

29 August 2019

ASX RELEASE

Company Announcements Platform

H1 FY19 Financial Results

Minneapolis, United States of America and Sydney, Australia.

Sezzle Inc. (ASX:SZL) (Sezzle or Company) is pleased to provide its H1 FY19 Financial Results (all amounts are in US dollars unless otherwise noted).

"The first half of 2019 was very successful for Sezzle on many fronts. We've seen a strong increase in customer and merchant accounts in addition to our revenue growth. We believe that Sezzle is on the leading edge of an international installment payments mega-trend that has only just begun to take shape.

The half saw our launch into the Canadian market and our successful IPO on the ASX in July which raised over \$35 million. This investment capital has already helped us accelerate our rapid expansion into our current North American markets. We have begun the second half of the year strongly as we continue to build on the momentum that we've already established." said Charlie Youakim, Executive Chairman and CEO of Sezzle.

Highlights:

Highlights for the six months ended 30 June 2019 include the following:

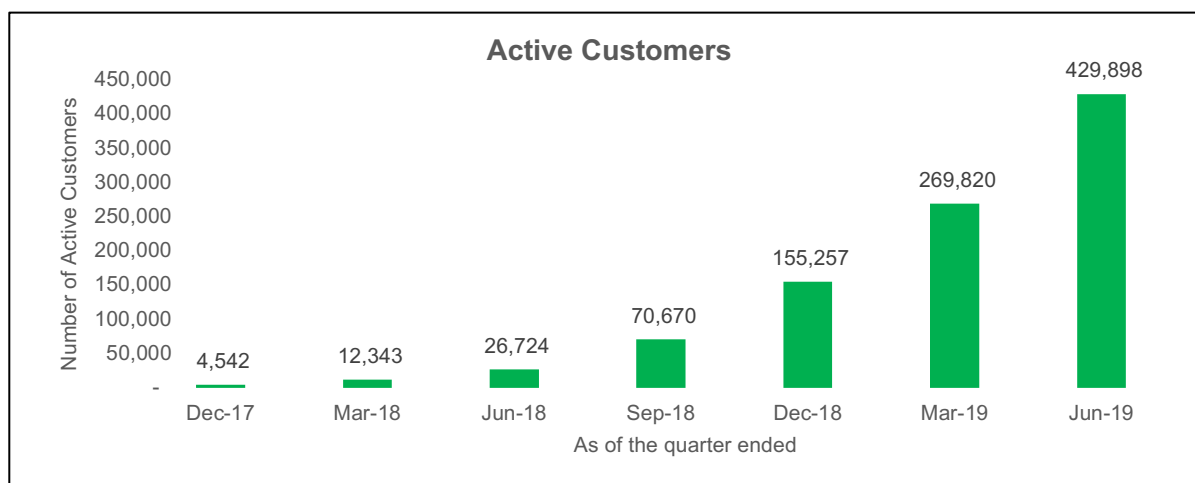
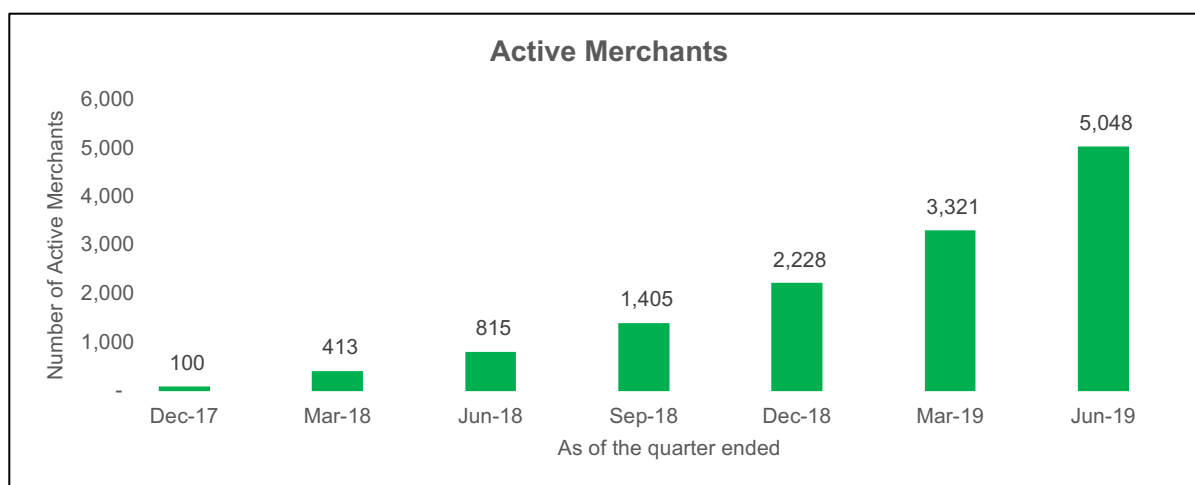
- Underlying Merchant Sales (**UMS**) for the six months ended 30 June 2019 totaled \$70.2 million, up from \$4.5 million for the prior comparative period ended 30 June 2018
- Active Customers grew to 429,898 at 30 June 2019 compared to 26,724 for the prior comparative period ended 30 June 2018. Further, Active Customers were 496,307 as of 31 July 2019
- Active Merchants grew to 5,048 as of 30 June 2019 compared to 815 for the prior comparative period ended 30 June 2018. Further, Active Merchants were 5,793 as of 31 July 2019
- Total income was \$4.3 million for the six months ended 30 June 2019 compared to \$0.3 million for the prior comparative period
- Sezzle income was \$3.6 million from \$0.2 million for the prior comparative period
- End-customer other income was \$0.7 million compared to less than \$0.1 million for the prior comparative period
- Net Transaction Losses (**NTL**) were (1.5%), down from (2.1%) for the six month period ended 30 June 2018

- Net Transaction Margin (NTM) for the six months ended 30 June 2019 was (0.3%) compared to 1.2% for the comparative period ended 30 June 2018. The change in NTM is driven by mix in method of payment by End-customers. Sezzle began accepting credit and debit cards as a form of payment during the second half of 2018 which carry high associated processing costs

Operational Update

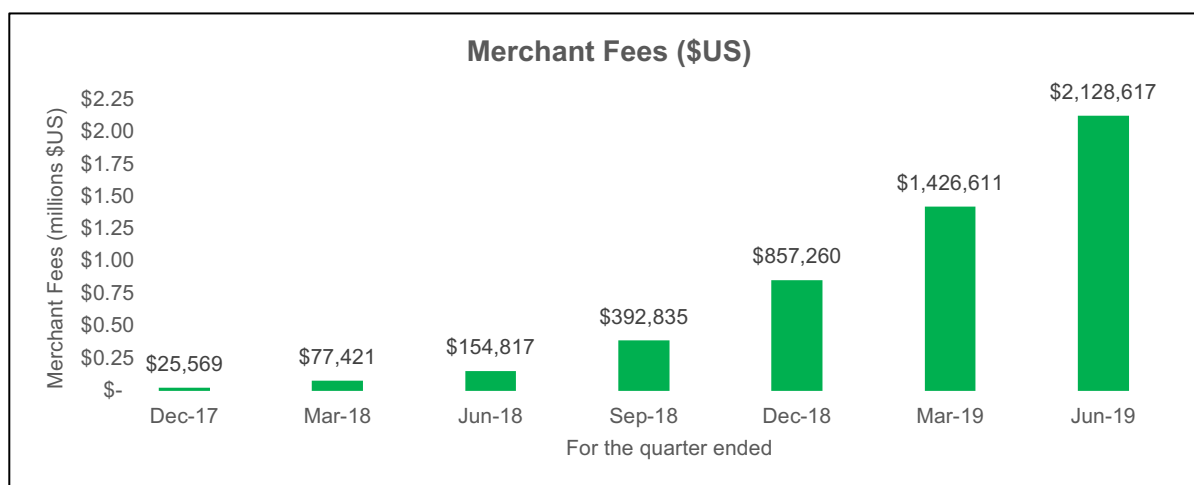
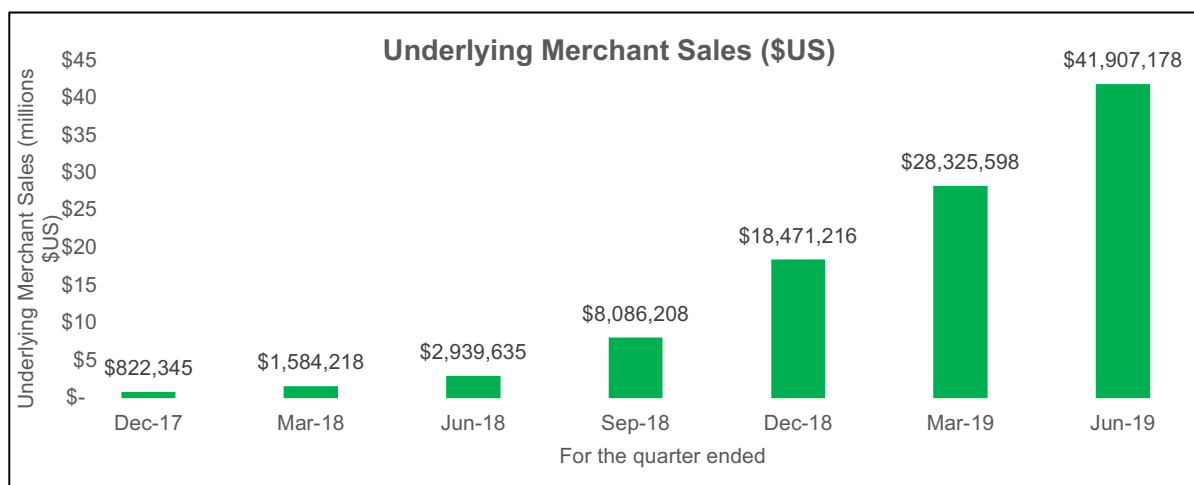
The Company has continued to observe strong momentum across key operating metrics so far in the 2H of FY19 with Active Merchants up 14.8% in July 2019 alone versus June 30 2019 and Active Customers up over 15% for the month.

	31 July 2019	30 June 2019	Change (month on month)	31 March 2019	Change (30 June from 31 March)
Active Merchants	5,793	5,048	14.8%	3,321	52.0%
Active Customers	496,307	429,898	15.4%	269,820	59.3%



Further, updating the metrics for UMS and Merchant Fees for the three months ended 30 June 2019:

	30 June 2019	31 March 2019	Change (quarter on quarter)
Underlying Merchant Sales (US\$) (for the quarter ended)	\$41,907,178	\$28,325,598	47.9%
Merchant Fees (US\$) (for the quarter ended)	\$2,128,617	\$1,426,611	49.2%



UMS for the quarter ended 30 June 2019 were \$41.9 million, compared to \$28.3 million for the prior quarter and \$2.9 million for the quarter ended 30 June 2018. Merchant Fees were \$2.1 million for the quarter ended 30 June 2019, up from \$1.4 million for the prior quarter and \$0.2 million for the quarter ended 30 June 2018.

Merchant Fees and Sezzle Income

Sezzle Income includes all Merchant Fees and Reschedule Fees and is net of note origination costs, recognized over the average duration of the underlying notes receivable using the effective interest rate method. Merchant Fees totaled \$3.6 million for the six months ended 30 June 2019 compared to \$0.2 million for the six months ended 30 June 2018. Merchant Fees as a percentage of UMS were 5.1% for the six months ended 30 June 2019 and 2018. Sezzle Income totalled \$3.6 million for the six months ended 30 June 2019 compared to \$0.2 million for the six months ended 30 June 2018.

Net Transaction Losses

NTL were (1.5%), down from (2.1%) for the six months ended 30 June 2018. NTL is calculated as the expected provision and actual losses against notes and other receivables from End-customers, less End-customer other income collected. End-customer other income (fees) comprise non-waived failed payment fees, net of the expected cost of uncollectible accounts attributable to failed payment fees. The change is largely driven by improved collection of principal notes receivable and increases in End-customer other income. For the period ended 30 June 2019 Sezzle's losses for uncollectible accounts (actual and expected) as a percentage of UMS were (2.5%), offset by a benefit from End-customer other income totaling 1.0% of UMS. Percentages for the comparative period were (2.8%) and 0.7%, respectively.

End-customer other income as a percentage of total income was 15.9% and 12.2%, for the periods ended 30 June 2019 and 2018, respectively and is driven by operational improvements in the Company's collection strategy.

Cost of Income

Cost of Income totalled \$2.3 million and \$0.1 million for the six months ended 30 June 2019 and 2018, respectively and primarily consist of payment processing costs. Cost of income as a percentage of UMS was (3.3%) and (1.6%) for the respective periods. The increase in cost of income as a percentage of UMS is driven by the utilization of card as the method of payment (for the six months ended 30 June 2018 the only payment method offered to End-customers was via their bank account). In April 2019, Sezzle changed card processing service providers with the aim of lowering these processing costs. Sezzle has started to realize lower processing costs during the six months ended 30 June 2019.

Transaction Funding Financing Costs

Interest costs on borrowings to facilitate loans to End-customers were \$0.5 million and \$0.0 million for the six months ended 30 June 2019 and 2018, respectively. Interest costs as a percentage of UMS were (0.7%) and (0.0%), respectively and the increase is driven by the Company entering into an agreement with its lender, Bastion Consumer Funding II, LLC, in November 2018.

Capital Position

The Company continues to generate growth in receivables from End-customers, with the total ending balance of \$10.8 million recorded as of 30 June 2019 compared to \$4.9 million at 31 December 2018, representing an increase of 120%.

Similarly, payables due to merchants have increased to \$6.2 million as of 30 June 2019 compared to \$2.3 million at 31 December 2018, representing an increase of 172%.

During the six months ended 30 June 2019 the Company issued convertible notes totaling \$5.8 million to help fund the Company's existing operations and also facilitate payments to merchants. Post period end, the Company's cash balance increased as a result of the proceeds from its IPO on the ASX.

The Company continues to maintain its existing revolving credit facility of \$30.0 million, of which only \$5.0 million has been drawn upon as of 30 June 2019. The Company had drawn \$4.2 million as of 31 December 2018.

Business Update

Sezzle has established itself as a disruptive payments technology in the North American market. We continue to grow our share of checkout volumes at our retail merchant partners, reflecting favorable consumer demand for our product and platform.

On Trustpilot, 95% of reviewers rate us "Excellent"; on Facebook, we hold a 4.8-star review from our users; our apps follow suit: we have a 4.7-star rating on Android and a 4.8-star rating for iOS. We've firmly established ourselves as a top-rated payment choice for North Americans.

While we continue our growth trajectory through merchant and user acquisition, we also maintain a focus on the core operational elements of growing our business. We keep a laser-focused attitude towards reducing our loss rates and improving our operational efficiencies.

The Company continues to show very strong momentum operationally as the metrics for the month of July 2019 alone highlight. Sezzle expects this to continue as the proceeds of the IPO begin to be deployed in the second half of 2019, particularly into Sales and Marketing efforts in the US and elsewhere.

Our Canadian launch has been a success for the company to-date and has matched the early trajectory of our US operations. Where we have surpassed our expectations is on our sales pipeline. Canadian merchants have taken notice of our growth in the US and are interested in engaging with Sezzle.

The Canadian launch has given our team the experience and confidence to explore new geographies for our payments product. We have developed our platform to support multiple languages and connections to various payments systems, enabling further growth internationally.

Regulatory

Sezzle has engaged a third party to review and revise the Company's Anti-Money Laundering (**AML**) policy. While the AML provisions of the U.S. Bank Secrecy Act do not apply to Sezzle's business activities, the Company views money laundering very seriously. The company-commissioned AML policy review is ongoing as of the date of this announcement.

ENDS

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Sezzle Inc. is a technology driven, payments company based in the United States and listed on the Australian Securities Exchange with the mission of financially empowering the next generation. Sezzle provides a payments platform that facilitates fast, secure payments between shoppers and retailers, via a short-term, interest-free instalment payment plan that delivers to shoppers both a budgeting and financing value proposition.

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.