

23 June 2023

ASX RELEASE

Company Announcements Platform

May Business Update

Unit economics remain strong with the introduction of new, breakthrough products

Sezzle Inc. (ASX:SZL) (Sezzle or Company) // Purpose-driven installment payment platform, Sezzle, is pleased to provide the market with an update on key financial metrics for the month ended 31 May 2023.¹

“I’m incredibly excited about the progress the team has made on several of our key initiatives for FY23,” noted Charlie Youakim, Sezzle’s Executive Chairman and CEO. “Our team has worked tirelessly to ensure the successful launch of Pay-in-2 and Pay Anywhere. Based on early indicators, we’re confident our efforts will pay off and lead to meaningful growth in the periods ahead.”

May Financial Highlights

- Total Income increased 18.5% YoY to US\$11.6 million (A\$17.5 million²), representing 9.1% of Underlying Merchant Sales (UMS) for the month of May.
- Sezzle recorded a GAAP Net Loss of US\$0.1 million in May. The loss was primarily driven by the anticipated increase in the Provision for Credit Losses from prior period lows.
 - Despite the GAAP Net Loss, the Company posted positive Adjusted EBTDA³ and Adjusted EBITDA (non-GAAP measures) for the period.
- As of 31 May 2023, capital and liquidity remained strong with US\$63.6 million of cash on hand (US\$1.1 million restricted) and US\$58.8 million drawn on its US\$100 million credit facility.

¹ Results are unaudited preliminary financial results.

² A\$ to US\$ exchange rate of \$0.6641 as of 31 May 2023.

³ Adjusted EBTDA and Adjusted EBITDA are non-GAAP financial measures. For a reconciliation of GAAP Net Income (Loss) to Adjusted EBTDA and Adjusted EBITDA, see Appendix.

- As of 31 May 2023, notes receivable (net) and merchant accounts payable amounted to US\$83.0 million and US\$68.4 million, respectively. The merchant interest program represented \$52.3 million of the merchant accounts payable balance.

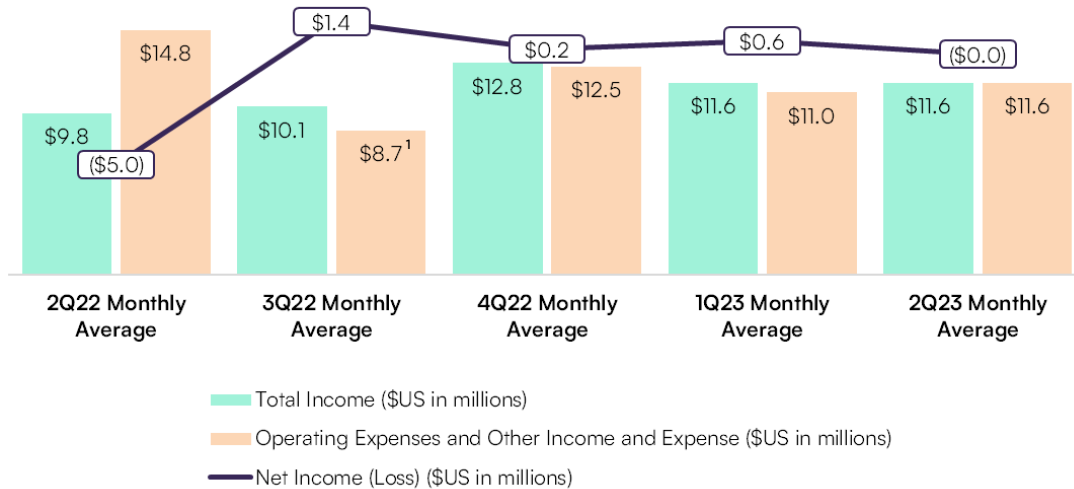
Product Launches & Initiatives

- **Pay-in-2.** In May, Sezzle launched Pay-in-2, a new installment option that allows consumers to pay in two equal installments over two weeks where it is most sensible (e.g., grocery and monthly subscriptions). Providing the incremental payment option gives consumers more flexibility and control over their everyday finances while offering another *Responsible Way to Pay™*.
 - Merchants that offer Sezzle will seamlessly have the new Pay-in-2 product enabled through their existing Sezzle integration.
 - Sezzle is the only BNPL provider in North America to now offer a comprehensive suite of payment options for consumers, including Pay-in-Full, Pay-in-2, Pay-in-4, and monthly installments up to 48 months¹.
- **Responsible Way to Pay™.** In May, Sezzle, the only certified B Corporation by B Lab in the Buy Now, Pay Later industry, introduced the new tagline *The Responsible Way to Pay™*, complementing the Company's mission of *Financially Empowering the Next Generation*. As a leader in the alternative payments industry, Sezzle recognizes the challenges everyday life can throw at people and the new tagline encapsulates the Company's commitment to assisting consumers on their journey to financial freedom.
- **Pay Anywhere.** In June, Sezzle launched Pay Anywhere — a subscription-based service that allows shoppers to use Sezzle's Virtual Card online, in-store, or wherever Visa is accepted. The Pay Anywhere subscription model complements the Premium subscription offering by adding an everyday, top-of-wallet payment option.
 - Pay Anywhere has experienced rapid uptake with limited marketing efforts. In its early stages, purchase frequency is surpassing that of Premium users.
 - The total number of Premium and Pay Anywhere subscribers exceeds 163,000 (22 June).
 - The Company expects to fully roll out Pay Anywhere in 3Q23.

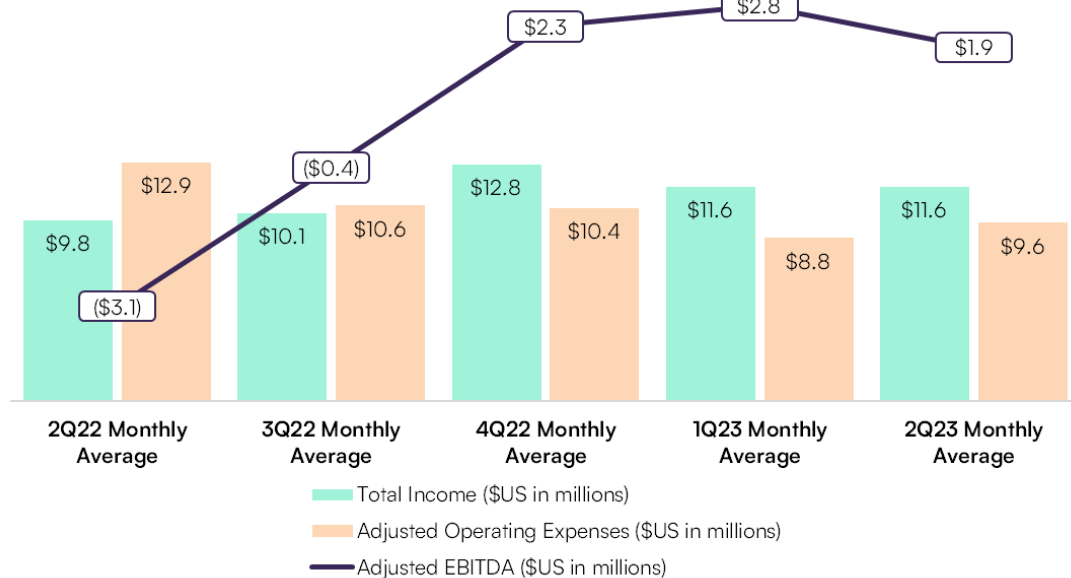
¹ Long-term installments offered in coordination with financial lending partners. Balance sheet risk is assumed by partners, not Sezzle.

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- **Nasdaq Uplisting.** On 16 Jun 2023, Sezzle filed Amendment No. 1 to Form S-1 with the US SEC and is awaiting final approval of the Registration Statement. Pending any additional final deliveries with the SEC and the Nasdaq, the Company believes it is on track to go live on the Nasdaq Capital Market around the end of 2Q23.
 - **European Business Disposition.** On 19 June 2023, Sezzle signed a definitive agreement to sell its European operating companies (Sezzle Holdings III B.V. and its direct subsidiary, Sezzle Lithuania, UAB) for total consideration of €850,000.
 - The total consideration will be paid out in two tranches:
 - First tranche: €75,000 paid within 30 days of signing
 - Second tranche: €775,000 paid at closing
 - Sezzle anticipates the closing will occur in 4Q23 subject to obtaining the necessary regulatory approvals and fulfilling customary closing conditions.

GAAP Net Income (Loss)



Non-GAAP Adjusted EBITDA



¹ Amount includes US\$11.0 million benefit from reimbursement of merger-related costs in 3Q22. Please see Appendix reconciliation tables and Company's filings with the SEC and ASX for further details.

Appendix - Reconciliation of GAAP to Non-GAAP Measures

Reconciliation of Net Income (Loss) to Adjusted EBTDA and Adjusted EBITDA

(in \$US thousands)	For the two months ended		For the three months ended			
	May 31, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	
Net income (loss)	\$ (35)	\$ 1,725	\$ 634	\$ 4,344	\$ (15,084)	
Depreciation and amortization	131	201	198	207	219	
Income tax expense	14	12	21	11	17	
Equity and incentive-based compensation	1,351	2,645	2,103	2,619	1,863	
Other income and expense, net	57	(113)	200	(48)	(155)	
Merger-related costs	-	-	-	101	2,059	
Reimbursement of merger-related costs	-	-	-	(11,000)	-	
Write-off of unamortized debt issuance costs	-	-	-	316	-	
Loss on extinguishment of line of credit	-	-	814	-	-	
Fair value adjustment on warrants	(256)	420	(50)	-	-	
Adjusted EBTDA	\$ 1,262	\$ 4,889	\$ 3,919	\$ (3,450)	\$ (11,082)	
Net interest expense	2,623	3,377	3,124	2,192	1,670	
Adjusted EBITDA	\$ 3,884	\$ 8,265	\$ 7,043	\$ (1,258)	\$ (9,412)	

Reconciliation of Operating Expense to Adjusted Operating Expense

(in \$US thousands)	For the two months ended		For the three months ended			
	May 31, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	
Operating expenses	\$ 20,734	\$ 29,254	\$ 33,534	\$ 23,909	\$ 42,805	
Depreciation and amortization	(131)	(201)	(198)	(207)	(219)	
Equity and incentive-based compensation	(1,351)	(2,645)	(2,103)	(2,619)	(1,863)	
Merger-related expenses	-	-	-	(101)	(2,059)	
Reimbursement of merger-related costs	-	-	-	11,000	-	
Write-off of unamortized debt issuance costs	-	-	-	(316)	-	
Adjusted operating expenses	\$ 19,253	\$ 26,408	\$ 31,233	\$ 31,666	\$ 38,664	

Investors should be aware that generally accepted accounting principles prescribe when a company may reserve for particular risks, including litigation exposures. Accordingly, results for a given reporting period could be significantly affected if and when we establish reserves for one or more contingencies. Also, our regular reserve reviews may result in adjustments of varying magnitude as additional information regarding claims activity becomes known. Reported results, therefore, may be volatile in certain accounting periods.

This May business update has been approved by the Company's Executive Chairman and CEO, Charlie Youakim, on behalf of the Sezzle Inc. Board.

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About Sezzle Inc.

Sezzle is a fintech company on a mission to financially empower the next generation. Sezzle's payment platform increases the purchasing power for millions of 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.

For more information visit sezzle.com.

Forward Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends affecting the financial condition of our business. Forward-looking statements include our expectations, whether stated or implied, regarding our financing plans and other future events.

Forward-looking statements generally can be identified by the use of words such as "anticipate," "expect," "plan," "could," "may," "will," "believe," "estimate," "forecast," "goal," "project," and other words of similar meaning. These forward-looking statements address various matters including statements regarding the timing or nature of future operating or financial performance or other events. Each forward-looking statement contained in this press release is subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statement. Applicable risks and uncertainties include, among others: impact of the "buy-now, pay-later" ("BNPL") industry becoming subject to increased regulatory scrutiny; impact of operating in a highly competitive industry; a change in our intention to become listed on the Nasdaq Global Market; impact of a reverse stock split on the value of our common stock; impact of macro-economic conditions on consumer spending; our ability to increase our merchant network, our base of consumers and underlying merchant sales (UMS); our ability to effectively manage growth, sustain our growth rate and maintain our market share; our ability to meet additional capital requirements; impact of exposure to consumer bad debts and insolvency of merchants; impact of the integration, support and prominent presentation of our platform by our merchants; impact of any data security breaches, cyberattacks, employee or other internal misconduct, malware, phishing or ransomware, physical security breaches, natural disasters, or similar disruptions; impact of key vendors or merchants failing to comply with legal or regulatory requirements or to provide various services that are important to our operations; impact of the loss of key partners and merchant relationships; impact of exchange rate fluctuations in the international markets in which we operate; our ability to protect our intellectual property rights; our ability to retain employees and recruit additional employees; impact of the costs of complying with various laws and

regulations applicable to the BNPL industry in the United States and Canada; and our ability to achieve our public benefit purpose and maintain our B Corporation certification. The Company cautions investors not to place considerable reliance on the forward-looking statements contained in this press release. You are encouraged to read the Company's filings with the SEC, available at www.sec.gov, for a discussion of these and other risks and uncertainties. The forward-looking statements in this press release speak only as of the date of this document, and the Company undertakes no obligation to update or revise any of these statements. The Company's business is subject to substantial risks and uncertainties, including those referenced above. Investors, potential investors, and others should give careful consideration to these risks and uncertainties.

Non-GAAP Financial Measures

To supplement our operating results prepared in accordance with generally accepted accounting principles in the United States ("GAAP"), we present the following non-GAAP financial measures: Adjusted earnings before taxes, depreciation, and amortization ("Adjusted EBTDA"); and adjusted earnings before interest, taxes, depreciation, and amortization ("Adjusted EBITDA"). Definitions of these non-GAAP financial measures and summaries of the reasons why management believes that the presentation of these non-GAAP financial measures provide useful information to the company and investors are as follows:

- Adjusted EBTDA is defined as GAAP net income (loss), adjusted for certain non-cash and non-recurring charges including depreciation, amortization, equity and incentive—based compensation, and merger-related costs as detailed in the reconciliation table of adjusted EBTDA to GAAP net income (loss) below. We believe that this financial measure is a useful measure for period-to-period comparison of our business by removing the effect of certain non-cash and non-recurring charges that may not directly correlate to the underlying performance of our business.
- Adjusted EBITDA is defined as GAAP net income (loss), adjusted for certain non-cash and non-recurring charges including depreciation, amortization, equity and incentive—based compensation, and merger-related costs, as well as net interest expense as detailed in the reconciliation table of GAAP net income (loss) to adjusted EBITDA. We believe that this financial measure is a useful measure for period-to-period comparison of our business by removing the effect of certain non-cash and non-recurring charges, as well as funding costs, that may not directly correlate to the underlying performance of our business.
- Adjusted operating expense is defined as GAAP operating expenses plus net interest expense; and less depreciation and amortization, equity and incentive-based compensation, and other non-recurring or non-cash charges as detailed in the reconciliation table of adjusted operating expense to GAAP operating expense above. We believe that adjusted operating expense is a useful financial measure to both management and investors for evaluating our operating performance without the impact of certain non-cash and non-recurring charges that do not necessarily correlate to the underlying performance of our business.

Additionally, we have included these non-GAAP measures because they are key measures used by our management to evaluate our operating performance, guide future operating plans, and make strategic decisions, including those relating to operating expenses and the allocation of resources. Therefore, we believe these measures provide useful information to investors and other users of this press release to understand and evaluate our operating results in the same manner as our management and board of directors. However, non-GAAP financial measures have limitations, should be considered supplemental in nature, and are not meant as a substitute for the related financial information prepared in accordance with U.S. GAAP. These limitations include the following:

- Adjusted EBTDA and adjusted EBITDA exclude certain recurring, non-cash charges such as depreciation, amortization, and equity and incentive—based compensation, which have been, and will continue to be for the foreseeable future, recurring GAAP expenses. Further, these non-GAAP financial measures exclude certain significant cash inflows and outflows, such as merger-related costs (which are comprised of legal fees in connection with our terminated proposed merger with Zip Co Limited) and reimbursements for such merger-related costs, which have a significant impact on our working capital and cash.
- Adjusted EBITDA excludes net interest expense, which has a significant impact on our GAAP net income, working capital, and cash.
- Long-lived assets being depreciated or amortized may need to be replaced in the future, and these non-GAAP financial measures do not reflect the capital expenditures needed for such replacements, or for any new capital expenditures or commitments.
- These non-GAAP financial measures do not reflect income taxes that may represent a reduction in cash available to us.
- Non-GAAP measures do not reflect changes in, or cash requirements for, our working capital needs.
- Other companies, including companies in our industry, may calculate the non-GAAP financial measures differently or not at all, which reduces their usefulness as comparative measures.

Because of these limitations, you should not consider these non-GAAP financial measures in isolation or as substitutes for analysis of our financial results as reported under GAAP, and these non-GAAP financial measures should be considered alongside other financial performance measures, including net income (loss) and other financial results presented in accordance with GAAP. We encourage you to review the related GAAP financial measures and the reconciliations of these non-GAAP financial measures to their most directly comparable GAAP financial measures and not rely on any single financial measure to evaluate our business.