

28 October 2019

ASX RELEASE

Company Announcements Platform

Sezzle's momentum accelerates in September 2019 Quarter – Q3 2019 Operational Update

Highlights

Underlying highlights for the three months ended 30 September 2019 (Q3) include the following (*all amounts are unaudited and expressed in US dollars unless otherwise noted*):

- Active Merchants¹ grew to 7,507 at 30 September 2019 compared to 5,048 at 30 June 2019, an increase of 48.7%;
- Active Customers¹ grew to 644,509 at 30 September 2019 compared to 429,898 at 30 June 2019, an increase of 49.9%;
- Underlying Merchant Sales (UMS) totalled US\$68.8 million, up 64.2% from US\$41.9 million in the June Quarter;
- Underlying Merchant Fees totalled US\$3.6 million, up 68.9% from US\$2.1 million in the June Quarter;
- Net Transactions Losses (NTL) and Net Transaction Margin (NTM) continue to maintain positive trends in the September Quarter; and
- Strong tailwinds in the North American BNPL space combined with a cash balance of US\$27.2 million and strong growth in UMS underpins future growth

Sezzle Executive Chairman and CEO, Charlie Youakim commented: *"The September Quarter represents our first quarter as a listed company and we are very pleased to report ongoing strong results. The Company's operational metrics grew circa 50% quarter-on-quarter, while the key financial metrics continued to show marked improvement."*

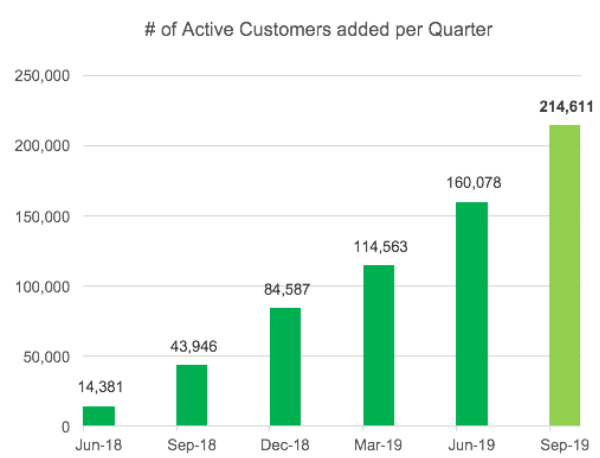
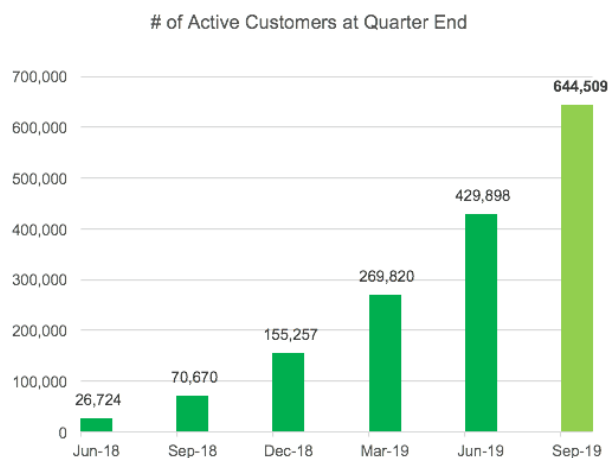
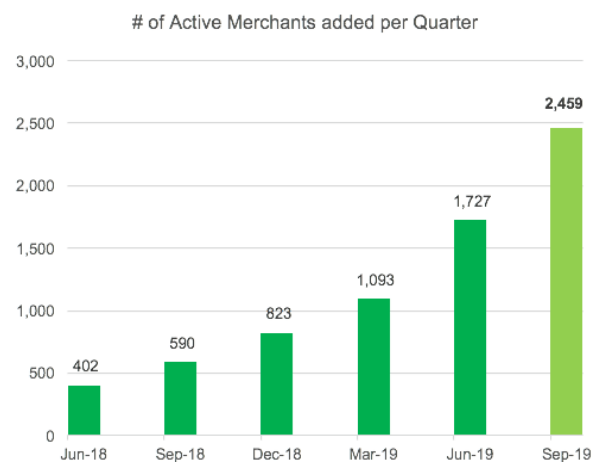
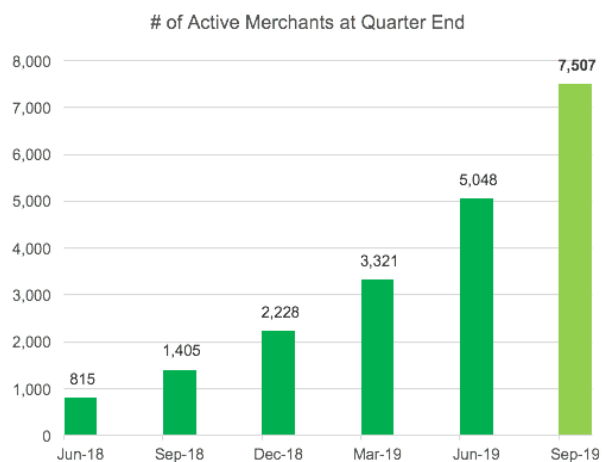
Operational Update

Despite undertaking the IPO of Sezzle during the Quarter and the potential for this to impact on business momentum, Sezzle's key operational metrics showed continued substantial growth in the September Quarter. Operationally, the business grew around 50% quarter-on-quarter. The number of Active Merchants reached 7,507 at Quarter end while the number of Active Customers reached 644,509.

The Company added 2,459 Active Merchants to the platform in the September Quarter, the single largest quarterly increase in Active Merchants in the Company's history. Likewise, the number of Active Customers also recorded its single largest quarterly increase, up 214,611, on average adding more than 2,300 new customers per day across the quarter.

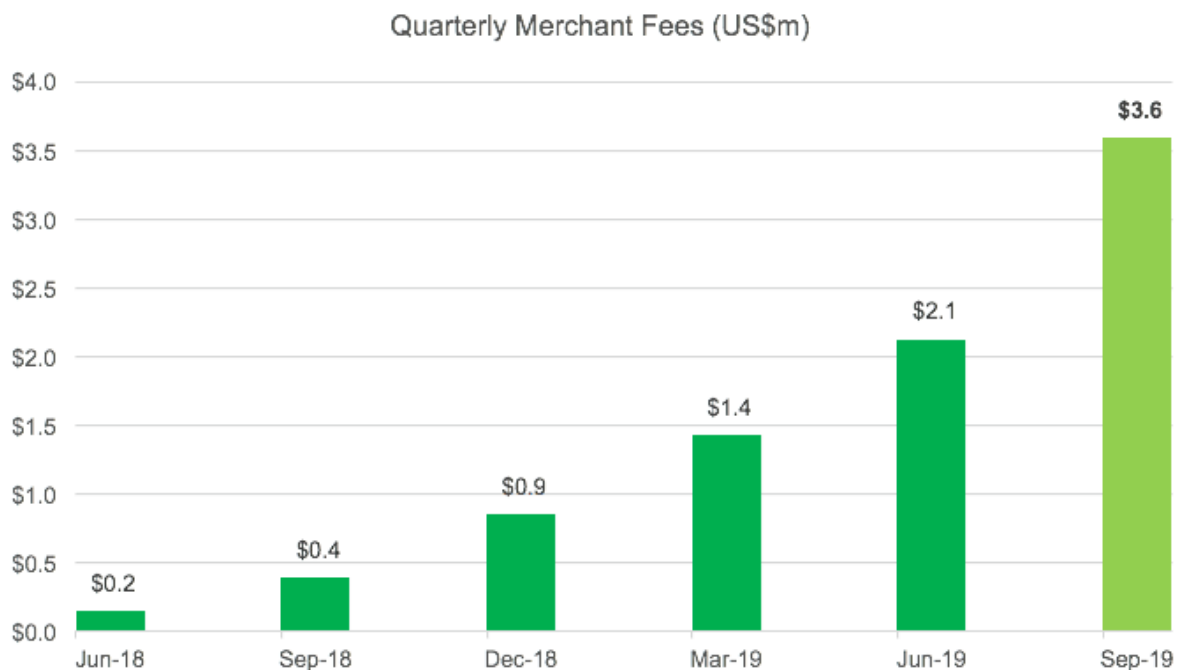
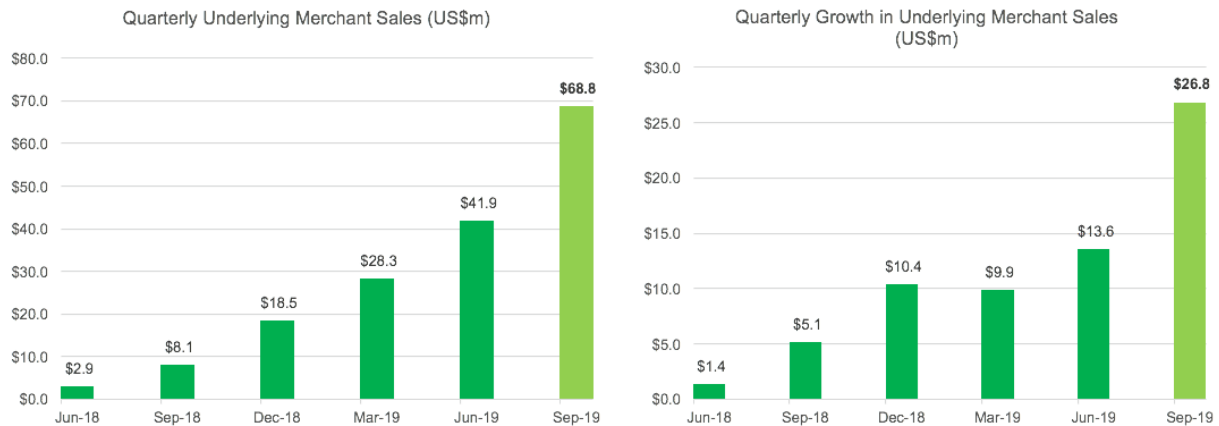
¹ Active Merchants and Active Customers are defined as those who have transacted with Sezzle in the past 12 months.

	30 Sept 2019	30 June 2019	Change (quarter on quarter)
Active Merchants	7,507	5,048	48.7%
Active Customers	644,509	429,898	49.9%
Underlying Merchant Sales (US\$)	\$68.8m	\$41.9m	64.2%
Merchant Fees (US\$)	\$3.6m	\$2.1m	68.9%



Underlying Merchant Sales (**UMS**) grew 64.2% in Q3 to US\$68.8 million. The growth in UMS of US\$26.9 million was the largest single quarterly increase in UMS in the Company's history and marks an acceleration over previous quarters. As expected, Merchant Fees grew in line with UMS and were up 68.9% to US\$3.6 million. Merchant Fees as a percentage of UMS were 5.2%, its highest level on a quarterly basis this year.

Merchant Fees are a key component of the calculation of 'Sezzle Income'. Net Transactions Losses (**NTL**) and Net Transaction Margin (**NTM**) continue to maintain positive trends.



Repeat Usage, calculated as the percentage of cumulative orders made by returning end-customers to date relative to total cumulative orders to date, increased to 79.6% as of 30 September compared to 75.9% as of the prior quarter.

Cash Receipts in Q3 were US\$61.0 million and reflect the value of UMS collected during the period. The difference between UMS and Cash Receipts represents the timing of receivables collected. Operating

Cashflow for the Quarter was (US\$7.0 million), driven by increases in UMS volumes and continued investment for future growth. With strong growth in UMS and Merchant Fees, combined with US\$27.2 million in cash at the end of the quarter, the Company is in a strong financial position with respect to funding its future growth initiatives.

Corporate Update

Partnerships

As announced to the ASX on 26 September 2019, Sezzle's installment payment solution became newly available to online businesses through Visa's CyberSource payment management platform. Over 400,000 businesses use CyberSource solutions and Sezzle's payment solution is now available to CyberSource users worldwide. CyberSource's scale and reputation with e-commerce stores make them a strategic partner to further fuel Sezzle's rapid growth in merchant acquisition. The Company expects to see the positive impact of this partnership on UMS in the coming quarters.

Canada

Canada continues to perform strongly with both merchant and customer sign-up. Merchant acquisitions have been consistently building over the past several months, with some significant merchants also in the pipeline. Having officially launched our operations into Canada in June 2019, Sezzle recently hired Patrick Chan as General Manager of Canada. An industry veteran, Patrick brings a wealth of experience in enterprise sales in fintech and payments through his positions at PayPal, Salesforce, and most recently Qualtrics. Sezzle is committed to providing the most consumer-friendly and innovative payment solution for all shoppers and we are excited about the opportunity in our first international market outside the US.

Regulatory Activity

Sezzle is mindful of Anti-Money Laundering (AML) risk in the industry in which it operates. While the Company is not subject to and does not have AML regulatory risk, consistent with Sezzle's objective of always adopting best business practices, the Company commissioned a consumer financial services law firm, Hudson Cook, LLP, to review its AML policy. The review focused on the pro-active identification and management of the risks presented by money laundering. The policy review provides a useful tool for the Company to regularly measure and audit any potential ongoing AML business risk.

Outlook

The Company continues to see strong commercial opportunities in the North American market. The trends in the BNPL space continue unabated as consumers continue to seek alternatives to traditional forms of credit. Early indications of momentum in Q4 with our core North American markets are strongly positive and the Company expects to see continued strong growth in its key operating metrics in the current Quarter. Cash at 30 September of US\$27.2 million provides ample flexibility to continue to invest for growth. Our activities in Canada continue to perform and our partnership with Visa's CyberSource provides Sezzle with low cost access to a vast number of e-commerce stores globally.

ENDS

Further information

Investor Relations

+61 391 112 670

investorrelations@sezzle.com

Justin Clyne

Company Secretary

+61 407 123 143

jclyne@clyncorporate.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 whose mission is to financially empower young consumers. Sezzle's payment platform increases purchasing power for consumers by offering interest-free installment plans at online stores. This increase in purchasing power for consumers leads to increased sales and basket sizes for the more than 7,500 Active Merchants that offer Sezzle in the United States and Canada. 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.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Sezzle Inc.

ABN

633 327 358

Quarter ended ("current quarter")

30 September 2019

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (9 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	60,952	123,117
1.2 Payments for		
(a) research and development	(183)	(479)
(b) product manufacturing and operating costs	(2,165)	(4,361)
(c) advertising and marketing	(85)	(221)
(d) leased assets	(100)	(223)
(e) staff costs	(1,639)	(4,057)
(f) administration and corporate costs	(729)	(2,287)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	66	78
1.5 Interest and other costs of finance paid	(301)	(723)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (payments to merchants)	(62,854)	(124,351)
1.9 Net cash from / (used in) operating activities	(7,038)	(13,507)
Sezzle's Notes Receivable, net of the allowance for uncollectible accounts, has increased by approximately US\$6.7 million in the current quarter (unaudited)		

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(160)	(403)
(b) businesses (see item 10)	-	-

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (9 months) \$US'000
	(c) investments		
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(160)	(403)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	30,287	30,287
3.2	Proceeds from issue of convertible notes	-	5,812
3.3	Proceeds from exercise of share options	5	11
3.4	Transaction costs related to issues of shares, convertible notes or options	(2,803)	(2,827)
3.5	Proceeds from borrowings	1,000	4,700
3.6	Repayment of borrowings	(1,000)	(3,900)
3.7	Transaction costs related to loans and borrowings	(2)	(16)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	27,487	34,067

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	6,954	7,085
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(7,038)	(13,507)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(160)	(403)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	27,487	34,067

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (9 months) \$US'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	27,243	27,243

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	23,846	6,469
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Restricted cash)	3,397	485
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	27,243	6,954

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$US'000**

116

Section 6.1 includes remuneration to executive and non-executive directors of Sezzle.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$US'000**

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
8.1 Loan facilities	30,000	5,000
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Loan facilities consist of a revolving line of credit with Bastion Consumer Funding II, LLC. Borrowings on the line of credit carry an interest rate of 14.13% as of 30 September 2019. The line of credit with Bastion is secured by end-customer receivables and offers an available borrowing base of US\$10.2 million, comprised of US\$5.0 million drawn and US\$5.2 million of unused capacity as of 30 September 2019.

9. Estimated cash outflows for next quarter	\$US'000
9.1 Research and development	(238)
9.2 Product manufacturing and operating costs	(3,226)
9.3 Advertising and marketing	(2,279)
9.4 Leased assets	(116)
9.5 Staff costs	(2,717)
9.6 Administration and corporate costs	(1,391)
9.7 Other (payments to merchants)	(97,530)
9.8 Total estimated cash outflows	(107,497)

Note, Section 9 relates to gross operational cash outflows and does not include cash inflows. Receipts from customers of approximately US\$94.9 million are estimated for the next quarter, offsetting the estimated payments to merchants of US\$97.5 million. The estimated cash outflows for next quarter reflect anticipated growth in the business.

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

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.



Sign here:
(Company secretary)

Date: 28 October 2019

Print name: Justin Clyne

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.