

30 April 2021

ASX RELEASE

Company Announcements Platform

1Q 2021 (31 March 2021): Appendix 4C

- Sezzle reached new highs in 1Q21 for Underlying Merchant Sales (UMS), Active Consumers, Active Merchants, and Repeat Usage.
- UMS for 1Q21 increased 214.1% YoY to US\$375.1M (A\$492.5M¹, +16.9% QoQ). March's UMS exceeded December's by 30.0%.
- Sezzle Income² as a percentage of UMS remained steady YoY at 5.9%.
- Almost 400,000 Active Consumers were added during the quarter, bringing the total to over 2.6M Active³ Consumers (up 126.6% YoY).
- Sezzle's consumer profile continued to improve as Active Consumer repeat usage grew to 90.7% (27th consecutive month of improvement).
- The Top 10%⁴ of Sezzle's consumers, on average, now transact 49 times per year (~4 times per month).
- The Company has experienced a positive shift in excess of 10 percentage points YoY toward ACH (Automated Clearing House) as a payment method.
- Added over 7,300 Active² Merchants in the quarter, the largest quarterly increase in the Company's history. There are now over 34,000 Active Merchants on the Sezzle platform.
- On 30 March 2021, the Company announced it received the certification required to achieve B Corp status; joining innovative leaders across the world intent on advancing environmental, social, and economic causes.

¹ A\$ to US\$ exchange rate of \$0.7616 as of 31 March 2021.

² Sezzle Income is defined as total merchant fees and rescheduled payment fees less note origination costs.

³ Have transacted at least once in the last 12 months.

⁴ Top 10% of consumers measured by UMS over rolling 12-month period ended 31 March 2021.

Sezzle Inc. (ASX:SZL) (Sezzle or Company) // Installment payment platform, Sezzle, is pleased to provide its Appendix 4C cash flow report for the quarter ended 31 March 2021 (1Q21).

"The strong momentum we ended 2020 with has continued in to 2021. Our 1Q results set new company highs in UMS, Active Consumers, Active Merchants, and Repeat Usage. Our monthly UMS in March 2021 was 30% greater than December 2020," stated Sezzle's Executive Chairman and CEO Charlie Youakim. *"We are also excited about our efforts to attract larger merchant enterprises as evidenced by our recent additions of Market America Global and Lamps Plus."*

1Q21 Key Metrics

Key Metrics (unaudited)	Quarter Ended 31 Mar 2021		YoY change
	(A\$ in M's) ¹	(US\$ in M's)	
Underlying Merchant Sales (UMS)	\$492.5	\$375.1	214.1%
Average Monthly UMS	\$164.2	\$125.0	214.1%
Sezzle Income	\$29.2	\$22.3	216.2%
Sezzle Income as % UMS	5.9%		+04bps
Active Consumers	2.6 million		126.6%
Active Merchants ²	34,000		167.5%

¹A\$ to US\$ exchange rate of \$0.7616 as of 31 Mar 2021.

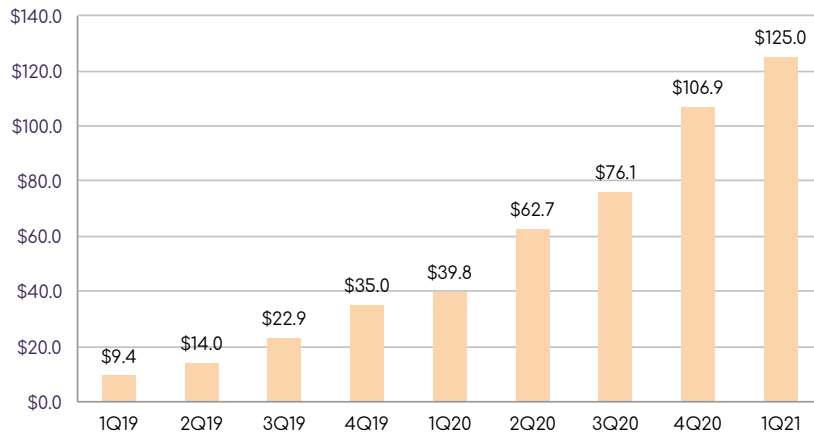
²Rounded to nearest thousand.

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Notable 1Q21 Highlights:

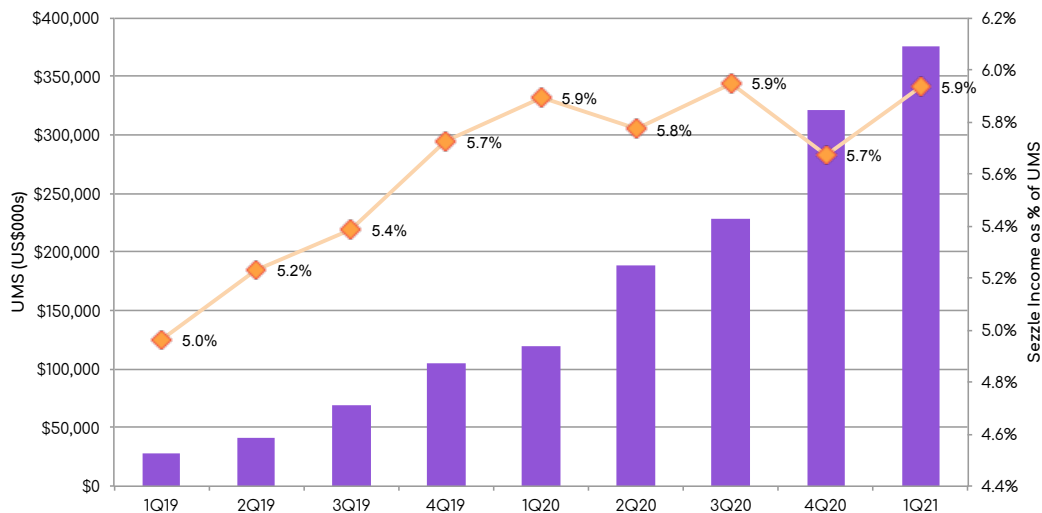
- UMS for 1Q21 increased 214.1% YoY to US\$375.1M (A\$492.5M⁵, +16.9% QoQ). March's UMS exceeded December's by 30.0% with annualized run-rate UMS reaching US\$1.77B (A\$2.32B²).

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



- Sezzle Income (84.5% of Total Income in FY20) rose 216.2% YoY to US\$22.3 million for 1Q21. As a percentage of UMS, Sezzle Income in 1Q21 remained flat YoY at 5.9%.

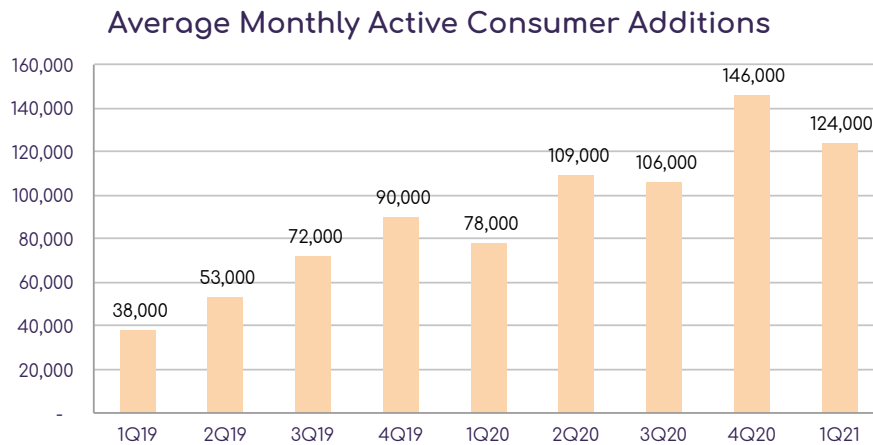
UMS and Sezzle Income as % of UMS



⁵ A\$ to US\$ exchange rate of \$0.7616 as of 31 Mar 2021.

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- Active Consumers increased to 2.6 million, representing a 126.6% increase YoY. Sezzle added almost 400,000 Active Consumers in the quarter, with average monthly Active Consumer additions of 124,000 being 59.2% higher than 1Q20's monthly pace addition.



- Sezzle's consumer profile continued to improve as Active Consumer repeat usage grew to 90.7% (27th consecutive month of improvement) and is a key driver to lower loss rates.
- Sezzle's platform continues to prove out the network effect of driving consumer frequency. The top 10%⁶ of consumers, on average, now transact 49 times per year (or ~4 times per month).
- With the launch of Sezzle Up in 4Q20, the Company has experienced a positive shift in payments toward ACH as a payment processing method. In 1Q20, less than 3% of payment dollar volume was processed via ACH, while in 1Q21 over 15% of dollar volume was through ACH. The Company estimates that ACH payment processing fees are approximately 150bps lower than traditional forms of payment (e.g., credit card and debit card).

⁶ Top 10% of consumers measured by UMS over rolling 12-month period ended 31 March 2021.

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- Active Merchants increased 167.5% YoY in 1Q21 to 34,000 (+27.5% QoQ). During the quarter, Sezzle added over 7,300 Active Merchants representing the largest quarterly increase in the Company's history.
- Sezzle continues to make headway with larger enterprises as Market America Worldwide and Lamps Plus were recently added to the Company's growing list of merchant partners.
 - Market America is a global product brokerage and internet marketing company and owner of the award-winning e-commerce site SHOP.COM. Ranked #19 in Newsweek's Best U.S. Online Shops for 2021 and #79 in Digital Commerce 360's Top 500 and Top 1,000 Global Online Retailers for 2021.
 - Lamps Plus is the largest specialty lighting retailer in the United States, operating an e-commerce business along with 36 stores in the western United States. Lamps Plus was recently named a Top 10 Housewares/Home Furnishings retailer by Internet Retailer Magazine and Digital Commerce 360.
 - Other notable merchant additions in 2021 include: Bob's Watches, EMERGE Commerce, Perfectly Posh, Public Rec, Stokes Retail Group, TSC Apparel, and Wine Chateau.
- On 30 March 2021, the Company announced it received the certification required to achieve B Corp status; joining innovative leaders across the world intent on advancing important environmental, social, and economic causes. Sezzle is proud to join a community of purpose-driven brands.

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U.S. Filings

On 13 April 2021, the Company filed its 'Form 10 – General Form for Registration of Securities' with the Securities Exchange Commission (SEC). Once effective, in accordance with the provisions of the U.S. Securities Act, the Company will be a reporting company for U.S. SEC purposes and be required to file annual, quarterly, and current reports on Forms 10-K, 10-Q, and 8-K, respectively, with the SEC. These SEC periodic reports will be in addition to Sezzle's periodic filings required by the ASX Listing Rules, copies of which will also be lodged on the ASX platform where required.

International Markets

In the Spring of 2019, Sezzle launched in Canada with much success, as 2020 Active Consumer count in Canada rose by over 800% YoY and Active Merchants in Canada increased more than 400%. Subsequently, in July 2020 the Company launched a pilot test for India, and in December 2020, Sezzle started product discovery tests in Europe.

The Company is now entering Brazil with a similar playbook to India and Europe - limited investment, low risk, and minimal resource requirements. While the amount of investment is nominal and the product launch timing is uncertain, the Company believes Brazil represents a long-term opportunity considering it is one of the ten largest countries in the world, measured by GDP and population.

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Quarterly Cash Flows

"With our new US\$250.0 million credit facility closed during 1Q21 and led by Goldman Sachs, we are in a strong position to continue to pursue our growth initiatives and fund our capital needs," noted Sezzle CFO Karen Hartje. "We continue to invest heavily in all facets of our business, as we are in the early stages of buy now, pay later as a consumer payment method."

Select Balance Sheet Data

US\$000's	Audited 31-Dec-2020	Unaudited 31-Mar-2021
Cash and cash equivalents	\$84,285	\$41,226
Restricted cash	\$4,819	\$25,773
Total cash	\$89,104	\$66,999
Drawn on line of credit	\$40,000	\$27,000

As of 31 March 2021, the Company had total cash on hand of US\$67.0 million, consisting of US\$41.2 million of cash and cash equivalents and US\$25.8 million of restricted cash. Total cash on hand declined by US\$22.1 million during 1Q21, driven by a US\$15.9 million use in financing activities and a US\$5.9 million use in operating activities. The use in financing activities was attributable to the Company refinancing its credit facility during the quarter driven by changes in the cash settlement periods under the new facility. As of 31 March 2021, US\$27.0 million was drawn on the Company's US\$250.0 million facility, compared with US\$40.0 million as of 31 December 2020. At quarter end, the Company had US\$46.6 million of availability under its US\$250.0 million facility reflecting an increase of US\$22.7 million since year-end 2020.

Operating cash flows for 1Q21 were a negative US\$5.9 million, despite cash receipts from customers outpacing cash payments to merchants. During the quarter, cash receipts from customers of US\$348.5 million (up 214.8% YoY) exceeded cash payments to merchants of US\$333.0 million (up 222.1% YoY).

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Key operating cash outflows:

- Product manufacturing and operating costs (primarily payment processing fees) totalled US\$8.9 million in 1Q21 compared to US\$3.8 million reported in 1Q20. As a percentage of receipts from customers, product manufacturing and operating costs declined 15bps QoQ and 83bps YoY to 2.6%.
- Staff costs, inclusive of wages, salaries, commissions, and other employee related benefits, increased 129.5% YoY to US\$6.6 million in 1Q21. Driven by a higher mix of ACH, staff costs as a percentage of payments received by customers declined to 1.9% compared to 2.6% in 1Q20.
- Payments for research and development fell to US\$0.4 million in 1Q21 compared to US\$2.5 million in 4Q20, as 4Q20 experienced integration and onboarding of large enterprise merchants ahead of the holiday season.
- Similar to research and development, advertising and marketing payments fell to US\$0.9 million in 1Q21 from US\$2.2 million in 4Q20. The decrease in advertising and marketing payments is in conjunction with the timing of the Company's large enterprise and marketing campaign efforts.
- Administration and corporate costs (primarily third-party software, legal, insurance, and other general corporate overhead) rose 135.2% YoY, but represented only 0.8% of receipts from customers compared to 1.1% in 1Q20.
- As noted in section 6 of the Appendix 4C, payments of US\$0.1 million were made to the Directors of Sezzle during the quarter comprising salaries and fees for Executive and Non-Executive Directors. No other payments were made to any related parties or their associates of Sezzle.

Use of Funds

The Company provides the following 'Use of Funds' information pursuant to ASX Listing Rule 4.7C.2.

Uses / (Sources) of Funds	Prospectus (US \$M)	1Q 2021 (US \$M)	Cumulative Expenditure (US\$M)	Commentary
Sales and marketing to merchants	\$6.8	\$5.1	\$20.7	Expenditures running higher than prospectus due to greater investment in onboarding new merchants and associated marketing spend, offset by increased net cash proceeds from operations.
Development and engineering	6.5	2.7	11.7	Expenditures running higher than prospectus due to greater than anticipated investment in development, engineering and integrations, offset by net cash proceeds from operations.
Data sciences and risk management	4.5	0.9	3.4	Expenditures running lower than prospectus, driven primarily by cost reductions for third party data sources.
Consumer and merchant support	3.3	1.2	4.2	Expenditures running higher than prospectus due to significant growth in consumer and merchant additions.
Administration and overheads	4.8	2.0	7.5	Expenditures running higher than prospectus due to higher expenses associated with supporting the growth in the business, also offset by increased net cash proceeds from operations.
Costs of the offer	2.6	0.0	2.8	Final costs of the offer at IPO were greater than prospectus, incurred in 3Q 2019.
Working capital and funding capital	4.6	(5.7)	(7.7)	Increased net cash proceeds from operations provide source of working and funding capital versus prospectus.
Total Uses / (Sources) before Financing Activities	\$33.1	\$6.2	\$42.6	
Total Uses / (Sources) from Financing Activities	\$0.0	\$15.9	(\$77.5)	
Total Uses / (Sources) of Funds	\$33.1	\$22.1	(\$34.9)	

2021 Annual Meeting of Stockholders

Sezzle is pleased to advise that the Annual Meeting of Stockholders will be held on Friday 28 May 2021 at 10:30 am (AEST) (8:30pm Thursday 27 May 2021 US Eastern Time) via virtual technology.

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

Contact Information

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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 2.6 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 their spending, be more responsible, and gain access to financial freedom. When consumers apply, approval is instant, and their credit scores are not affected. The increase in purchasing power for consumers leads to increased sales and basket sizes for the more than 34,000 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, unless the re-sale of the CDIs is registered under the Securities Act or another 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.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Sezzle Inc.

ABN

633 327 358 (ARBN)

Quarter ended ("current quarter")

31 March 2021

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (3 months) \$US'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	\$ 348,501	\$ 348,501
1.2	Payments for		
	research and development	(387)	(387)
	product manufacturing and operating costs	(8,945)	(8,945)
	advertising and marketing	(939)	(939)
	leased assets	(154)	(154)
	staff costs	(6,574)	(6,574)
	administration and corporate costs	(2,917)	(2,917)
1.3	Dividends received (see note 3)	—	—
1.4	Interest received	12	12
1.5	Interest and other costs of finance paid	(1,493)	(1,493)
1.6	Income taxes paid	—	—
1.7	Government grants and tax incentives	—	—
1.8	Other (payments to merchants)	(333,002)	(333,002)
1.9	Net cash from / (used in) operating activities	\$ (5,898)	\$ (5,898)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	entities	\$ —	\$ —
	businesses	—	—
	property, plant and equipment investments	(389)	(389)
	intellectual property	—	—
	other non-current assets	—	—
2.2	Proceeds from disposal of:		
	entities	—	—
	businesses	—	—
	property, plant and equipment investments	—	—
	intellectual property	—	—
	other non-current assets	—	—
2.3	Cash flows from loans to other entities	—	—

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Quarterly cash flow report for entities subject to Listing Rule 4.7B

2.4	Dividends received (see note 3)	—	—
2.5	Other (provide details if material)	—	—
2.6	Net cash from / (used in) investing activities	\$ (389)	\$ (389)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	\$ 69	\$ 69
3.2	Proceeds from issue of convertible debt securities	—	—
3.3	Proceeds from exercise of options	71	71
3.4	Transaction costs related to issues of equity securities or convertible debt securities	—	—
3.5	Proceeds from borrowings	26,505	26,505
3.6	Repayment of borrowings	(39,505)	(39,505)
3.7	Transaction costs related to loans and borrowings	(2,618)	(2,618)
3.8	Dividends paid	—	—
3.9	Other (provide details if material)	(407)	(407)
3.10	Net cash from / (used in) financing activities	\$ (15,885)	\$ (15,885)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	\$ 89,104	\$ 89,104
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(5,898)	(5,898)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(389)	(389)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(15,885)	(15,885)
4.5	Effect of movement in exchange rates on cash held	67	67
4.6	Cash and cash equivalents at end of period	\$ 66,999	\$ 66,999

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$US'000	Previous quarter \$US'000
5.1	Bank balances	\$ 41,226	\$ 84,285
5.2	Call deposits	—	—
5.3	Bank overdrafts	—	—
5.4	Other (restricted cash)	25,773	4,819
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	\$ 66,999	\$ 89,104

6.	Payments to related parties of the entity and their associates	Current quarter \$US'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	\$ 145
6.2	Aggregate amount of payments to related parties and their associates included in item 2	—
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p>		

7.	Financing facilities	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
<p><i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i></p>			
7.1	Loan facilities	\$ 250,000	\$ 27,000
7.2	Credit standby arrangements	—	—
7.3	Other (please specify)	—	—
7.4	Total financing facilities	\$ 250,000	\$ 27,000
7.5	Unused financing facilities available at quarter end		\$ 46,613
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p>		
	<p>Loan facilities consist of a revolving line of credit with two members, Goldman Sachs Bank USA and Bastion Funding IV LLC, for a credit facility of up to US\$250 million, with a committed amount of US\$125 million. Borrowings on the line of credit carry a weighted average interest rate of 5.25% as of 31 March 2021. The line of credit is secured by consumer receivables and offers an available borrowing base of US\$73.6 million, of which US\$27.0 million is drawn as of 31 March 2021.</p>		

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8. Estimated cash available for future operating activities	\$US'000
8.1 Net cash from / (used in) operating activities (item 1.9)	\$ (5,898)
8.2 Cash and cash equivalents at quarter end (item 4.6)	66,999
8.3 Unused finance facilities available at quarter end (item 7.5)	46,613
8.4 Total available funding (item 8.2 + item 8.3)	\$ 113,612
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	19.3
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 April 2021

Authorised by: the Company's CEO and Executive Chairman
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here:

"By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.