

Katapult[®]

Investor Presentation
March 28, 2025

Disclaimer

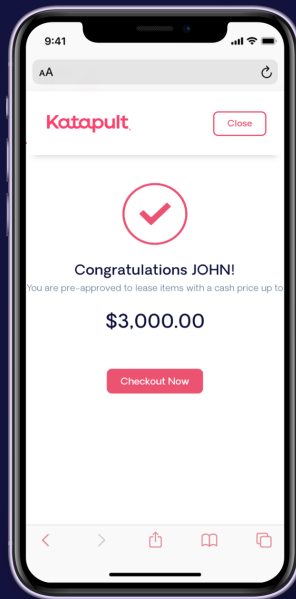
Forward-Looking Statements

Certain statements included in this presentation, and on our quarterly earnings call and in our related press release that are not historical facts are forward-looking statements for purposes of the safe harbor provisions under the United States Private Securities Litigation Reform Act of 1995. In some cases, forward-looking statements may be identified by words such as “anticipate,” “assume,” “believe,” “continue,” “could,” “design,” “estimate,” “expect,” “intend,” “may,” “plan,” “potentially,” “predict,” “should,” “will,” “would,” or the negative of these terms or other similar expressions. These forward-looking statements include, but are not limited to: in this presentation, on our associated earnings call and in our related press release, statements regarding our first quarter of 2025 and full year 2025 business outlook and underlying assumptions, the expectation that write-offs will decrease as post COVID vintages mature and are replaced, the expectation that the home furnishings category will not materially improve in the first quarter or throughout 2025, statements regarding our expectations for 2025, the impact of KPay on customer acquisition and our relationship with existing customers, the durability and timing of macroeconomic headwinds, the impact of our integrations within third-party waterfalls, our relationships with new merchant-partners on gross originations and financial expectations beyond 2025. These statements are based on various assumptions, whether or not identified in this presentation, and on the current expectations of our management and are not predictions of actual performance.

These forward-looking statements are provided for illustrative purposes only and are not intended to serve as, a guarantee, an assurance, a prediction or a definitive statement of fact or probability. Actual events and circumstances are difficult or impossible to predict and will differ from assumptions. Many actual events and circumstances are beyond our control. These forward-looking statements are subject to a number of risks and uncertainties, including, among others, our ability to refinance our indebtedness and continue as a going concern, the execution of our business strategy and expanding information and technology capabilities; our market opportunity and our ability to acquire new customers and retain existing customers; adoption and success of our mobile application featuring Katapult Pay; the timing and impact of our growth initiatives on our future financial performance; anticipated occurrence and timing of prime lending tightening and impact on our results of operations; general economic conditions in the markets where we operate, the cyclical nature of customer spending, and seasonal sales and spending patterns of customers; risks relating to factors affecting consumer spending that are not under our control, including, among others, levels of employment, disposable consumer income, inflation, prevailing interest rates, consumer debt and availability of credit, consumer confidence in future economic conditions, political conditions, and consumer perceptions of personal well-being and security and willingness and ability of customers to pay for the goods they lease through us when due; risks relating to uncertainty of our estimates of market opportunity and forecasts of market growth; risks related to the concentration of a significant portion of our transaction volume with a single merchant partner, or type of merchant or industry; the effects of competition on our future business; meet future liquidity requirements and complying with restrictive covenants related to our long-term indebtedness; the impact of unstable market and economic conditions such as rising inflation and interest rates; reliability of our platform and effectiveness of our risk model; data security breaches or other information technology incidents or disruptions, including cyber-attacks, and the protection of confidential, proprietary, personal and other information, including personal data of customers; ability to attract and retain employees, executive officers or directors; effectively respond to general economic and business conditions; obtain additional capital, including equity or debt financing and servicing our indebtedness; enhance future operating and financial results; anticipate rapid technological changes, including generative artificial intelligence and other new technologies; comply with laws and regulations applicable to our business, including laws and regulations related to rental purchase transactions; stay abreast of modified or new laws and regulations applying to our business, including with respect to rental purchase transactions and privacy regulations; maintain and grow relationships with merchants and partners; respond to uncertainties associated with product and service developments and market acceptance; the impacts of new U.S. federal income tax laws; material weaknesses in our internal control over financial reporting which, if not identified and remediated, could affect the reliability of our financial statements; successfully defend litigation; litigation, regulatory matters, complaints, adverse publicity and/or misconduct by employees, vendors and/or service providers; and other events or factors, including those resulting from civil unrest, war, foreign invasions (including the conflict involving Russia and Ukraine and the Israel-Hamas conflict), terrorism, public health crises and pandemics (such as COVID-19), trade wars, or responses to such events; our ability to meet the minimum requirements for continued listing on the Nasdaq Global Market; and those factors discussed in greater detail in the section entitled “Risk Factors” in our periodic reports filed with the Securities and Exchange Commission (“SEC”), including the Annual Report on Form 10-K for the year ended December 31, 2024 that we filed with the SEC.

If any of these risks materialize or our assumptions prove incorrect, actual results could differ materially from the results implied by these forward-looking statements. There may be additional risks that we do not presently know or that we currently believes are immaterial that could also cause actual results to differ from those contained in the forward-looking statements. Undue reliance should not be placed on the forward-looking statements in this presentation, on our quarterly earnings call and in our related press release. All forward-looking statements contained herein or in our related press release or expressed on our quarterly earnings call are based on information available to us as of the date hereof, and we do not assume any obligation to update these statements as a result of new information or future events, except as required by law. If we do update one or more forward-looking statements, no inference should be made that we will make additional updates with respect to those or other forward-looking statements.

Our **innovative lease-to-own** solution powers a **two-sided marketplace** that connects consumers to merchants and enables omnichannel transactions at the point of sale



Who We Are



Speed & convenience

Decisioning in 5 seconds or less on average



Growing consumer base

~682,000 approved applications LTM



E-commerce leader

Over 200 merchants on platform



Customer satisfaction

Net Promoter Score of 58

\$1.1 billion

In Approved LTM Lease Limit

\$237 million

In LTM Gross Originations



Katapult[®]

Mission Statement

Katapult's mission is to enable consumers to get the durable goods they need when they need them and connect retailers with a growing base of engaged and loyal consumers



Key Investment Highlights



Large Addressable Market

Opportunity to expand <1% market share of a \$50-60 Billion total addressable market¹ that includes e-commerce and in-store merchants



2-Sided, App-Powered Marketplace

Our AI-powered marketplace is a virtuous, trusted ecosystem that empowers and engages consumers and delivers incremental sales to merchants



Clear And Compelling Merchant Value Proposition

We offer merchants a pipeline of new, engaged and loyal consumers



Opportunities to Grow Our Loyal and Engaged Consumer Base

Low customer acquisition costs and high repeat purchase rates (~61.5% in Q4 2024)



Differentiated Financial Profile

Asset light marketplace model can deliver top-line growth without requiring substantial incremental expenses



Experienced Management Team

Leadership team with over 100 combined total years in the financial services and retail sectors

Operating Progress: Recent Highlights

Marketplace Activity Continues to Grow

Increasing velocity in our **2-sided marketplace**

- ~61% of Q4 gross originations started in our app
- 61.5% of Q4 gross originations were from repeat customers

Driving consumer engagement with **strategic marketing & new app features**

- Expanded marketing to new channels; communications volume grew ~200% y/y in Q4
- Application volume grew 50% y/y in Q4
- Q4 Katapult Pay® gross originations grew 52%+ y/y to ~\$31M; ~41% of total
- Launched Zales, Metro by T-Mobile and Rooms to Go as KPay-enabled merchants

Strong progress against **merchant engagement initiatives**

- Direct/waterfall gross originations volume was 68% of Q4 originations; up 44% y/y excluding home furnishings and mattress category
- Onboarded 11 merchant-partners through waterfall partner

Delivered **growth** across key Q4 and FY 2024 financial metrics

- Gross originations grew 11.3% in Q4 y/y; 2-year stack growth rate of ~26% and 2+ years of growth
- **Revenue** grew 9.4% in Q4 y/y
- **Adjusted EBITDA**¹ of \$4.8 million for FY 2024, up \$6.7 million vs. 2023





Underserved consumers



Affordable access to durable goods

37% of US Adults¹

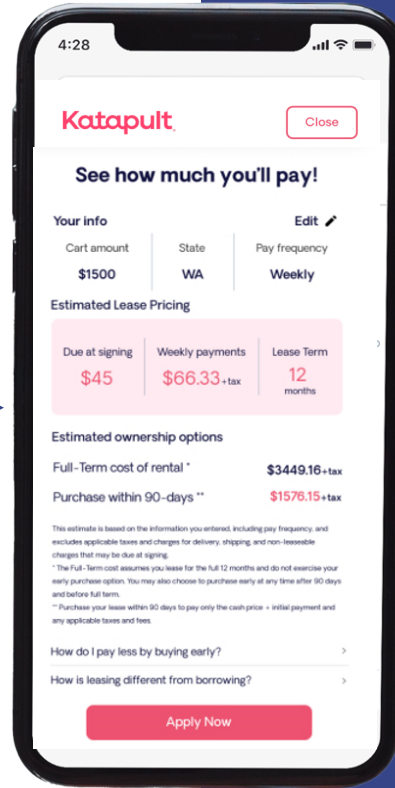
could not cover \$400 of emergency expenses without assistance

43% of US Households²

had insufficient savings to cover at least three months of living expenses

\$50-\$60 Billion³

Katapult's estimated total US addressable market



Expanding our consumer base with targeted marketing, high repeat rates and partnerships



E-commerce merchants

Katapult provides underserved nonprime consumers the purchasing power they need

- 1 May 2023 Federal Reserve System Board of Governors Report on the Economic Well-Being of U.S. Households in 2018
- 2 Financial Health Network US Pulse Report – 2023 Trends
- 3 Calculated by multiplying ~\$180 billion market for online retail across electronics, furniture, appliances and other durables (Wall Street research, June 2020) by 30%, which represents the US subprime consumers (Experian Research, 2021)

What Is Lease-to-Own (LTO)?

Katapult offers a **Scalable Omnichannel LTO** solution

For consumers who have no/nonprime credit, Katapult LTO enables **new paths to obtain durable goods**

With Katapult's LTO product, customer **understands full cost of ownership**, up-front

- No late fees or penalties. Ever
- Can repay early with options like a 90-day buyout price
- Makes purchases more affordable

Customer makes recurring payments toward **owning goods outright**

- No long-term obligation to continue leasing; goods are returnable at **any time**

Customer has several options to acquire ownership of the product they are leasing

- Katapult offers flexibility that can make it more attractive and accessible than traditional financing
- With each payment, customer has the option to continue leasing, buyout or return the item

Katapult LTO provides merchant partners **access to new consumer base**

- 30%+ of US adults don't qualify for traditional financing¹



Our 2-Sided Marketplace Thrives When Customers and Merchants Benefit

~61% of our Q4 Gross Originations started in our app marketplace

We launched our app in late 2022 to create a durable goods shopping destination for consumers.

Since then, we have developed our app into a 2-sided marketplace where consumers can connect to merchants whenever and however they want to shop.

Customers can start and finish their shopping experience in our marketplace with KPay or on hundreds of merchant-partner sites.

We leverage new app features, marketing and partnerships to increase marketplace velocity, which delivers benefits to customers, merchants and Katapult alike.





Clear and Compelling Merchant Value Proposition



Clear and Compelling Value to Direct and Waterfall Merchants

- Access to new shoppers drives **incremental sales for merchants**
- **Onboard** new merchants within days
- High **repeat purchase rates** (61.5% in Q4 2024)
- **Higher conversion rates** reduce abandoned carts
- **No recourse or risk** from consumer defaults or returns
- Merchants pay **NO interchange costs** related to transaction

Select direct and waterfall merchant-partners



200+ total merchants

Katapult offers multiple growth channels and **makes integration with merchants easy**

DIRECT INTEGRATION



Direct off-the-shelf and tech-enabled integration options



Katapult LTO option available to consumers directly on the merchant's checkout page



Integration in as fast as 2 days

WATERFALL INTEGRATION



Prime lenders refer consumers who may be interested in the Katapult LTO



Katapult is the only LTO provider for many merchant waterfalls



Highly successful integration experience with numerous payment waterfall platforms

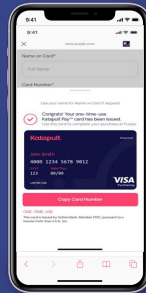
Our marketplace also features KPay, a transformational feature that facilitates in-app lease originations and accelerates merchant onboarding



Underserved consumers



National merchants



featuring **Katapult PAY**[®]

Full Service Marketplace Capabilities

Katapult Pay or KPay, a feature in our mobile app, is a 1-time use virtual credit card that consumers can use to check out within the Katapult marketplace. **This means transactions can start and end in our marketplace**

New merchants, no integration required

KPay allows Katapult to onboard new marketplace merchants without requiring merchant support

Smarter transactions, fast approval

Our unique AI- and machine learning-powered technology evaluates carts and shopping behavior to determine if a good is leasable and provide lease pre-approval amounts. Allows customers to seamlessly transact

More data, more insight

Expands our ability to meaningfully engage with customers, increasing repeat rates, and customer ratings

Our 2-sided Marketplace, a shopping destination

With full service marketplace capabilities, Katapult can retain customer loyalty and refer traffic to our merchant partners, creating a virtuous ecosystem that supports growth

Instant Access for Mobile Consumers

Select KPay-Enabled Marketplace Merchants

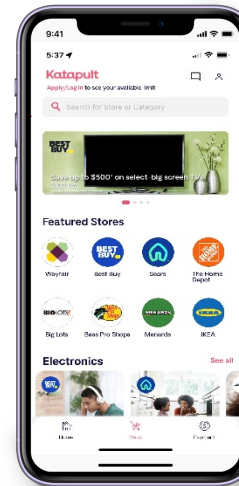


33 KPay-Enabled Merchants



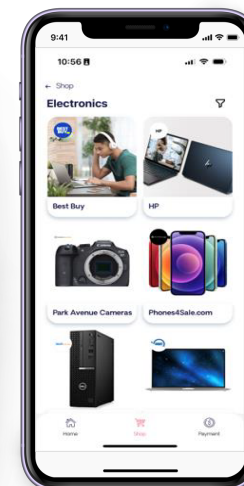
featuring **Katapult.PAY**

KPay lets us onboard merchants without integration support, creating another **growth channel for retailers and more choice for consumers**



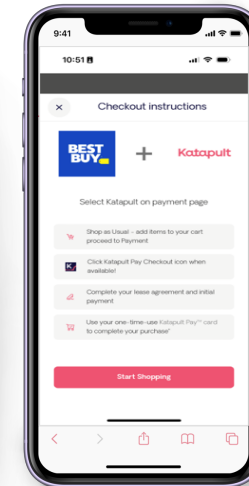
Discover

National merchants on our marketplace



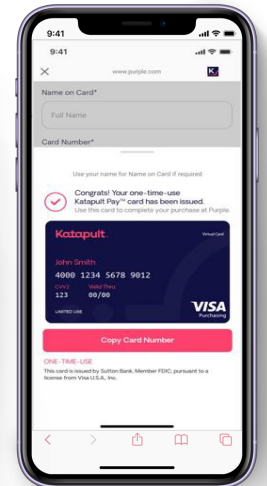
Search

Durable good product categories



Shop

Merchant websites using our in-app browser



Checkout

Friction-free with our 1-time use virtual card

What merchants say about partnering with **Katapult**

"SimpleTire provides easy, affordable access to one of life's necessities for millions of people. By partnering with Katapult, we can now offer our customers another **flexible way to purchase** from our huge catalog of quality tires."

Kenny Pratt, Co-founder and CTO, **SimpleTire**

"With Katapult's help, more people, particularly those who may not have been able to shop with us before, will have **the flexibility and options** they need to obtain the furniture they want."

Jeffrey Gadel, President, **1StopBedrooms**

"Katapult has been **instrumental in driving sales** and expanding our customer base because we can offer their transparent LTO payment option at checkout."

Tyler Reilly, Owner of **Extreme Customs**

"We wouldn't have gotten to where we are at this point without Katapult's **commitment**."

Shannon Murray, Director of Business Optimization and Site Stability, **Lenovo**

"We are excited to partner with Katapult to further enable our customers to **more readily attain** the technology that comes with purchasing a new PC."

Jeffrey Cheng, Senior Director of Marketing and Sales, **IBUYPOWER**

"We are excited to collaborate with Katapult because of the alignment our brands share when it comes to **transparency** and the **high level of customer service** that we both provide."

Dov Coleman, CEO, **Poly & Bark**

"Our strategic partnership with Katapult ultimately contributed to our **growth** and reputation as a customer-friendly and environmentally conscious e-commerce platform."

Michelle Pena CEO, **Maxandfix**

"Casper partnered with Katapult so that customers who may not have been able to shop with us before will have **the financial power** to obtain our innovative sleep solutions. We are excited about the potential **to provide access** to our high-quality bedding products to even **more customers** across the United States."

Rachel Pedicini, Vice President, **Casper**



Opportunities to Grow Our Loyal and Engaged Customer Base



We Meet the Needs of Nonprime Consumers

Millions of Americans Consider Themselves Financially Vulnerable

Many Americans are struggling

According to a 2024 report from Financial Health Network, ~70% of Americans are Financially Vulnerable or Financially Coping⁽¹⁾. That's 180 million people.

Income is not keeping pace with expenses

53% report their spending is higher than their income⁽¹⁾

Savings have been depleted

56% say they don't have enough savings to cover more than 3 months of living expenses⁽¹⁾

And they don't have access

71% say they don't have a prime credit score⁽¹⁾




Katapult's fair and transparent LTO provides a large, underserved community of consumers with options to acquire durable goods at fair and transparent terms

Overlooked consumers. Outsized opportunity.

\$75K
average household income



75%
mobile device centric lifestyle



58%
have children




55%
homeowners



64%
married



53%
generation Y or Z



Source: 2022 Experian ConsumerView Report

Katapult opens doors to the millions of shoppers overlooked by traditional financing



No Established Credit
Katapult provides this consumer with tools to build their credit profile



Credit Challenged
Katapult positions this consumer to rebuild their financial standing



Good Credit
Katapult provides this consumer with buying power



Easy Application Process
No bank account info required; average decision in ≤ 5 seconds; multiple leases allowed

A Positive Consumer Experience

NPS 
Net Promoter Score

58

 **Trustpilot**
4.4



"The **payment options were clearly defined (no hidden fees or anything)**. The process to choose this financing was super fast (pretty much immediate). Payment options make this an affordable option. Highly recommend."
- GF

"I had a very gratifying experience applying with Katapult. I was very satisfied with the application process. After completing the application form, I was notified immediately of the qualified amount of money I was approved for. The repayment process was clearly outlined!! I'm now a satisfied customer!!"
- Desiree



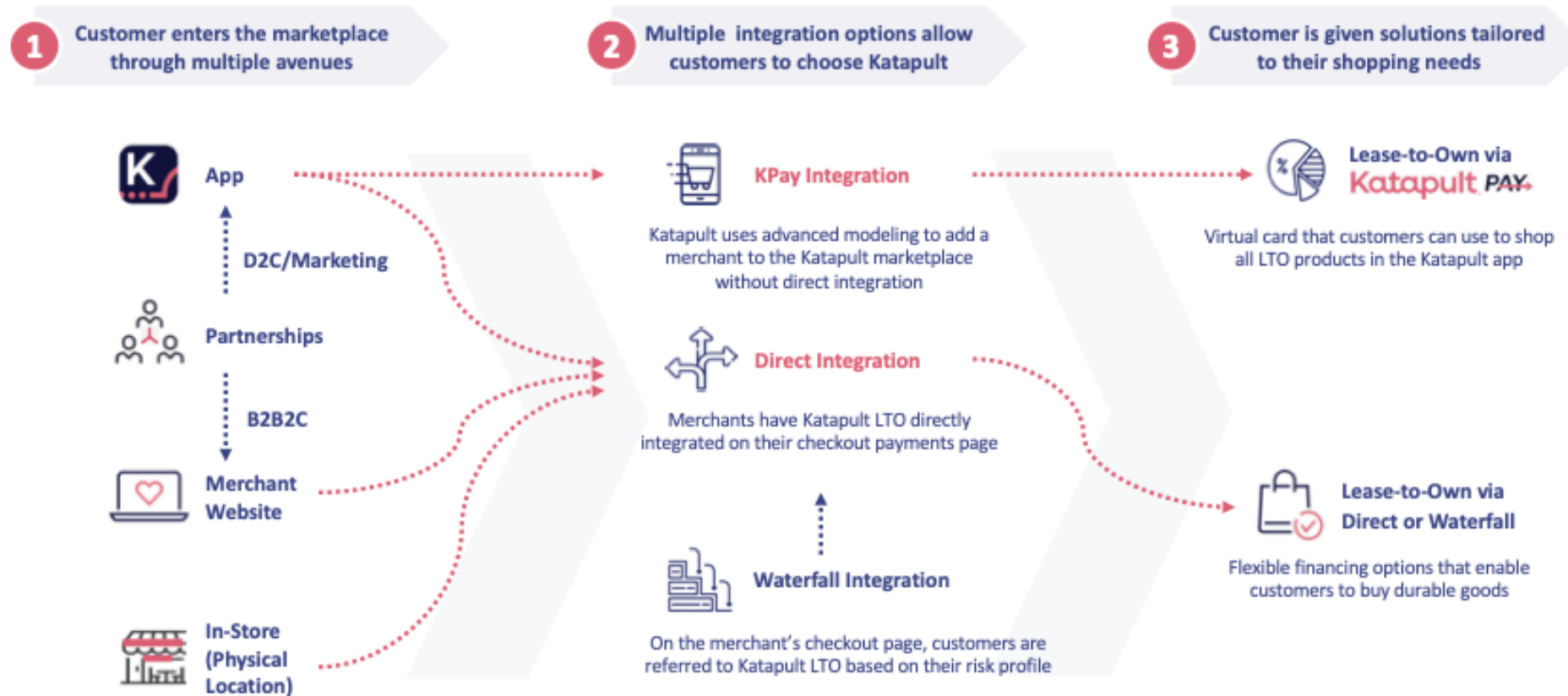
"It was an easy and quick experience. **Everything was spelled out up front and simple to understand**. Customer service was great in answering all my questions and very professional. I'd recommend Katapult. Five stars!"
- Elisa

"Huge help **getting my car on the road, thank you!**"
- Casey

Customers Can Shop How They Want

Katapult Customer Journey

Katapult meets customers where they are by offering multiple shopping journeys



Flexible & Transparent Payment Options

Drive Customer Loyalty

FIRST 90 DAYS

Options available to exercise buyout for the cash price plus 5% fee during the first 90 days

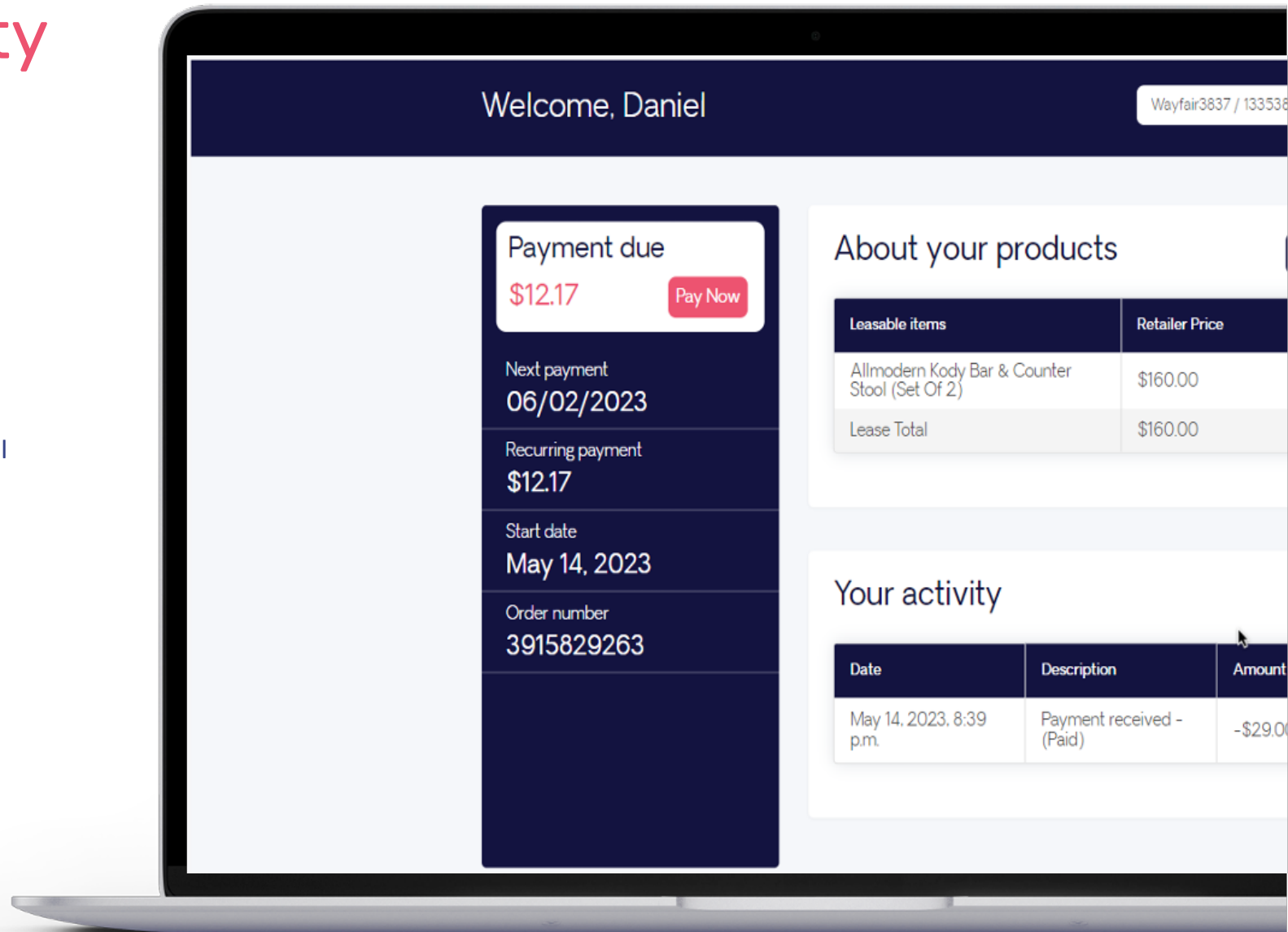
POST 90 DAYS

Early buyout options also available anytime after the initial 90 days; consumers can purchase for significantly less than the full-term cost to own

FULL TERM

Payments made over the maximum length of the lease renewal periods equal ~2x the lease origination amount on average

No late fees. Ever.



Katapult's Pricing Advantage

The more affordable path to ownership

Analysis of ~800 data points shows Katapult consistently has the lowest prices vs. its two key competitors and financing alternatives commonly available to non-prime consumers.

This means a consumer can save \$300+ on a ~\$1000 lease

Retail Price + Initial Fee		Maximum Cost to Own
\$1099 ^a +\$45 ^a	Katapult	\$2,307
\$1099 ^b	Subprime Credit Card	\$2,387
\$1099 +\$65	LTO Peer #1	\$2,637
\$1099 +\$122 ^c	LTO Peer #2	\$2,827

Illustrative Example

^a Assumes 2.05x multiple on \$1099 price and \$45 origination fee; Katapult allows customers to pay cash price unlike competitors

^b Assumes interest rate of 29.99% and consumer pays minimum monthly payment of 3% until balance paid off

^c Competitor increases the cash price of an item before adding the cost of financing



A Better Overall Product for Consumers

	Katapult	Competitor A	Competitor B
Initial Payment	\$45	\$55	\$60*
Turn	2.1x**	2.7x**	2.4x**
No Bank Account Required	✓		
No Late Fees	✓		
No Prepayment Penalties	✓		
No Cash Price Mark-up	✓		✓
No Minimum Income Requirements	✓		✓
Early Buyout Options	90 Days +5% fee	90 Days + \$25 fee	90 Days +10% fee
★ Trustpilot	4.4	3.7	4.7
Download on the App Store	4.8	4.6	4.7



Building a more **inclusive and customer-centric business** that empowers the non-prime consumer shopping experience

*In some states, the initial payment is part of the lease
 **On average
 Data based on information obtained from competitors' sites for similar lease-to-own transactions

Multiple Opportunities to Grow Our Customer Base



Building full spectrum
lifecycle marketing
capabilities

- Data-driven approach to drive customer growth
- New marketing platform to enhance customer targeting
- Will allow us to be more responsive to consumer behavior
- Can leverage insights to create even better platform experiences and drive consumer engagement even higher
- Expect to see benefits for both customer growth and customer repeat rates



Proprietary Technology Platform

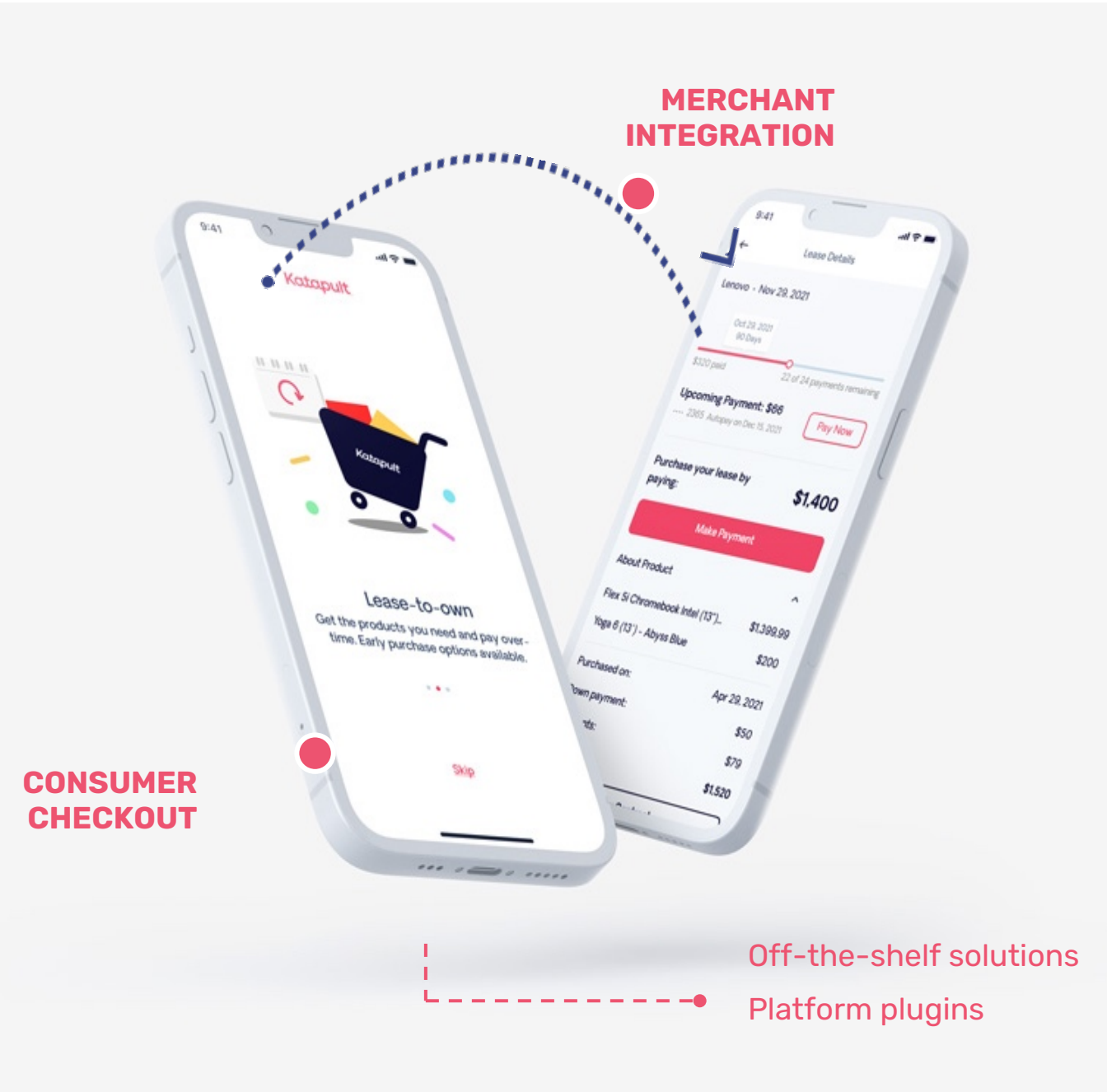


Our proprietary technology powers our two-sided marketplace delivering benefits to customers and merchants alike

Our integration process is simple and easy for merchants, waterfall platforms and other partners. We can complete a direct integration in as few as 2 days.

We leverage AI and machine learning to create a friction-free customer journey that drives engagement, conversion and repeat purchases.

We are transforming how nonprime consumers shop and how merchants access this underserved segment.



Katapult's AI- and machine learning-driven technology powers our **market-leading underwriting**, translating to higher approval rates...

Sophisticated Underwriting Process

- ✓ Advanced behavioral learning mitigates credit and fraud risks
- ✓ Utilizes behavioral biometrics, device and location recognition
- ✓ Approval decision using AI inspired machine-learning in 5 seconds or less on average

Select Attributes

Lease History

Payment Behavior

Mobile Device

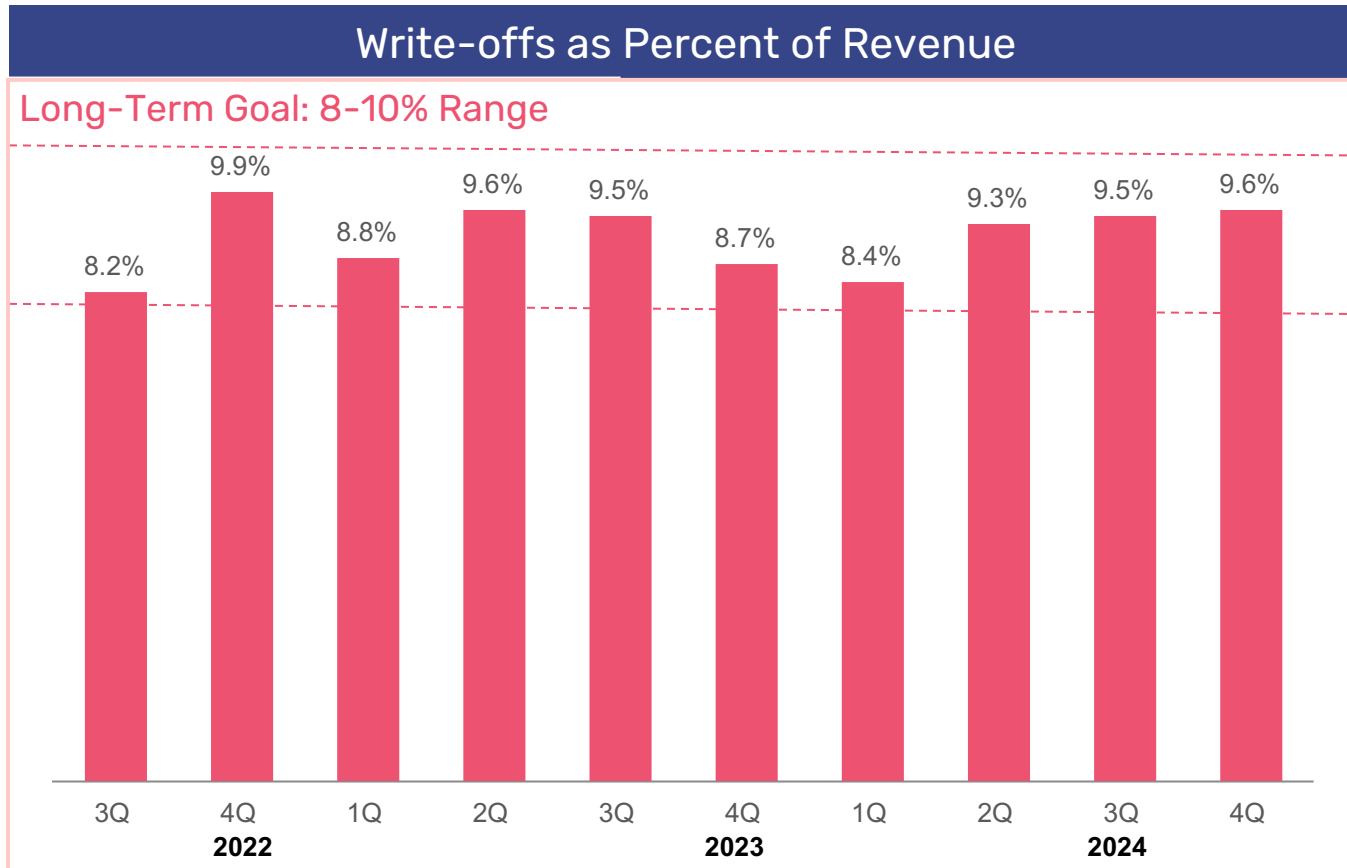
Product Attributes

Shopping Behavior

Behavioral Biometrics



...and low write-off rates



Key Insights

- Our long-term target for write-offs as a % of revenue is 8% to 10%
- In 2022, there were lower write-offs and impairment charges related to 2021 gross originations due to COVID and other stimulus-related repayment patterns
- As post COVID vintages mature and are replaced by stronger vintages as a result of credit tightening, we believe write-offs as a % of revenue should decrease
- Write-offs are calculated based on the actual performance of current quarter leases compared with the estimated performance of historical seasoned lease vintages; calculated as a percent of revenue



Q4 2024 Financial Highlights



Strategic Financial Priorities



Drive Revenue Growth

- Disciplined growth with strict underwriting and risk controls
- Merchants and other partners offer consistent funnel of new customers with minimal acquisition costs
- With KPay functionality, our two-sided marketplace should be a reliable and scalable source of growth
- Deploying efficient marketing spend to drive B2C volumes



Execute Path to Profitability

- Leverage our technology to accelerate top-line growth
- Create operational efficiencies and leverage reduced operating expenses to expand margins
- Invest in growth opportunities that generate ROI

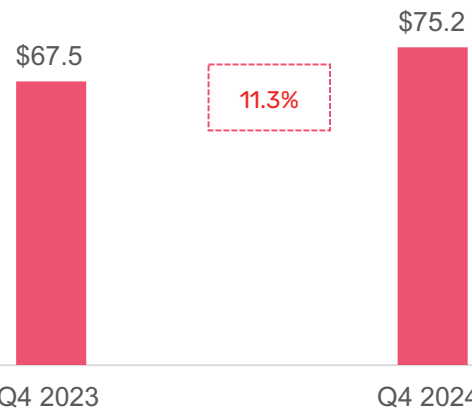


Optimize Balance Sheet

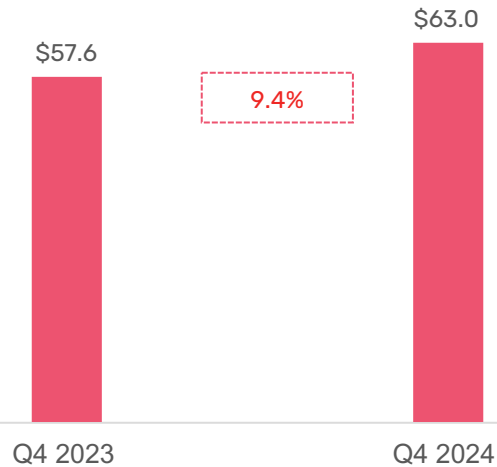
- Ongoing benefit from low capital expenditure e-commerce model
- Exploring opportunities to optimize liquidity and reduce borrowing costs over time

Q4 2024 Financial Highlights

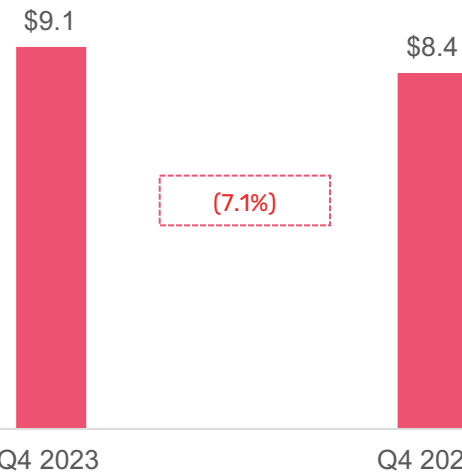
Gross Originations



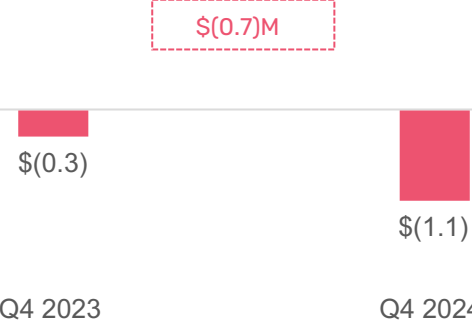
Revenue



Fixed Cash Operating Expenses¹



Adjusted EBITDA²



Key Insights

Gross Originations

- Gross originations grew 11.3% y/y, driven by strong performance of both existing and new KPay merchants

Revenue

- Revenue increased 9.4% y/y and reflects strong volume performance during LTM as well as continued strong collection efforts and underwriting performance
- Gross origination trends are a leading indicator of future revenue streams. A percentage of revenue is recognized in the quarter in which the origination occurs and increases cumulatively over following quarters, reaching approximately 70-75% of revenue realized within two quarters from when the origination occurred

Fixed Cash Operating Expenses¹

- Fixed cash operating expenses decreased 7.1% y/y (this excludes underwriting fees and servicing costs, which are variable, and noncash stock-based compensation expense)
- Total operating expenses decreased by 37%, driven primarily by litigation expense. Excluding litigation settlement expense, total operating expenses decreased by 39.0%.

Adjusted EBITDA²

- Q4 Adjusted EBITDA declined by \$0.7 million y/y primarily due to an increase in lease depreciation costs related to rapid Q4 gross originations growth, which impacted gross profit.

¹ Fixed Cash Operating Expenses is a non-GAAP measure. See appendix for a reconciliation to the nearest GAAP measure

² Adjusted EBITDA is a non-GAAP measure. See appendix for a reconciliation to the nearest GAAP measure

Executive team from industry-leading firms



Orlando Zayas
CEO



Nancy Walsh
CFO



Derek Medlin
President & CGO



Chandan Chopra
CTO



Eric Harmon
Strategy



Jorge Diaz
CPO



Marketplace Growth: Strategic Pillars



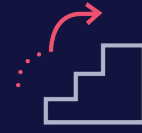
Grow Merchant Base

Continue to deepen and grow relationships with merchant- and waterfall partners and onboard new KPay-enabled merchants to the Katapult marketplace



Expand Customer Base

Leverage ROI-positive marketing strategies, partnerships and product enhancements to attract and retain customers



Sustain High Repeat Rates

Sustain high customer and merchant satisfaction by offering a best-in-class product that drives conversion rates and customer counts higher over time



Innovate Technology

Develop innovative products that disrupt the industry and create a best-in-class user experience for nonprime consumers

No late fees. Transparency. Fair pricing.



Appendix

Q4 2024 Financial Results

\$ in millions (unaudited)	Q4 2024	Q4 2023	YoY Variance (\$)	YoY Variance (%)
Gross Originations¹	\$75.2	\$67.5	\$7.6	11.3%
Total Revenue	\$63.0	\$57.6	\$5.4	9.4%
Gross Profit	\$7.4	\$8.9	\$(1.6)	(17.9%)
OpEx	\$12.2	\$19.5	\$(7.3)	(37.4%)
Net Loss	\$(9.6)	\$(14.6)	\$5.1	(34.6%)
Non-GAAP¹				
Fixed Cash OpEx²	\$8.4	\$9.1	\$(0.6)	(7.1%)
Adj. EBITDA²	\$(1.1)	\$(0.3)	\$(0.7)	\$(0.7)
Adj. Net Loss²	\$(8.0)	\$(6.3)	\$(1.7)	26.9%

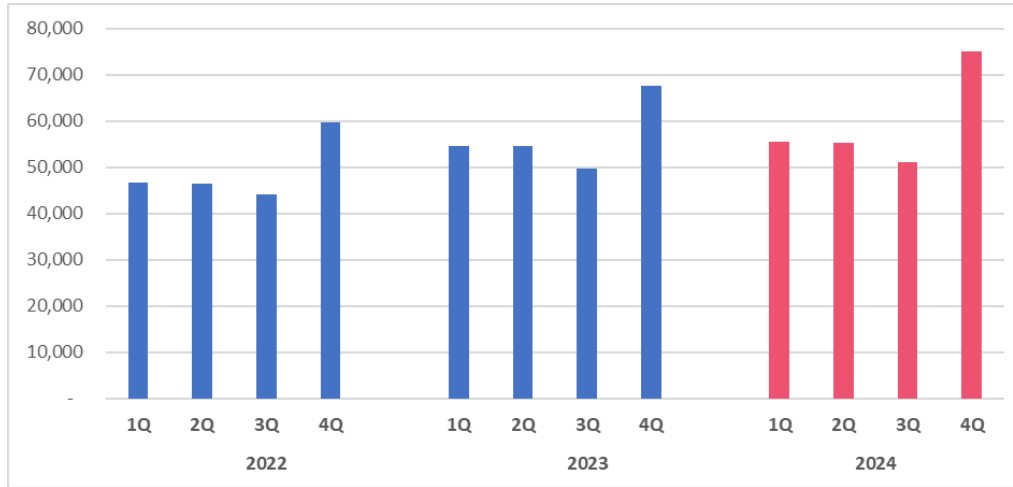
¹ Gross originations were not impacted by the restatement.

² See appendix for reconciliation of these non-GAAP measures to nearest GAAP measure.

Historical Results

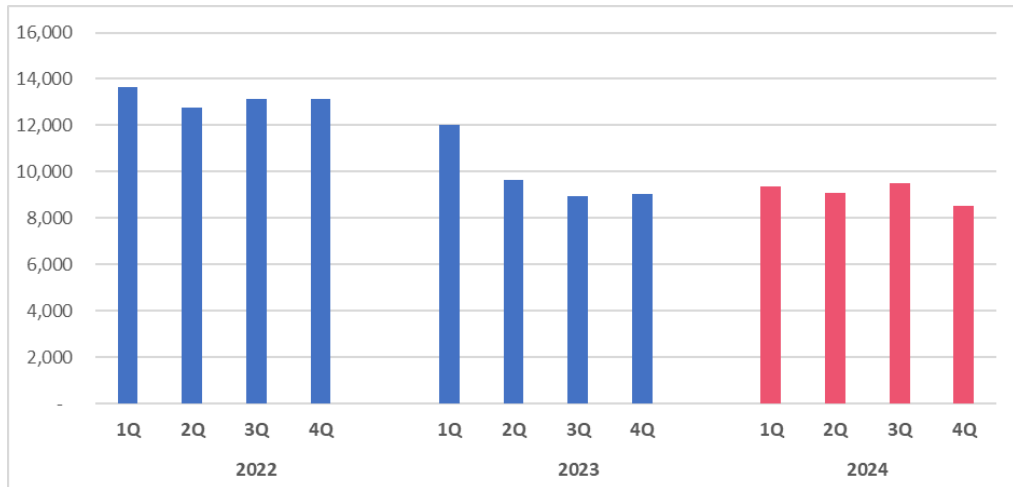
Gross Originations

(in Thousands)



Fixed Cash Operating Expenses¹ (2023 and prior - As restated/ revised)

(in Thousands)



Gross Originations

Gross origination trends are a leading indicator of future revenue streams as new merchants are onboarded and leases are initiated.

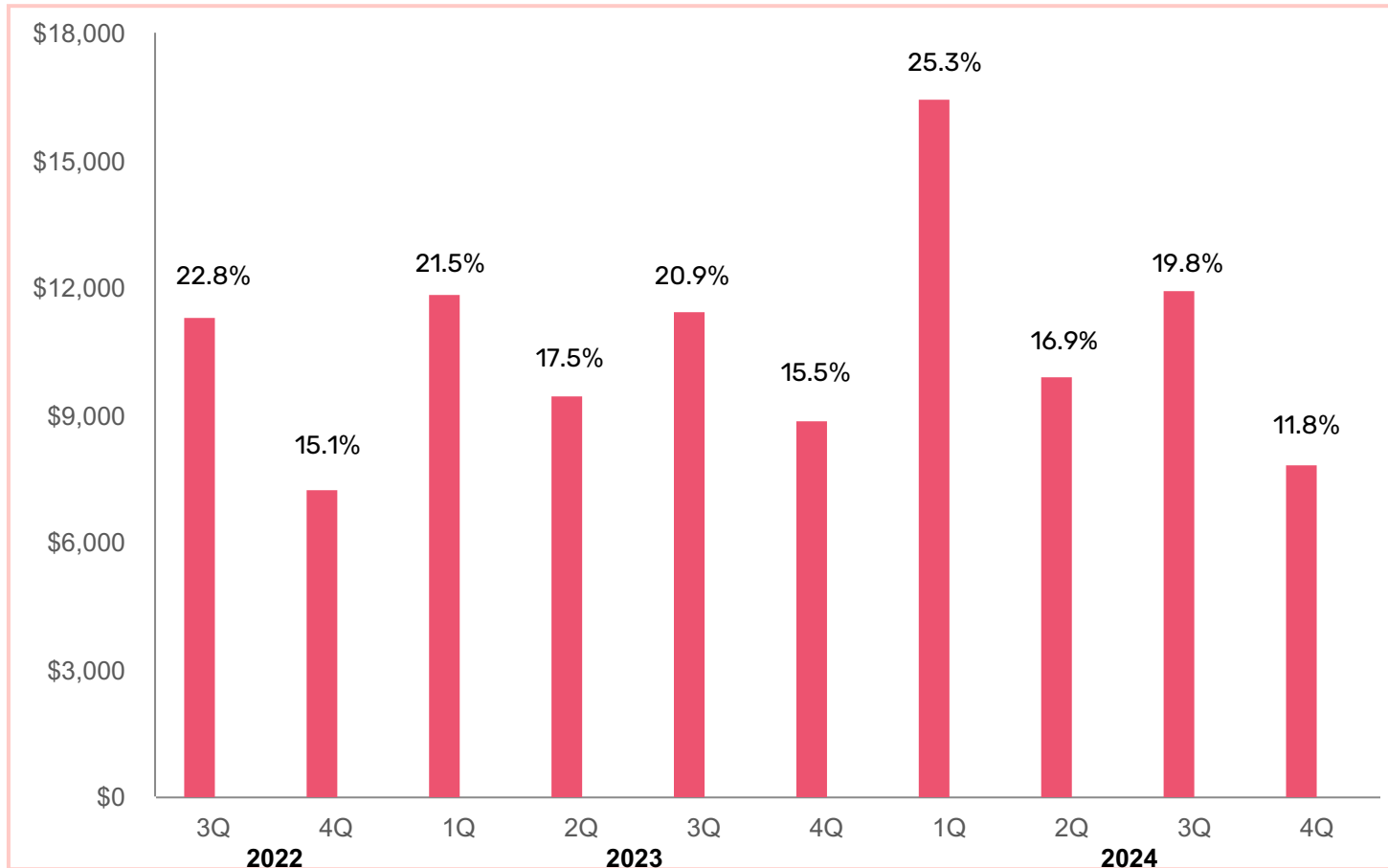
Fixed Cash Operating Expenses

2022 was an investment year in new technology products, most notably our mobile app featuring Katapult Pay. We are now optimizing these investments and have instituted comprehensive expense savings initiatives that will continue to translate into improving operating leverage and profitability

¹ Fixed Cash Operating Expenses is a non-GAAP measure. See appendix for a reconciliation to the nearest GAAP measure

Historical Results (As Restated/Revised)

Gross Profit and Gross Margin



Gross Profit (dollar amounts in thousands)

Key Insights

- We achieved Gross Profit of \$7.4 million in Q424, down ~17% y/y; Gross Margin was ~11.8%
- Gross Margin in Q424 was impacted by front-loaded lease depreciation, driven by our rapid gross originations growth in the last month of the quarter
- Our target Gross Margin range remains 18-20%
- Gross Margin is calculated as gross profit as a percent of total revenue

How Gross Originations Become Revenue: Balance Sheet and P+L Impact



Balance Sheet

Our credit agreement requires KPLT to maintain a minimum level of cash

Lease is originated

Lease value validated by 3P vendor and sent to Lender for funding

Lender funds 90% of lease value; Katapult funds 10%. Funded value is added to debt

100% of lease value added to Property Held for Lease

Lease value amortized based on historical depreciation curves

Ongoing customer payments become restricted cash until they are collected & settled and moved to cash & cash equivalents



Revenue

Cost of revenue is primarily composed of inventory amortization expenses and lease servicing costs

Lease is originated

Percent of lease value is realized as revenue in the quarter in which the lease is originated

Remainder of lease value recognized as revenue over life of lease as customer makes payments



Write-offs as a % of Revenue

Reduce Property Held for Lease on Balance Sheet and increase Cost of Revenue on P+L

Lease is originated

Post-origination, the amount of a write-off is based on substantially matured vintages

We “true-up” reserve estimate based on actual performance of the matured vintages and disclose as **write-offs as a % of revenue**



Non-GAAP Reconciliations



Disclaimer

Non-GAAP Financial Measures

Fixed cash operating expenses is a non-GAAP measure that is defined as operating expenses less depreciation and amortization on property, equipment and capitalized software, stock-based compensation expense, litigation settlement expenses and variable lease costs such as servicing costs and underwriting fees. Management believes that fixed cash operating expenses provides a meaningful understanding of controllable ongoing expenses.

Adjusted EBITDA is a non-GAAP measure that is defined as net loss before interest expense and other fees, interest income, change in fair value of warrants and loss on issuance of shares, provision for income taxes, depreciation and amortization on property and equipment and capitalized software, impairment of leased assets, loss on partial extinguishment of debt, stock-based compensation expense, and litigation settlement expenses.

Adjusted EBITDA is useful in evaluating the Company's performance because this measure:

- Is widely used to measure a company's operating performance;
- Is a financial measurement used by rating agencies, lenders and other parties to evaluate the Company's credit worthiness; and
- Is used by the Company's management for various purposes, including as a measure of performance and as a basis for strategic planning and forecasting.

Adjusted net loss is a non-GAAP measure that is defined as net loss before change in fair value of warrants and loss on issuance of shares, stock-based compensation expense, and litigation settlement expenses.

Management believes the use of non-GAAP financial measures, as a supplement to GAAP measures, is useful in that they eliminate items that are either not part of our core operations or do not require a cash outlay, such as stock-based compensation expense. Management uses these non-GAAP financial measures when evaluating operating performance and for internal planning and forecasting purposes. Management believes that these non-GAAP financial measures help indicate underlying trends in the business, are important in comparing current results with prior period results, and are useful to investors and financial analysts in assessing operating performance. However, these non-GAAP measures exclude items that are significant in understanding and assessing Katapult's financial results. Therefore, these measures should not be considered in isolation or as alternatives to revenue, net loss, cash flows from operations or other measures of profitability, liquidity or performance under GAAP. You should be aware that Katapult's presentation of these measures may not be comparable to similarly titled measures used by other companies.

Non-GAAP Reconciliations

Fixed Cash Operating Expenses

(in thousands)

	Three Months Ended December 31,	
	2024	2023
Operating Expenses	\$ 12,239	\$ 19,546
Less:		
Depreciation and amortization on property and equipment and capitalized software	287	454
Stock-based compensation expense	1,331	1,356
Servicing costs	1,156	1,118
Underwriting fees	814	549
Litigation settlement and other related expenses, net	314	7,000
Fixed cash operating expenses	\$ 8,425	\$ 9,069

Non-GAAP Reconciliations

Adjusted EBITDA

(in thousands)

	Three Months Ended December 31,		Year Ended December 31,	
	2024	2023	2024	2023
Net loss	\$ (9,569)	\$ (14,629)	\$ (25,915)	\$ (36,666)
Add back:				
Interest expense and other fees	4,849	4,271	18,851	17,822
Interest income	(148)	(363)	(1,163)	(1,697)
Change in fair value of warrants	5	(36)	(17)	(807)
Provision for income taxes	30	112	143	165
Depreciation and amortization on property and equipment and capitalized software	287	454	1,219	1,133
Provision for impairment of leased assets	1,921	1,508	2,227	1,727
Loss on partial extinguishment of debt	—	—	—	2,391
Stock-based compensation expense	1,331	1,356	5,759	7,034
Litigation settlement and other related expenses, net	226	7,000	3,666	7,000
Adjusted EBITDA	\$ (1,068)	\$ (327)	\$ 4,771	\$ (1,898)

Non-GAAP Reconciliations

Adjusted Net Loss

(in thousands)

	Three Months Ended December 31,	
	2024	2023
Net loss	\$ (9,569)	\$ (14,629)
Add back:		
Change in fair value of warrants	5	(36)
Stock-based compensation expense	1,331	1,356
Litigation settlement and other related expenses, net	314	7,000
Adjusted net loss	\$ (7,919)	\$ (6,309)