

8 October 2020

ASX RELEASE

Company Announcements Platform

Sezzle Reports Record 3Q20 Results (30 September 2020)

- Underlying Merchant Sales (UMS) for 3Q increased 231.5% YoY to US\$228M (A\$318M, +21.4% QoQ).
- Average monthly UMS reached US\$76.1M in 3Q compared to US\$62.7M in 2Q20 and US\$22.9M in 3Q19.
- Merchant Fees as a % of UMS improved to 5.8% in 3Q compared to 5.6% in 2Q20 and 5.2% in 3Q19.
- Active Consumers for 3Q rose 178.1% YoY to 1.79M (+21.5% QoQ).
- Active Merchants increased 178.3% YoY in 3Q to 20,890 (+29.7% QoQ).
- Sezzle's consumer profile continued to improve as Active Consumer repeat usage grew to 89.0%.
- Repeat usage has risen for 21 straight months and is a key driver to lowering loss rates and enhancing Net Transaction Margin.
- Sezzle nearly attained its year-end run rate goal of US\$1.0B in UMS, posting an annualized US\$985.9M on September's UMS.

Sezzle Inc. (ASX:SZL) (Sezzle or Company) // Installment payment platform, Sezzle, is pleased to release key operating metrics for the third quarter ended 30 September 2020 (3Q20). The Company previously reported certain key quarterly operating metrics for 1Q20 (6 April 2020) and 2Q20 (7 July 2020) in conjunction with each quarter end.

"We are excited to produce another record quarter of results as our product offering continues to prove its resiliency as well as its necessity during these difficult times," said Sezzle's Executive Chairman and CEO Charlie Youakim. *"Our strong performance in 3Q is*

reflective of an improving Sezzle consumer profile along with the continued acceleration of eCommerce in the marketplace."

In addition to producing record quarterly results, the Company accomplished a number of key strategic objectives during 3Q20, including:

- **Equity Capital Raise.** Sezzle raised US\$58.3 million (net of offer costs) in July and August 2020 via an Institutional Placement and Securities Purchase Plan, in order to accelerate growth and strengthen its balance sheet.
- **New Product Launches.** Several consumer friendly products were launched during the quarter, including Sezzle Up (to enable consumers to build credit), Sezzle Anywhere (a gift card and affiliate product that allows consumers to shop with retailers Sezzle is not integrated with), Sezzle Spend (a rewards program), and in-store capabilities through Sezzle's virtual card or direct POS integration.
- **Strategic Partnership with Ally Lending.** Sezzle's partnership with Ally Lending (a subsidiary of Ally Financial – NYSE:ALLY) will provide a long-term financing solution to the Company's merchants and consumers (up to 60 months and US\$40,000 per installment). The consumer financing provided by Ally will be maintained on Ally's balance sheet. The product partnership with Ally is expected to begin in 1Q21 and was signed for a 5-year initial term.
- **Enhanced Enterprise Sales Team.** In July, the company hired two senior PayPal executives to lead the Company's large enterprise efforts. The executives have significant experience selling into and managing large enterprise clients both in North America and on a global scale.
- **Soft Launch in India.** In July, the Company soft launched in India, one of the world's largest economies (based on GDP) and most populous countries. The initial feedback has been positive, but it is still in the early stages. Management is observing consumer payment performance to determine next steps.

Key operating metrics

Sezzle posted record operating metrics for 3Q20, as UMS increased 231.5% YoY to US\$228.2 million. The growth in Active Merchants in 3Q20 (4,778 additions) exceeded the Company's previous record of 3,397 set in 2Q20.

Key Metrics	Quarter Ended 30 Sep 2020		QoQ change	YoY change
	(A\$ in M's) ¹	(US\$ in M's)		
UMS	\$318.2	\$228.2	21.4%	231.5%
Merchant Fees	\$18.3	\$13.1	24.1%	265.3%
Active Consumers	1,792,681	1,792,681	21.5%	178.1%
Active Merchants	20,890	20,890	29.7%	178.3%

¹A\$ to US\$ exchange rate of \$0.7170.

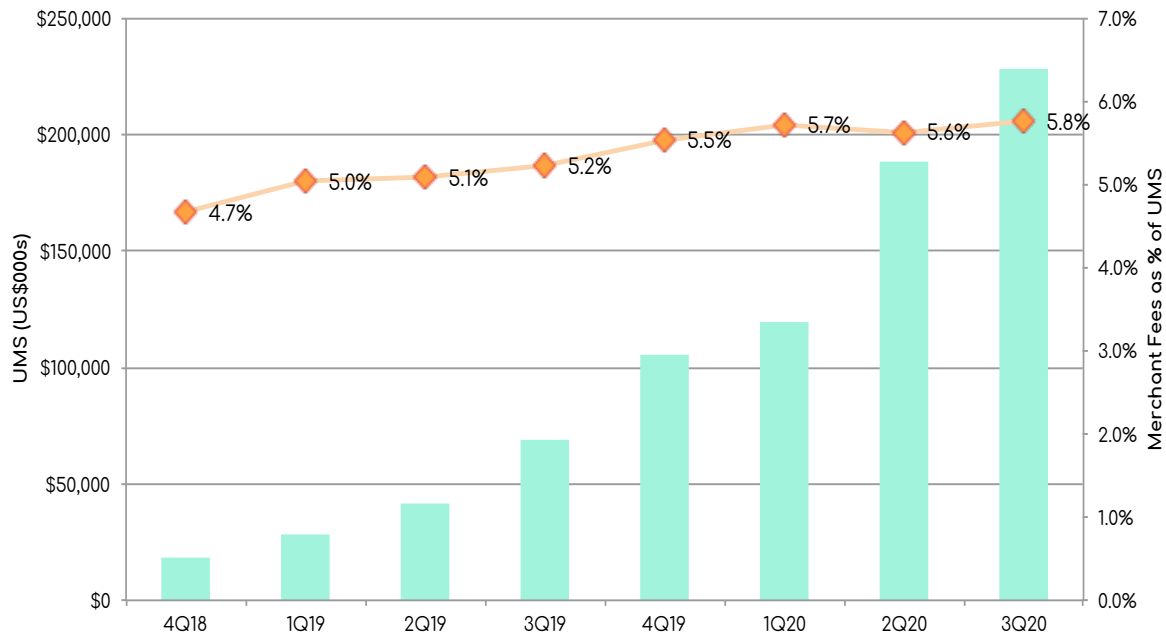
- Average monthly UMS of US\$76.1 million in 3Q20 represented a 231.5% YoY increase with each month sequentially showing improvement. September 2020's annualized UMS of US\$985.9 million (US\$82.2M for the month) nearly reached the Company's year-end run rate goal of US\$1.0B.

Average Monthly UMS (US\$ in M's)



- Merchant Fees rose 265.3% YoY to US\$13.1 million for 3Q20. As a percentage of UMS, Merchant Fees improved 53bps YoY to 5.8% for 3Q20. Merchant Fees comprised 84% of Total Income in the first half of 2020.

UMS and Merchant Fees as % of UMS

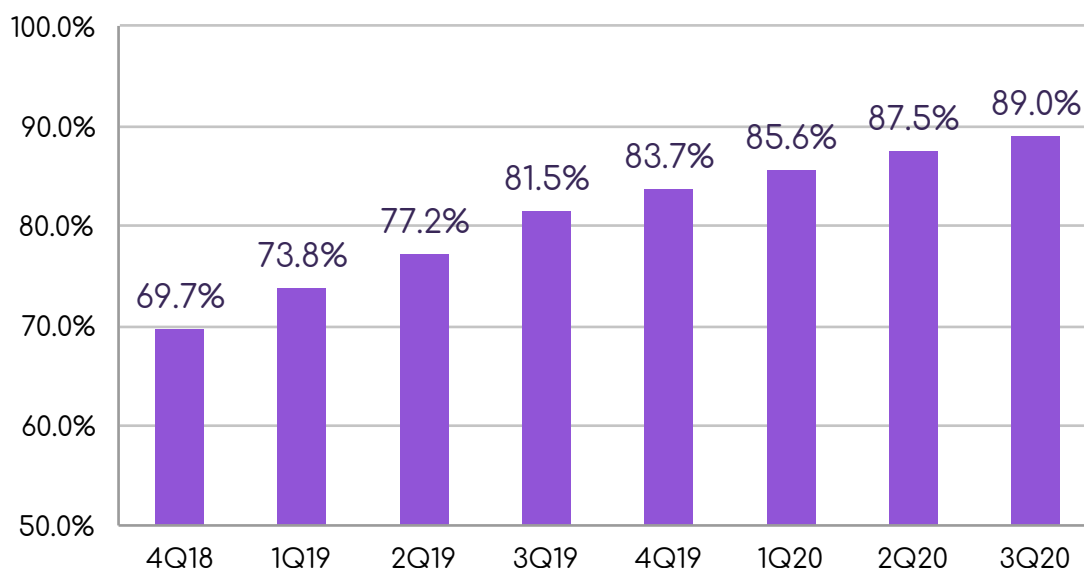


Improving Sezzle consumer profile

Consumers continue to turn to eCommerce for their shopping as the COVID-19 pandemic persists. The Company is well-positioned for the ongoing move to online, as nearly 100% of Sezzle's transactions are via eCommerce. Similar to 2Q20, each month of UMS in 3Q20 represented record performance. While growth has been significant, it has been at a responsible pace, as leading loss indicators have stabilized to better than pre-COVID levels.

A key driver to improving loss rates and enhancing Net Transaction Margin (NTM) is Active Consumer repeat usage. The utility of the Company's product amongst consumers is also captured in repeat usage. For 3Q20, Active Consumer repeat usage climbed to 89.0%, representing the 21st consecutive monthly increase and a 750bps improvement from the prior year (81.5%).

Active Consumer Repeat Usage



Outlook

The Company reiterates its UMS guidance of achieving an annualized run rate in excess of US\$1.0 billion by the end of 2020.

Conference Call

Management will host a conference call at 10.30am (Sydney time) on 8 October 2020 to discuss the 3Q highlights.

Participants can register for the conference call by navigating to:

<https://s1.c-conf.com/diamondpass/10010136-sw7wox.html>

Quarterly Filing

In accordance with ASX requirements, the Company plans to release its Appendix 4C Quarterly filing on October 30, 2020.

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

Contact Information

For more information about this announcement:

Investor Relations

+61 391 112 670

InvestorRelations@sezzle.com

Justin Clyne

Company Secretary

+61 407 123 143

jclyne@clynecorporate.com.au

Media Enquiries

Mel Hamilton - M&C Partners

+61 417 750 274

melissa.hamilton@mcpartners.com.au

About Sezzle Inc.

Sezzle is a rapidly growing fintech company on a mission to financially empower the next generation. Sezzle's payment platform increases the purchasing power for more than 1.7 million Active Consumers by offering interest-free installment plans at online stores and select in-store locations. Sezzle's transparent, inclusive, and seamless payment option allows consumers to take control over the spending, be more responsible, and gain access to financial freedom. When consumers apply, approval is instant, and their credit scores are not affected, unless the consumer elects to opt-in to Sezzle's credit building feature - Sezzle Up.

This increase in purchasing power for consumers leads to increased sales and basket sizes for the more than 20,800 Active Merchants that offer Sezzle.

For more information visit sezzle.com.

Sezzle's CDIs are issued in reliance on the exemption from registration contained in Regulation S of the US Securities Act of 1933 (Securities Act) for offers of securities which are made outside the US. Accordingly, the CDIs have not been, and will not be, registered under the Securities Act or the laws of any state or other jurisdiction in the US. As a result of relying on the Regulation S exemption, the CDIs are 'restricted securities' under Rule 144 of the Securities Act. This means that you are unable to sell the CDIs into the US or to a US person who is not a QIB for the foreseeable future except in very limited circumstances until after the end of the restricted period, unless the re-sale of the CDIs is registered under the Securities Act or an exemption is available. To enforce the above transfer restrictions, all CDIs issued bear a FOR Financial Product designation on the ASX. This designation restricts any CDIs from being sold on ASX to US persons excluding QIBs. However, you are still able to freely transfer your CDIs on ASX to any person other than a US person who is not a QIB. In addition, hedging transactions with regard to the CDIs may only be conducted in accordance with the Securities Act.