benefit) for the years ended December 31, 2025 and 2024 were as follows:

| (in thousands) | 2025 | 2024 |
|---|---|---|
| Current tax expense | | |
| Federal | $ 19,877 | $ 2,869 |
| Foreign | 295 | 832 |
| State | 6,299 | 1,999 |
| Total current tax expense | 26,471 | 5,700 |
| Deferred tax expense | | |
| Federal | 3,830 | (13,418) |
| Foreign | (19) | (20) |
| State | (521) | (3,467) |
| Total deferred tax expense | 3,290 | (16,905) |
| **Income tax expense (benefit)** | **$ 29,761** | **$ (11,205)** |

The components of the net deferred tax assets and liabilities as of December 31, 2025 and 2024 were as follows:

| (in thousands) | 2025 | 2024 |
|---|---|---|
| Deferred tax assets: | | |
| Net operating loss carryforwards | $ 816 | $ 7,928 |
| Allowance for credit losses | 10,130 | 7,691 |
| Equity based compensation | 767 | 865 |
| Research and experimental expenditures | 479 | 735 |
| Lease liability | 217 | 246 |
| Credit carryforwards | 433 | 61 |
| Accruals | 1,697 | 1,668 |
| Nondeductible interest | — | 2,070 |
| Other | 6 | 7 |
| Total deferred tax assets | 14,545 | 21,271 |
| Valuation allowance | — | (3,742) |
| Deferred tax liabilities: | | |
| Depreciation and amortization | (599) | (395) |
| Right-of-use asset | (181) | (229) |
| Prepaids | (150) | — |
| Total deferred tax liabilities | (930) | (624) |
| **Net deferred tax asset** | **$ 13,615** | **$ 16,905** |

The Company has elected to prospectively adopt the guidance in ASU No, 2023-09, Income Taxes (Topic 740): Improvements to Income Taxes Disclosures. The reconciliation of the federal statutory income tax rate to the Company's provision for income taxes for the year ended December 31, 2025 in accordance with the guidance in ASU No. 2023-09 is as follows:

| | 2025 | |
|---|---|---|
| **(in thousands, except percentages)** | **Amount** | **Rate** |
| U.S. federal statutory income tax rate | $ 34,207 | 21.0% |
| State and local income taxes (net of federal effect)[1] | 4,459 | 2.7% |
| Tax credits | | |
| Research credits | (2,314) | (1.4)% |
| Tax effects of equity based compensation | (5,653) | (3.5)% |
| Nontaxable and nondeductible items | (1,020) | (0.6)% |
| Other reconciling items | 82 | 0.1% |
| **Effective income tax rate** | **$ 29,761** | **18.3%** |

1. State taxes from California, Illinois, New Jersey, New York, Pennsylvania and Georgia made up the majority (greater than 50%) of the tax effect in this category.

The reconciliation of the federal statutory income tax rate to the Company’s provision for income taxes for the year ended December 31, 2024 in accordance with the guidance prior to the adoption of ASU 2023-09 is as follows:

| | 2024 |
|---|---|
| Computed "expected" tax benefit | 21.0% |
| State income tax benefit, net of federal tax effect | 3.5 |
| Nondeductible equity based compensation | (1.8) |
| Other permanent differences | 1.2 |
| Change in valuation allowance | (41.9) |
| Foreign rate differentials and other | 1.4 |
| **Income tax benefit** | **(16.6)%** |

As of December 31, 2025, we had state tax effected net operating loss and credit carryforwards of approximately $0.8 million and $0.4 million, respectively. The state net operating losses will begin to expire in 2033. The state credit carryforwards will begin to expire in 2036.

Management assesses the available positive and negative evidence to estimate where sufficient future taxable income will be generated to permit use of existing deferred tax assets. During the year ended December 31, 2024, we identified significant pieces of positive evidence, including our three-year cumulative taxable income, which is objective and verifiable, and consideration of our expected future taxable income. Based on our assessment, we concluded as of December 31, 2024 that it was more likely than not that our U.S. federal, state, and foreign deferred tax assets are realizable, and as a result do not hold a valuation allowance against U.S. federal, state, and foreign deferred tax assets. We maintain this position as of December 31, 2025.

As of December 31, 2025, we maintained a valuation allowance of $0 recorded against foreign deferred tax assets. The change in valuation allowance was ($3.7) million and ($28.7) million for the years ended December 31, 2025 and 2024, respectively.

We file income tax returns in U.S. federal and state jurisdictions, Canada, and certain countries in Europe. We do not believe a material uncertain tax position exists as of December 31, 2025. We recognize interest and penalties accrued related to unrecognized tax benefits in income tax expense (benefit). As of December 31, 2025, we had no accrued interest and penalties. We are subject to exam for tax periods after 2021 with limited exceptions.

We have determined that our foreign earnings are expected to be indefinitely reinvested in the foreseeable future, and therefore, no deferred tax liability has been recognized on these earnings. The amount of the unrecognized tax liability is not significant.

## Note 11. 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. We have a direct obligation to purchase receivables extended to consumers by our originating partner. During the year ended December 31, 2025, the total order value of loans purchased from our originating partner was $3,535.1 million, and the carrying value of the receivables on those purchases totaled $2,597.5 million. During the year ended December 31, 2024, the total order value of loans purchased from our originating partner was $709.2 million, and the carrying value of the receivables on those purchases totaled $519.8 million. As of December 31, 2025 and 2024, the total order value of loans we had an obligation to purchase from our originating partner was $27.3 million and $34.6 million, respectively, and the carrying value of the receivables on those obligations totaled $20.1 million and $25.4 million, respectively.

## Note 12. Stockholders' Equity

### *Repurchase of Common Stock*

We retain a portion of shares issuable in satisfaction of vested restricted stock units to cover minimum statutory withholding tax obligations for employees. As of December 31, 2025, we had withheld 1.3 million shares at a value totaling $24.1 million. As of December 31, 2024, we had withheld 1.1 million shares at a value totaling $9.4 million. We recognize these amounts as treasury stock, at cost, within the consolidated balance sheets as a reduction to stockholders' equity.

### *Repurchase and Retirement of Common Stock*

During the years ended December 31, 2025 and 2024, we repurchased 1.1 million and 1.8 million shares, respectively, in the open market under our stock repurchase plans, as described in our Current Reports on Form 8-K filed on December 22, 2023, June 24, 2024, and March 10, 2025, at a value totaling $50.0 million and $20.0 million, respectively. All shares repurchased under our stock repurchase plans were subsequently retired. We recognized the repurchase amounts in excess of par as a reduction to additional paid-in capital and accumulated deficit, based on the pro rata portion of additional paid-in capital on the same issue.

## Note 13. Equity Based Compensation

We issue incentive and non-qualified stock options, restricted stock units, restricted stock awards, and unrestricted stock to employees and non-employees. With the exception of unrestricted stock, equity based compensation issuances include service based vesting requirements, generally covering four years. We utilize the Black-Scholes valuation model to determine the fair market value of stock option issuances, and the closing price of our stock on the grant date to determine the fair market value of restricted stock issuances.

Equity based compensation expense, including vesting of restricted stock units, totaled $6.5 million and $5.2 million for the years ended December 31, 2025 and 2024, respectively. Equity based compensation expense is recorded within personnel on the consolidated statements of operations and comprehensive income.

### *2016 Employee Stock Option Plan*

We adopted the 2016 Employee Stock Option Plan on January 16, 2016. The number of awards authorized for issuance under the plan was 1.6 million. We had an immaterial amount of options issued and outstanding under the plan as of December 31, 2025. We had 0.3 million options issued and outstanding under the plan as of December 31, 2024. We had no restricted stock awards issued and outstanding as of December 31, 2025 and 2024. During the years ended December 31, 2025 and 2024, 0.3 million and 0.1 million options were exercised into shares of common stock, respectively.

### *2019 Equity Incentive Plan*

We adopted the 2019 Equity Incentive Plan on June 25, 2019. The number of awards authorized for issuance under the plan was 4.1 million. We had 0.4 million and 0.7 million options issued and outstanding as of December 31, 2025 and 2024, respectively. We had no restricted stock units issued and outstanding as of December 31, 2025 and 2024. During both the years ended December 31, 2025 and 2024, 0.4 million options were exercised into shares of common stock.

***2021 Equity Incentive Plan***

We adopted the 2021 Equity Incentive Plan on June 15, 2021. The number of awards authorized for issuance under the plan as of December 31, 2025 was 7.7 million. As of both December 31, 2025 and 2024, we had 0.1 million options issued and outstanding. We had 1.1 million and 1.9 million restricted stock units issued and outstanding as of December 31, 2025 and 2024, respectively. During both the years ended December 31, 2025 and 2024, an immaterial amount of options were exercised into shares of common stock.

The following tables summarize the options issued, exercised, canceled, outstanding, and exercisable under our equity based compensation plans as of December 31, 2025 and 2024:

| | For the year ended December 31, 2025 | | | |
|---|---|---|---|---|
| **(in thousands, except per share amounts)** | **Number of Options*** | **Weighted Average Exercise Price*** | **Intrinsic Value** | **Weighted Average Remaining Life** |
| Outstanding, beginning of year | 1,094 | $ 10.43 | $ 35,743 | 5.07 |
| Granted | — | — | — | — |
| Exercised | (650) | 6.01 | 49,814 | — |
| Canceled | (5) | 39.52 | — | — |
| Outstanding, end of year | 439 | 16.42 | 20,672 | 4.76 |
| Exercisable, end of year | 396 | 17.04 | 18,382 | 4.38 |
| Expected to vest, end of year | 43 | $ 10.80 | $ 2,290 | 8.15 |

| | For the year ended December 31, 2024 | | | |
|---|---|---|---|---|
| **(in thousands, except per share amounts)** | **Number of Options*** | **Weighted Average Exercise Price*** | **Intrinsic Value** | **Weighted Average Remaining Life** |
| Outstanding, beginning of year | 1,522 | $ 10.34 | $ 1,147 | 5.85 |
| Granted | 72 | 11.38 | — | — |
| Exercised | (453) | 8.98 | 8,845 | — |
| Canceled | (47) | 22.82 | — | — |
| Outstanding, end of year | 1,094 | 10.43 | 35,743 | 5.07 |
| Exercisable, end of year | 1,017 | 10.25 | 33,425 | 4.78 |
| Expected to vest, end of year | 77 | $ 12.84 | $ 2,318 | 8.91 |

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

The following table represents the assumptions used for estimating the fair values of stock options granted to our employees, contractors, and non-employees under the Black-Scholes valuation model. The risk-free interest rate is based on the U.S. Treasury yield curve in effect on the grant date:

| | **2024** |
|---|---|
| Risk-free interest rate | 4.37% |
| Expected volatility | 140.69% |
| Expected life (in years) | 6.00 |
| Weighted average estimated fair value of options granted | $ 10.53 |

Restricted stock award and restricted stock unit transactions during the years ended December 31, 2025 and 2024 are summarized as follows:

| | For the year ended December 31, 2025 | | For the year ended December 31, 2024 | |
|---|---|---|---|---|
| (in thousands, except per share amounts) | Number of Shares* | Weighted Average Grant Date Fair Value* | Number of Shares* | Weighted Average Grant Date Fair Value* |
| Unvested shares, beginning of year | 1,893 | $ 7.87 | 2,140 | $ 3.55 |
| Granted | 160 | 45.01 | 808 | 11.99 |
| Vested | (777) | 8.06 | (860) | 5.49 |
| Forfeited or surrendered | (150) | 8.43 | (195) | 5.70 |
| Unvested shares, end of year | 1,126 | $ 12.96 | 1,893 | $ 7.87 |

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

During the year ended December 31, 2025, employees and non-employees received restricted stock units totaling 0.2 million. Vesting of restricted stock units totaled 0.8 million. The shares underlying the restricted stock units granted in 2025 were assigned a weighted average fair value of $45.01 per share, for a total value of $7.2 million. The restricted stock issuances are scheduled to vest over four years.

During the year ended December 31, 2024, employees and non-employees received restricted stock units totaling 0.8 million. Vesting of restricted stock units totaled 0.8 million. The shares underlying the restricted stock units granted in 2024 were assigned a weighted average fair value of $11.99 per share, for a total value of $9.7 million. The restricted stock issuances are scheduled to vest over a range of one to four years.

As of December 31, 2025, the total compensation cost related to non-vested awards not yet recognized is $12.1 million and is expected to be recognized over the weighted average remaining recognition period of approximately 2.6 years. As of December 31, 2024, the total compensation cost related to non-vested awards not yet recognized is $11.7 million and is expected to be recognized over the weighted average remaining recognition period of approximately 2.8 years.

## Note 14. 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 and assumed vesting of restricted stock units (if dilutive). Diluted net income per share was computed using the treasury stock method for stock options and restricted stock units.

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

| | For the years ended December 31, | |
|---|---|---|
| **(in thousands, except per share amounts)** | **2025** | **2024** |
| **Numerator:** | | |
| Net income | $ 133,130 | $ 78,522 |
| | | |
| **Denominator[1]:** | | |
| Basic shares: | | |
| Weighted-average shares outstanding | 33,910 | 33,711 |
| Diluted shares[2]: | | |
| Stock options | 520 | 677 |
| Restricted stock units | 1,314 | 1,502 |
| Weighted-average shares outstanding | 35,744 | 35,890 |
| | | |
| **Net income per share:** | | |
| Basic | $ 3.93 | $ 2.33 |
| Diluted | $ 3.72 | $ 2.19 |

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

(2) Because their effect would have been anti-dilutive, 15 and 187 shares were excluded from the denominator of diluted net income per share for the years ended December 31, 2025 and 2024, respectively.

## Note 15. Restated Quarterly Consolidated Statements of Cash Flows (Unaudited)

As described in Note 1. Principal Business Activity and Significant Accounting Policies, the impacted consolidated statements of cash flows for the three months ended March 31, 2025 and 2024, six months ended June 30, 2025 and 2024, and nine months ended September 30, 2025 and 2024 have been restated and are reflected in the tables that follow. The unaudited quarterly consolidated statements of cash flows reflect all adjustments that are, in the opinion of management, necessary for the fair statement of the cash flows for the quarterly periods presented. Restated amounts are computed independently for each quarter presented; therefore, the sum of the quarterly amounts may not equal the total amount for the year due to rounding.

**Consolidated Statements of Cash Flows (unaudited)**

| | For the three months ended March 31, 2024 | | |
|---|---|---|---|
| (in thousands) | As previously reported | Restatement impact | As restated |
| Discount on notes receivable | $ — | $ (670) | $ (670) |
| Notes receivables | 21,953 | (21,953) | — |
| **Net Cash Provided from Operating Activities** | **$ 38,613** | **$ (22,623)** | **$ 15,990** |
| Purchases and originations of notes receivable, net of proceeds from repayments | $ — | $ 22,623 | $ 22,623 |
| **Net Cash (Used for) Provided from Investing Activities** | **$ (340)** | **$ 22,623** | **$ 22,283** |

| | For the six months ended June 30, 2024 | | |
|---|---|---|---|
| (in thousands) | As previously reported | Restatement impact | As restated |
| Discount on notes receivable | $ — | $ (180) | $ (180) |
| Notes receivables | (4,140) | 4,140 | — |
| **Net Cash Provided from Operating Activities** | **$ 34,218** | **$ 3,960** | **$ 38,178** |
| Purchases and originations of notes receivable, net of proceeds from repayments | $ — | $ (3,960) | $ (3,960) |
| **Net Cash Used for Investing Activities** | **$ (774)** | **$ (3,960)** | **$ (4,734)** |

| | For the nine months ended September 30, 2024 | | |
|---|---|---|---|
| (in thousands) | As previously reported | Restatement impact | As restated |
| Discount on notes receivable | $ — | $ 325 | $ 325 |
| Notes receivables | (32,994) | 32,994 | — |
| **Net Cash Provided from Operating Activities** | **$ 39,928** | **$ 33,319** | **$ 73,247** |
| Purchases and originations of notes receivable, net of proceeds from repayments | $ — | $ (33,319) | $ (33,319) |
| **Net Cash Used for Investing Activities** | **$ (1,058)** | **$ (33,319)** | **$ (34,377)** |

| | For the three months ended March 31, 2025 | | |
|---|---|---|---|
| (in thousands) | As previously reported | Restatement impact | As restated |
| Discount on notes receivable | $ — | $ (1,224) | $ (1,224) |
| Notes receivables | 5,134 | (5,134) | — |
| **Net Cash Provided from Operating Activities** | **$ 58,837** | **$ (6,358)** | **$ 52,479** |
| Purchases and originations of notes receivable, net of proceeds from repayments | $ — | $ 6,358 | $ 6,358 |
| **Net Cash (Used for) Provided from Investing Activities** | **$ (308)** | **$ 6,358** | **$ 6,050** |

| | For the six months ended June 30, 2025 | | |
|---|---|---|---|
| (in thousands) | As previously reported | Restatement impact | As restated |
| Discount on notes receivable | $ — | $ (782) | $ (782) |
| Notes receivables | (53,796) | 53,796 | — |
| **Net Cash Provided from Operating Activities** | **$ 22,522** | **$ 53,014** | **$ 75,536** |
| Purchases and originations of notes receivable, net of proceeds from repayments | $ — | $ (53,014) | $ (53,014) |
| **Net Cash Used for Investing Activities** | **$ (1,328)** | **$ (53,014)** | **$ (54,342)** |

| | For the nine months ended September 30, 2025 | | |
|---|---|---|---|
| (in thousands) | As previously reported | Restatement impact | As restated |
| Discount on notes receivable | $ — | $ (1,516) | $ (1,516) |
| Notes receivables | (85,172) | 85,172 | — |
| **Net Cash Provided from Operating Activities** | **$ 55,618** | **$ 83,656** | **$ 139,274** |
| Purchases and originations of notes receivable, net of proceeds from repayments | $ — | $ (83,656) | $ (83,656) |
| **Net Cash Used for Investing Activities** | **$ (2,103)** | **$ (83,656)** | **$ (85,759)** |

## ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

## ITEM 9A. CONTROLS AND PROCEDURES

### Evaluation of Disclosure Controls and Procedures

As of December 31, 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 were not effective at the reasonable assurance level, due to the material weakness described in Management's Annual Report on Internal Control over Financial Reporting. 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.

### Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote. All internal control systems, no matter how well designed, have inherent limitations. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

We carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our internal controls over financial reporting as of December 31, 2025. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in "Internal Control — Integrated Framework (2013)." Based on this assessment, management concluded that, as of December 31, 2025, Sezzle did not maintain effective internal control over financial reporting due to the material weakness described below.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company's annual or interim financial statements will not be prevented or detected on a timely basis.

Management identified a material weakness in internal control over financial reporting as we did not design and maintain effective controls to evaluate the appropriate classification of the cash flows related to our notes receivable. This material weakness resulted in the restatement of our Consolidated Statement of Cash Flows for the year ended December 31, 2024, as well as a material misclassification of the Consolidated Statements of Cash Flows for and for the three months ended March 31, 2025 and 2024, six months ended June 30, 2025 and 2024, and nine months ended September 30, 2025 and 2024. If not remediated, this material weakness could result in misstatements of the aforementioned cash flow statements or related disclosures that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2025 has been audited by Baker Tilly US, LLP, an independent registered public accounting firm, as stated in their accompanying report.

***Remediation Plan***

To remediate the material weakness in its internal control over financial reporting related to the classification of notes receivable in our Consolidated Statements of Cash Flows, we will introduce enhancements to the design of our disclosure controls and procedures as they relate to the classification of our notes receivable.

**Changes in Internal Control Over Financial Reporting**

As of December 31, 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 year ended December 31, 2025 have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## ITEM 9B. OTHER INFORMATION

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

During the quarter ended December 31, 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 November 18, 2025, Paul Paradis, the Company's President, adopted a Rule 10b5-1 trading arrangement (the "Paradis Plan") that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c). The Paradis Plan provided for the potential sale of of 132,000 shares of common stock of the Company, between a start date of February 18, 2026 until termination of the Paradis Plan on November 18, 2026, or earlier if all transactions under the Paradis Plan were completed. As of the date hereof, 26,400 shares have been sold under the Paradis Plan.

On November 25, 2025, Amin Sabzivand, the Company's Chief Operating Officer, adopted a Rule 10b5-1 trading arrangement (the "Sabzivand Plan") that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c). The Sabzivand Plan provided for the potential sale of 67,930 shares of common stock of the Company, between a start date of March 10, 2026, until termination of the Sabzivand Plan on November 30, 2026, or earlier if all transactions under the Sabzivand Plan were completed. As of the date hereof, no shares of common stock have been sold under the Sabzivand Plan.

However, our directors and executive officers may adopt 10b5-1 Plans or non-Rule 10b5-1 trading arrangements in the future.

## ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

## PART III

### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item is incorporated by reference from our Proxy Statement for our 2026 Annual Meeting of Stockholders to be filed with the SEC within 120 days after December 31, 2025.

## ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference from our Proxy Statement for our 2026 Annual Meeting of Stockholders to be filed with the SEC within 120 days after December 31, 2025.

As disclosed in this Annual Report on Form 10-K, we restated our consolidated statements of cash flows for the year ended December 31, 2024, and for the three months ended March 31, 2025 and 2024, six months ended June 30, 2025 and 2024, and nine months ended September 30, 2025 and 2024. We concluded that we had not appropriately classified purchases and originations of notes receivable, and proceeds from repayments thereof, as investing activities within our consolidated statements of cash flows. We considered whether this error and the resulting restatement required recovery of incentive-based compensation under the Clawback Policy. The Company concluded that no incentive-based compensation was paid based on the information that is the subject of the restatement, and that no recovery of incentive-based compensation was required.

## ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item is incorporated by reference from our Proxy Statement for our 2026 Annual Meeting of Stockholders to be filed with the SEC within 120 days after December 31, 2025.

## ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated by reference from our Proxy Statement for our 2026 Annual Meeting of Stockholders to be filed with the SEC within 120 days after December 31, 2025.

## ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is incorporated by reference from our Proxy Statement for our 2026 Annual Meeting of Stockholders to be filed with the SEC within 120 days after December 31, 2025.

## PART IV

## ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following documents are filed as part of this Form 10-K:

***Financial Statements***

Our consolidated financial statements are found in the "Index to Consolidated Financial Statements" under Part II, Item 8 of this Annual Report.

***Financial Statement Schedules***

All schedules have been omitted because the required information is not present or not present in amounts sufficient to require submission of the schedules, or because the information required is included in Part II, Item 8 of this Annual Report.

***Exhibits***

| Exhibit Number | Exhibit Description | Incorporated by Reference | | | Filed Herewith |
|---|---|---|---|---|---|
| | | Form | File Number | File Date | |
| 3.1 | Fifth Amended and Restated Certificate of Incorporation | 8-K | 001-41781 | 11/22/2024 | |
| 3.2 | Third Amended and Restated Bylaws | 10-12G/A | 000-56267 | 10/25/2021 | |
| 4.1 | Description of Capital Stock | | | | X |
| 10.1 | Revolving Credit and Security Agreement dated as of April 19, 2024 among Sezzle Funding SPE II, LLC, the lenders from time to time party thereto and Bastion Funding VI LP, as administrative agent. | 8-K | 001-41781 | 4/22/2024 | |
| 10.2 | Amendment No. 1 to Revolving Credit and Security Agreement | 10-Q | 001-41781 | 11/8/2024 | |
| 10.3 | Amendment No. 2 to Revolving Credit and Security Agreement | 10-Q | 001-41781 | 11/8/2024 | |
| 10.4 | Amendment No. 3 to Revolving Credit and Security Agreement | 8-K | 001-41781 | 11/5/2025 | |
| 10.5 | Amendment No. 4 to Revolving Credit and Security Agreement | | | | X |
| 10.6 | Pledge and Guaranty Agreement dated as of April 19, 2024 by and between Sezzle Funding SPE II Parent, LLC, as pledgor, and Bastion Funding VI LP, in its capacity as administrative agent. | 8-K | 001-41781 | 4/22/2024 | |
| 10.7 | Limited Guaranty and Indemnity Agreement dated as of April 19, 2024 by Sezzle Inc. for the benefit of Bastion Funding VI LP, in its capacity as administrative agent. | 8-K | 001-41781 | 4/22/2024 | |
| 10.8 | Amendment No. 1 to Limited Guaranty and Indemnity Agreement | 8-K | 001-41781 | 6/24/2024 | |
| 10.9 | Amendment No. 2 to Limited Guaranty and Indemnity Agreement | 10-K | 001-41781 | 2/27/2025 | |
| 10.10 | Amended and Restated Loan and Receivables Sale Agreement | 10-Q | 001-41781 | 11/8/2024 | |
| 10.11 | Amended and Restated Marketing and Servicing Agreement | 10-Q | 001-41781 | 11/8/2024 | |
| 10.12 | Form of Warrant Agreement | 8-K | 000-56267 | 10/18/2022 | |
| 10.13 | Office Lease by and between 601 Minnesota MT LLC and Sezzle Inc., dated June 9, 2023. | 10-K | 001-41781 | 2/29/2024 | |
| 10.14 | Form of Indemnification Agreement | 10-K | 001-41781 | 2/29/2024 | |
| 10.15 | Form of Director Agreement | 10-12G/A | 000-56267 | 10/25/2021 | |
| 10.16 | Employment Agreement between Sezzle Inc. and Charles Youakim, dated June 20, 2019 # | 10-12G/A | 000-56267 | 10/25/2021 | |
| 10.17 | Employment Agreement between Sezzle Inc. and Paul Paradis, dated June 20, 2019 # | 10-12G/A | 000-56267 | 10/25/2021 | |
| 10.18 | Consulting Agreement between Sezzle Inc. and Karen Hartje, dated November 1, 2025 | 8-K | 001-41781 | 11/5/2025 | |
| 10.19 | Employment Letter between Sezzle Inc. and Lee Brading, dated January 26, 2026 | 8-K | 0001-41781 | 1/29/2026 | |
| 10.17 | Sezzle 2016 Employee Stock Option Plan # | 10-12G/A | 000-56267 | 10/25/2021 | |
| 10.18 | Sezzle 2019 Equity Incentive Plan # | 10-12G | 000-56267 | 4/13/2021 | |

| Exhibit Number | Exhibit Description | Incorporated by Reference | | | Filed Herewith |
|---|---|---|---|---|---|
| | | Form | File Number | File Date | |
| 10.19 | Sezzle 2021 Equity Incentive Plan # | 10-12G/A | 000-56267 | 10/25/2021 | |
| 10.20 | Amendment to Sezzle Inc. 2021 Equity Incentive Plan # | 8-K | 001-41781 | 8/4/2025 | |
| 10.21 | Form of Notice of Option Award # | 10-K | 001-41781 | 2/27/2025 | |
| 10.22 | Form of Notice of RSU Award # | 10-K | 001-41781 | 2/27/2025 | |
| 10.23 | Form of Notice of Unrestricted Stock Award # | 10-Q | 001-41781 | 5/8/2025 | |
| 10.24 | Form of Notice of Restricted Stock Award # | 10-Q | 001-41781 | 8/8/2025 | |
| 10.25 | Form of Award Amendment # | 8-K | 001-41781 | 8/4/2025 | |
| 10.26 | Agreement for B Corporation Certification dated as of March 22, 2021 by and between Sezzle Inc. and B Lab Company | 10-12G/A | 000-56267 | 10/25/2021 | |
| 10.27 | Form of Proprietary Information, Inventions, Non-Competition and Non-Solicitation Agreement | 10-12G/A | 000-56267 | 10/25/2021 | |
| 19.1 | Securities Trading Policy | | | | X |
| 21.1 | Subsidiaries of Registrant | | | | X |
| 23.1 | Consent of Baker Tilly US, LLP, independent registered public accounting firm | | | | X |
| 24.1 | Powers of Attorney (see signature page hereto) | | | | X |
| 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 |
| 97.1 | Clawback Policy - Executive Officers | | | | 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.

## ITEM 16. FORM 10-K SUMMARY

None.

## SIGNATURES

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: February 26, 2026 | By: | */s/ Charles Youakim* |
| | | Charles Youakim |
| | | Chief Executive Officer and Chairman |
| | | (Principal Executive Officer) |
| Dated: February 26, 2026 | By: | */s/ Lee Brading* |
| | | Lee Brading |
| | | Chief Financial Officer |
| | | (Principal Financial Officer) |

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Each of the undersigned hereby appoints Charles Youakim and Lee Brading, and each of them (with full power to act alone), as attorneys and agents for the undersigned, with full power of substitution, for and in the name, place and stead of the undersigned, to sign and file with the Securities and Exchange Commission under the Securities Act of 1934, any and all amendments and exhibits to this annual report on Form 10-K and any and all applications, instruments, and other documents to be filed with the Securities and Exchange Commission pertaining to this annual report on Form 10-K or any amendments thereto, with full power and authority to do and perform any and all acts and things whatsoever requisite and necessary or desirable.

| Signature | Title | Date |
|---|---|---|
| */s/ Lee Brading* | Chief Financial Officer | February 26, 2026 |
| Lee Brading | (Principal Financial Officer) | |
| */s/ Kyle Brehm* | Non-Executive Director | February 26, 2026 |
| Kyle Brehm | | |
| */s/ Stephen East* | Non-Executive Director | February 26, 2026 |
| Stephen East | | |
| */s/ Justin Krause* | SVP of Finance and Financial Controller | February 26, 2026 |
| Justin Krause | (Principal Accounting Officer) | |
| */s/ Paul Paradis* | President and Executive Director | February 26, 2026 |
| Paul Paradis | | |
| */s/ Karen Webster* | Non-Executive Director | February 26, 2026 |
| Karen Webster | | |
| */s/ Charles Youakim* | Chief Executive Officer and Chairman | February 26, 2026 |
| Charles Youakim | (Principal Executive Officer) | |

# Annual Report 2025

Sezzle Inc.