

26 February 2021

ASX RELEASE

Company Announcements Platform

Record 2020 Annual Results (31 December 2020)

Underlying Merchant Sales (UMS) expected to reach an annualized pace of US\$2.5 billion (A\$3.2B¹) by the end of 2021.

Highlights

- 2020 UMS and Total Income rose 250.8% and 272.1% YoY, respectively.
- Merchant Fees (80.9% of Total Income) for 2020 increased 266.9% YoY.
- Active Consumers and Active Merchants reached 2.2M and 26.7K, respectively, as of 31 December 2020, representing YoY increases of 143.9% and 166.6%, respectively.
- Net Transaction Margin (NTM) was US\$12.4M in 2020 (1.4% of UMS) compared to US\$0.6M in 2019 (0.2% of UMS).
- Strong positive trends continued in January 2021 with Active Consumers reaching 2.4M (up 5.7% MoM), Active Merchants rising to 29.2K (9.5% MoM), and UMS of US\$117.8M, representing a record month and 65.1% above the average monthly pace for 2020.
- Subsequent to 31 December 2020, the Company announced a new US\$250 million receivables funding facility with Goldman Sachs Bank USA and Bastion Funding IV LLC to support the expansion of the business in the US and Canada. The 28-month facility expands the Company's funding capacity, while lowering the cost of borrowing and extending the maturity well into 2023.

Sezzle Inc. (ASX:SZL) (Sezzle or Company) // Installment payment platform, Sezzle, is pleased to provide its financial results for the year ended 31 December 2020 (FY2020). The Company previously reported certain key operating metrics for 1Q20 (27 April 2020), 2Q20 (27 July 2020), 3Q20 (29 October 2020), and 4Q20 (28 January 2021) in conjunction with its Appendix 4C filings.

¹ A\$ to US\$ exchange rate of \$0.7913.

"We are excited about the momentum in our business reflected in the velocity of signups for both consumers and merchants. 2021 is off to a good start, as January's UMS of US\$117.8 million was a record and 65% above our average monthly pace in 2020," stated Sezzle Executive Chairman and CEO Charlie Youakim. "We are also pleased to provide UMS guidance for Sezzle to achieve an annualized run rate UMS of US\$2.5 billion by the end of 2021."

Key Operating Metrics

| Key Metrics (unaudited) | Fiscal Year Ended 31 Dec 2020 | | YoY change |
|---------------------------------|-------------------------------|---------------|------------|
| | (A\$ in M's) ¹ | (US\$ in M's) | |
| Underlying Merchant Sales (UMS) | \$1,082.2 | \$856.4 | 250.8% |
| Average Monthly UMS | \$90.2 | \$71.4 | 250.8% |
| Total Income | \$74.3 | \$58.8 | 272.1% |
| Total Income as % UMS | 6.9% | | +39bps |
| Merchant Fees as % Total Income | 80.9% | | -114bps |
| Net Transaction Margin (NTM) | 1.4% | | +120bps |
| Active Consumers | 2,231,089 | | 143.9% |
| Active Merchants | 26,690 | | 166.6% |

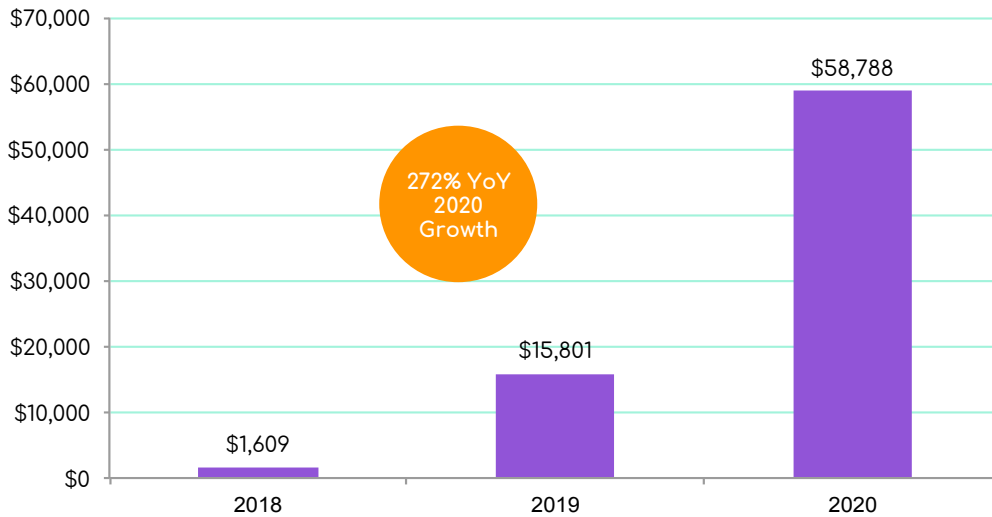
¹A\$ to US\$ exchange rate of \$0.7913.

UMS, Total Income, and NTM

The strength in e-commerce and the utility of Sezzle's product is portrayed in the record 2020 performance, which saw 2020 UMS increase 250.8% YoY to US\$856.4 million and Total Income rise 272.1% YoY to US\$58.8 million, with 80.9% of Total Income represented by Merchant Fees.

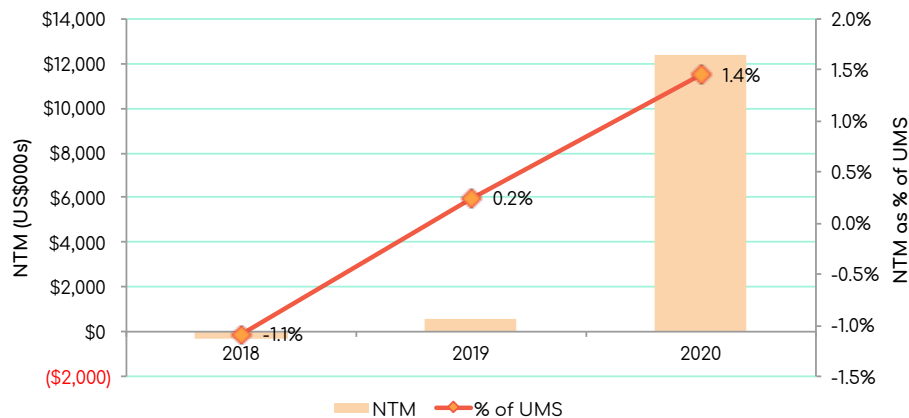
- 2020 UMS increased 250.8% YoY with each quarter in 2020 representing a new record in performance. 2021 is off to a strong start with UMS of US\$117.8 million in January – 65.1% above the average monthly performance in 2020 and the Company's best monthly performance on record.
- Total Income performed similarly to UMS, increasing 272.1% YoY, and as a percentage of UMS, Total Income improved 39bps YoY to 6.9%. Total Income is driven primarily by Merchant Fees, which represented 80.9% of Total Income in 2020, 114bps lower than in 2019.

Total Income (US\$000's)



NTM as a percentage of UMS rose to 1.4% in 2020 compared to 0.2% in 2019. The 120bps YoY rise in NTM as a percentage of UMS is due to an approximate 50bps improvement in cost of income (mostly credited to lower processing costs), about a 30bps decline in net transaction losses, and an increase in Sezzle Income as a percentage of UMS (30bps). These enhancements in the margin are attributed to the Company's improving consumer profile, which experienced favorable trends in repeat usage, frequency of purchases, and overall payment performance.

NTM and as % of UMS



- In 2020, the Company added over 1.3 million Active Consumers with 4Q20 representing a record in quarterly growth with over 438,000 additions. Another 126,000 Active Consumers were added in January 2021, bringing the Company's total at 31 January 2021 to 2.4 million.
- During 2020, 16,680 Active Merchants joined the Sezzle platform, with over 60% of the additions occurring in the second half of 2020. January 2021 represented a record month for Active Merchant additions with over 2,500 being onboarded. In 2019, over 70% of Active Merchant additions were led by in-bound inquiry, this rose to over 90% in 2020, signifying the strong momentum of the Sezzle brand with merchants.

Capital Position

"Our successful equity capital raise of US\$58.0 million of net proceeds in 3Q20 and our recent US\$250 million receivables funding facility refinancing completed in February 2021, greatly strengthened the Company's balance sheet. We are in a very strong position to achieve our growth plans," noted Sezzle CFO Karen Hartje.

As of 31 December 2020, the Company had total cash of US\$89.1 million consisting of cash and cash equivalents (US\$84.3M) and restricted cash (US\$4.8M), an increase of US\$52.5 million from 31 December 2019 (US\$36.6M). The increase in cash balances was driven by the Company's equity capital raise (US\$58.0M) and additional borrowings on the line of credit (US\$18.6M), which were offset by negative operating cash flow of US\$24.3 million. As of 31 December 2020, US\$40.0 million was drawn on the Company's US\$100.0 million facility.

| Select Balance Sheet Data (US\$000's) | 31 Dec 2020 |
|--|-----------------|
| Cash and cash equivalents | \$84,285 |
| Restricted cash | \$4,819 |
| Total cash | \$89,104 |
| Line of credit (\$100M) | \$40,000 |

Outlook

The Company expects its UMS to achieve an annualized run rate in excess of US\$2.5 billion by the end of 2021.

Conference Call Details

Sezzle's Executive Chairman and CEO, Charlie Youakim, will host a teleconference call at 10.30am (Sydney time) today for investors and equity analysts to discuss the full year results.

Participants can register for the conference by navigating to:

<https://s1.c-conf.com/diamondpass/10012216-jplah8.html>

Please note that registered participants will receive their dial in number upon registration.

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

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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 2.4 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 impacted, unless the consumer elects to opt-in to a credit building feature, called Sezzle Up.

This increase in purchasing power for consumers leads to increased sales and basket sizes for the more than 29,200 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.