



FY2019 Results Presentation

Sezzle Inc. (ASX:SZL)



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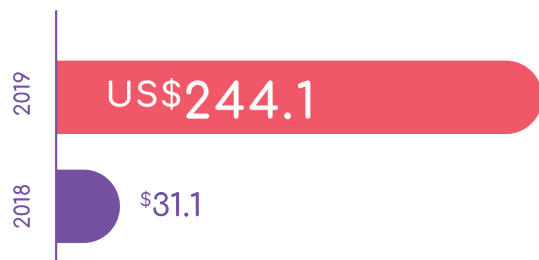
All financial figures are expressed in U.S. dollars unless otherwise stated.



Key Operating Metrics

2019 was a banner year

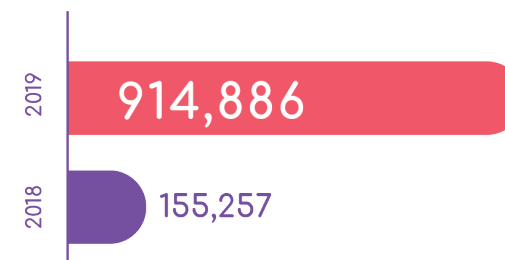
UNDERLYING
MERCHANT
SALES (UMS)
(\$000,000s)



685% ↑

Underlying Merchant Sales (UMS) increased by 685%.

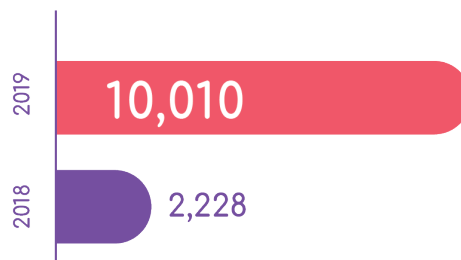
ACTIVE
CUSTOMERS



489% ↑

Active Customers increased by 489% and are quickly approaching 1MM.

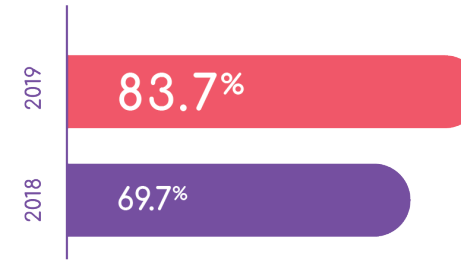
ACTIVE
MERCHANTS



349% ↑

Active Merchants increased by 349% and exceed 10,000.

REPEAT
USAGE



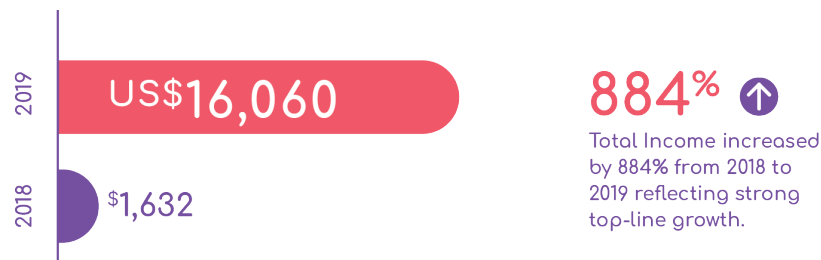
14^{PP} ↑

Repeat Usage increased 14 percentage points (pp) and is calculated as the percentage of cumulative orders made by returning End-customers to date relative to total cumulative orders to date. This is an indication of increasingly positive user experience and growing brand loyalty.

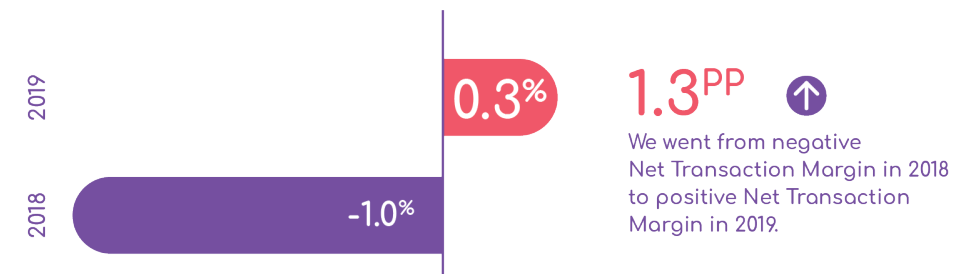
Key Financial Metrics

Strong income growth and improving unit economics

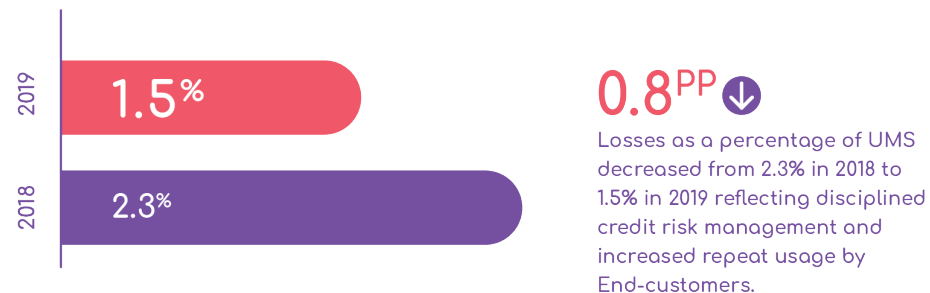
TOTAL
INCOME
(\$'000s)



NET
TRANSACTION
MARGIN AS A
PERCENTAGE
OF UMS



NET
TRANSACTION
LOSSES AS A
PERCENTAGE
OF UMS



2019 Total Income accelerates while Net Transaction Margin becomes positive.

Agenda

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Our mission-driven approach

2

Our business:
a year in review

3

Financial
highlights

4

Appendix – consolidated
financial statements





SECTION 1

Our mission- driven approach



OUR MISSION

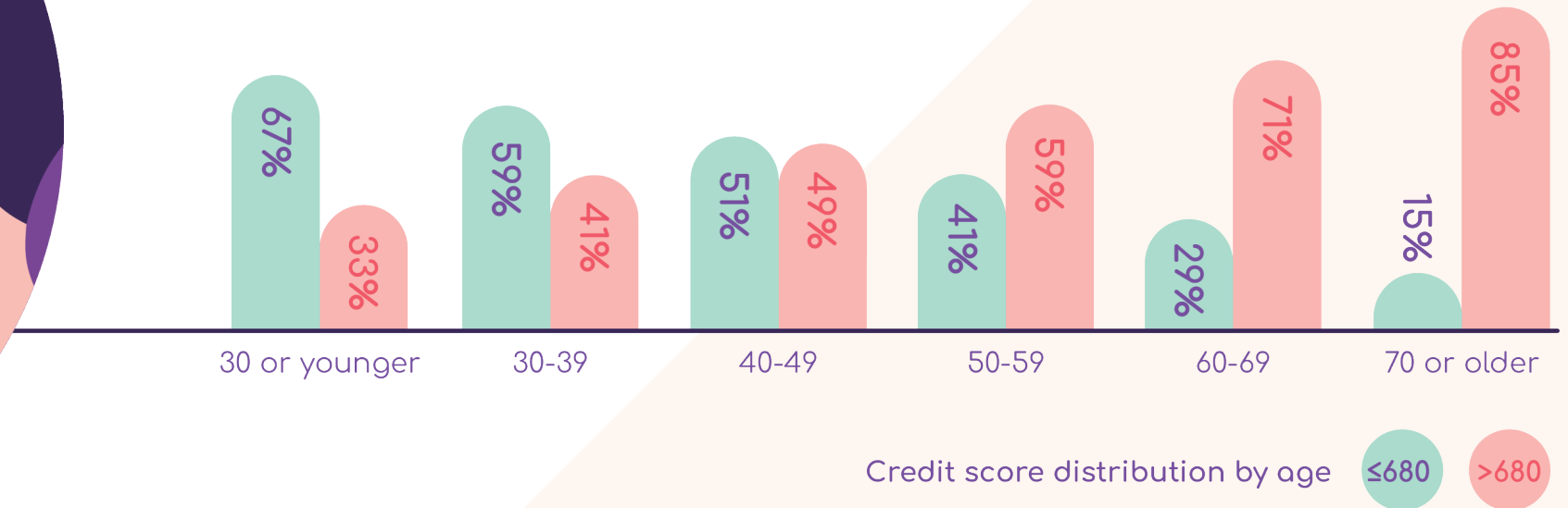
Financially
empowering the
next generation

We are in the business of doing good

Solving a Need



67% of Americans under the age of 30 are 'sub-prime' – considered 'high risk' by lenders – due to the lack of opportunities to build credit...

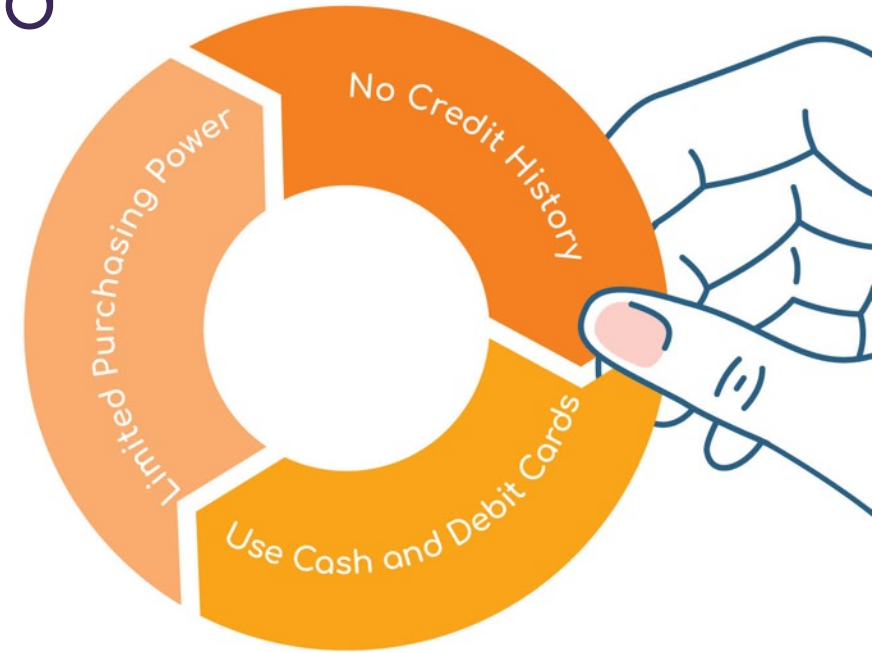


We are in the business of doing good

Solving a Need

THE VICIOUS CREDIT CYCLE

The lack of access to credit disenfranchises large portions of the population



CHARLIE YOUAKIM, CHAIRMAN AND CEO

"In the year ahead, we will double down on our commitment to financially empowering the next generation of consumers."

“Make no mistake about it, Sezzle is the way to pay for the bottom 99 percent of America.”

Ethan Bearman,
Fox Business Network



Our beliefs are a reflection of who we are

Our mission-driven approach

We believe...

...everyone should be able to take control over their spending, be more responsible, and gain access to financial freedom.

...in the power of Technology.

...People deserve to be trusted.

...the Future is worth fighting for.

...that Financial Freedom is a right, not a privilege.

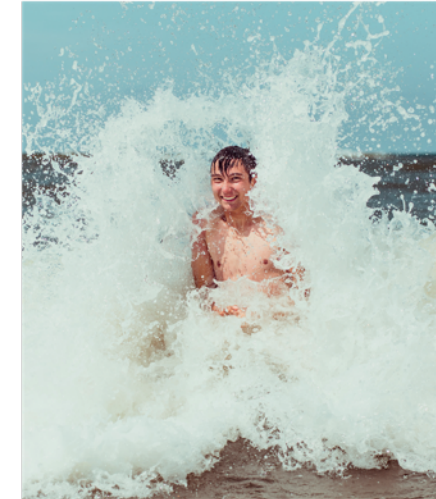
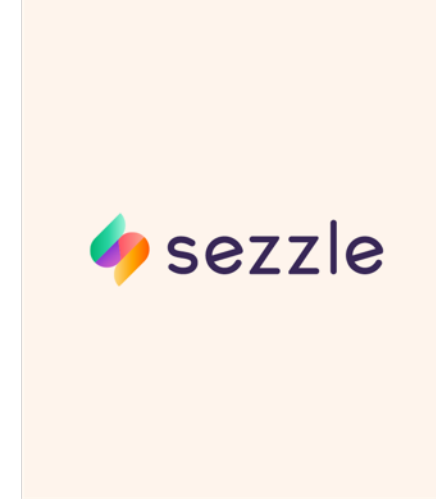
Our New Brand Captures our Beliefs and Mission

THE NEW SEZZLE BRAND IS A REFLECTION OF OUR EFFORTS OVER THE PAST YEAR TO ENGAGE IN A MEANINGFUL WAY WITH OUR CORE CUSTOMER.

Our Rebrand is More than a New Logo.

It's an ethos that reflects the energy of our product offering while staying true to our core pillars:

- Transparency
- Inclusivity
- Diversity.



Our technology is building a bridge to a better tomorrow

At its core, Sezzle is a powerful technology.

Proprietary risk management algorithm

Underlying architecture built for the long-haul

Built with an eye towards Data Security and Consumer/Merchant Privacy

Tech is managed and developed by a team of engineers and data scientists



EMMANUEL
ISAAC, FULL
STACK SOFTWARE
ENGINEER



RISHI
MUKHERJEE,
DEVELOPER

The METRO Target Retail Accelerator Program powered by Techstars

Throughout 2019, executives from Sezzle participated in the METRO Target Retail Accelerator Program powered by Techstars, an elite program sponsored by US retail giant Target to identify breakthrough ideas and concepts that can be applied across retail.

Our executive team met with dozens of senior leaders within Target's organization over an intensive 12-week program. Our conversations with these leaders allowed us to distill how we could better serve a large-scale enterprise retailer with our technology.

Our team also spent a few weeks in Berlin meeting with METRO executives and technology thought leaders to help us gain insights into how our product might fit into the European marketplace.



Stakeholder value and sustainability

The Sezzle approach to stakeholder value

The notion of shared responsibility is something that flows throughout our organization. We take a holistic approach at stakeholder value, which comprises five core constituencies.



We always put our consumers first

Our dedication to the End-customer is not just lip service – it's at the heart of who we are.

Young consumers – the heart and soul of our tomorrow – are ill-served by the current credit system.

We are empowering consumers with a way to pay, using credit, even if they have no discernible credit history.

These customers will grow into prime credit customers in the years to come.

We provide safeguards to protect these consumers from getting over their heads, but we are giving them the opportunity they deserve.



We believe in the power of Gen Z

CONSUMERS
ARE AT THE
HEART OF
OUR PROMISE
AND OUR
MISSION

Every year, over 4.5 million new members of this cohort become economically active, turning 18 years old.

Our goal is to become the preferred payment platform for Gen Z.

Investing in this up-and-coming generation is a strategic pillar of Sezzle.



Our mission-driven approach

Sezzle is focused on the next generation



TOTAL COMBINED
POPULATION
US & CANADA:

365 million

90 million

Gen Z

80 million
millennials

Consumer growth

489%

GROWTH IN
ACTIVE CUSTOMERS
IN FY2019

Consumer scorecard:

- BBB (Better Business Bureau) rating: A+
- Trustpilot score: 4.8 out of 5.0
- Facebook reviews: 4.8 out of 5.0

Positioning
Sezzle to
exceed 1
million Active
Customers in
early 2020

83.7%
of our
transactions
have
originated
from repeat
users

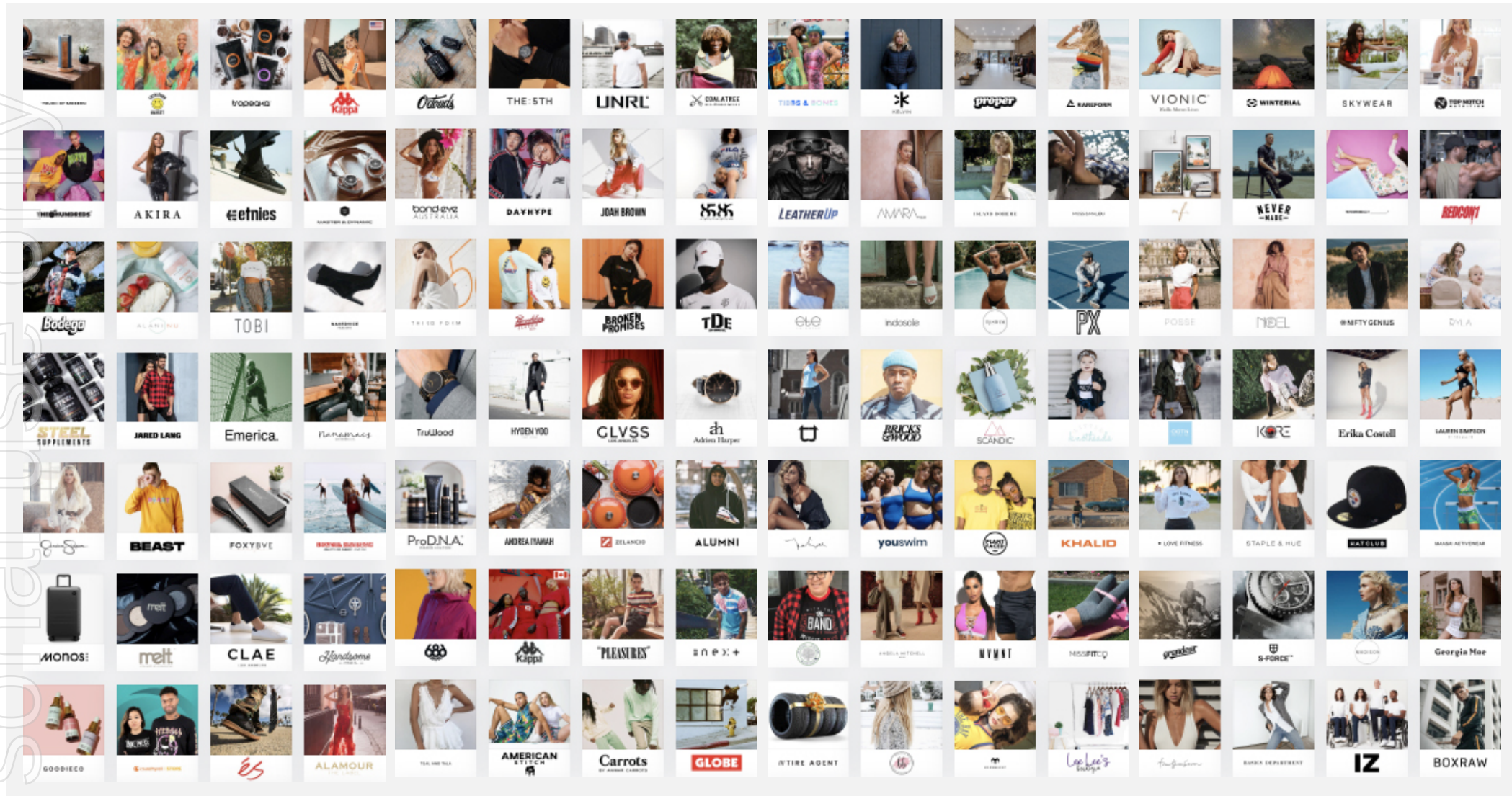


Our mission-driven
approach

ZENAB KASHIF, STUDENT AND ENTREPRENEUR, AGE 21

"Sezzle helps me invest in myself. Because of Sezzle, I can buy higher quality items that I'll be able to use for a long time. I can use Sezzle to pay for these items over time and use the purchases to invest in my future and my career. The ability to stretch payments has taken a lot of stress and anxiety off my back."

10,000+ merchant retail partners



Merchant retail partners

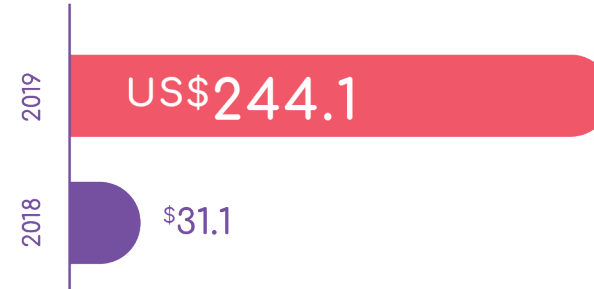
Explosive growth in 2019

349%

GROWTH IN
ACTIVE MERCHANTS
IN FY2019

Exceeded
10,000 Active
Merchants
in 2019

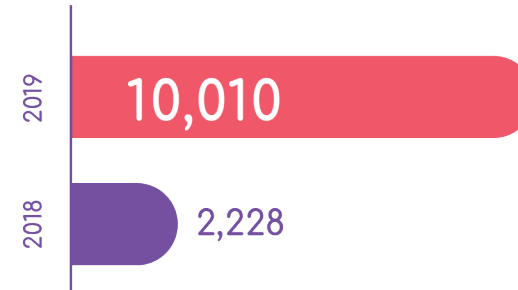
UNDERLYING
MERCHANT
SALES
(\$'000,000's)



685% ↑

Increased by 685% to over \$244 million in 2019, compared to \$31 million in the prior year.

ACTIVE
MERCHANTS



Bodega

BODEGA,
SEZZLE MERCHANT

"Sezzle has been an absolutely essential piece of the puzzle for our business. I love the idea that Sezzle gives our shoppers the power to pay on their terms. Financial freedom is top of mind for our customers. With Sezzle, we saw explosive conversion rates off the bat; bottom line: we love Sezzle and so do our customers. Easy as that."

Our employees and community

Our workforce is highly diverse in its composition, but it's a shared belief in our core values that binds us together:

- Exhibit strong character
- Are passionately engaged
- Are driven to succeed
- Demonstrate excellent communication; and
- Have fun.

SEZZLE ROSTER:

- 133 Employees and contractors
- 4 countries
- 9 languages spoken
- Highly diverse
- Average age: 29

“

CAITLYN ROE
HEAD OF PEOPLE
OPERATIONS,
MINNEAPOLIS, USA

“There is no greater asset to our company than our people – our ‘Sezzlers’ – a cohesive team united behind our core values. Our culture is a key to the long-term sustainability of our business and a strategic advantage when it comes to recruiting.”



Our mission-driven approach

SEZZLER'S IN THE COMMUNITY

In 2019 we kicked off a number of initiatives we look forward to expanding in 2020 to further connect ourselves to our community through volunteerism, community impact investment, and social/educational programs.

Shareholder value: where all the pieces come together

We firmly believe that delivering shareholder value is, in many respects, a function of supporting all the other stakeholders.



ERIN AND ABBY MOFFITT SHAREHOLDERS

“We were early investors in Sezzle. We could see from the outset that this was a company that was going to change the world and disrupt a credit system that unnecessarily penalized young adults—just as they are beginning their careers.

As shareholders, we are deeply committed to the empowering mission of the company, and we look forward to seeing many new milestones achieved in the year ahead.”

Long-term sustainability is everything

Our commitment to building a sustainable business remains rock-solid.

Despite growing in complexity and size, we will not waver from our core tenets and company ethos.

We are building a foundation for a genuinely revolutionary, high-growth financial technology enterprise.

We have tapped into something bigger than merely being a payments platform where buyers and sellers meet.

Sezzle means so much more to its community of users than being simply a way to pay – we are transforming lives, facilitating personal financial betterment, and preparing the next generation of consumers for the road ahead.



Sezzle is in
the business
of doing
good.

Our mission-driven
approach



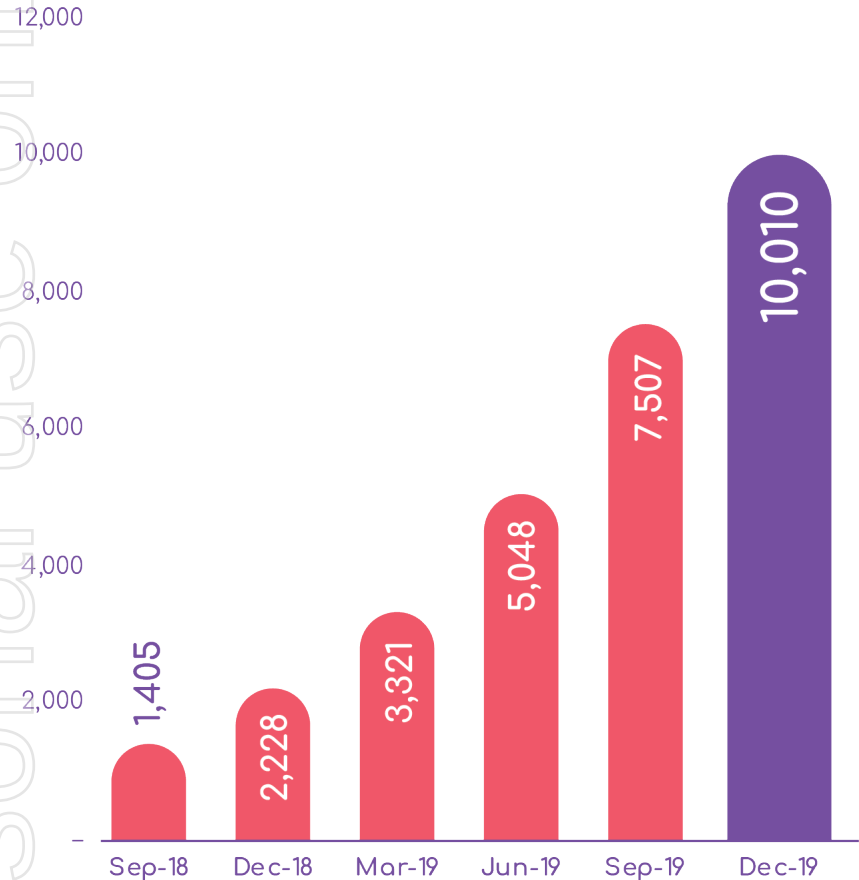


SECTION 2

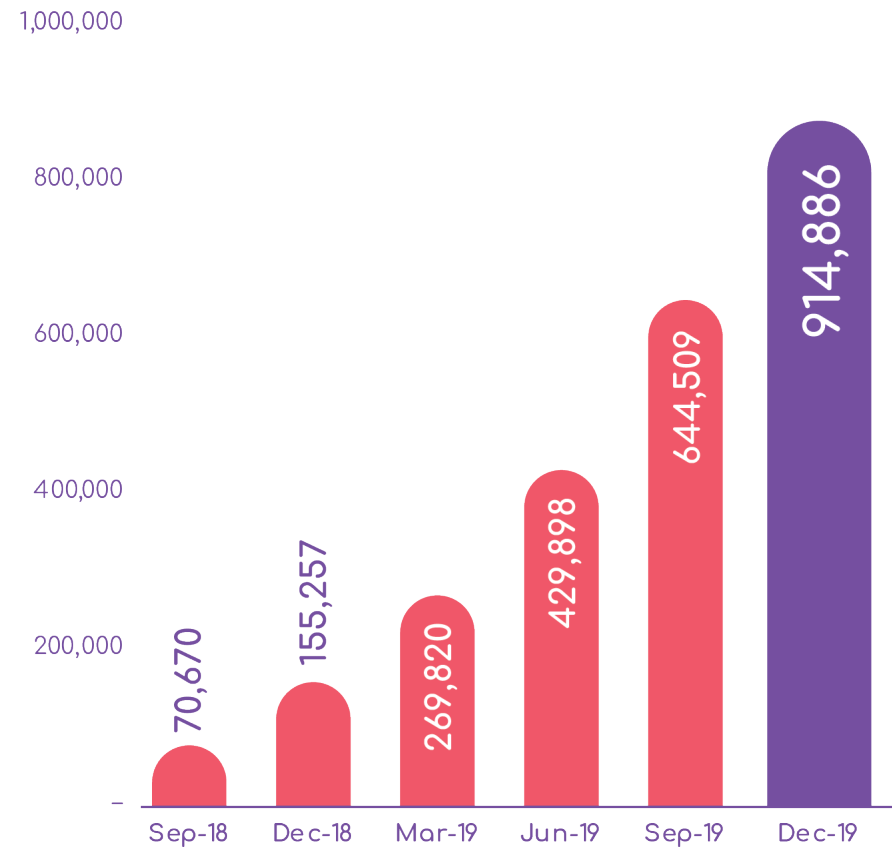
Our business: a year in review

High growth and improved operating metrics

OF ACTIVE MERCHANTS
AT QUARTER END

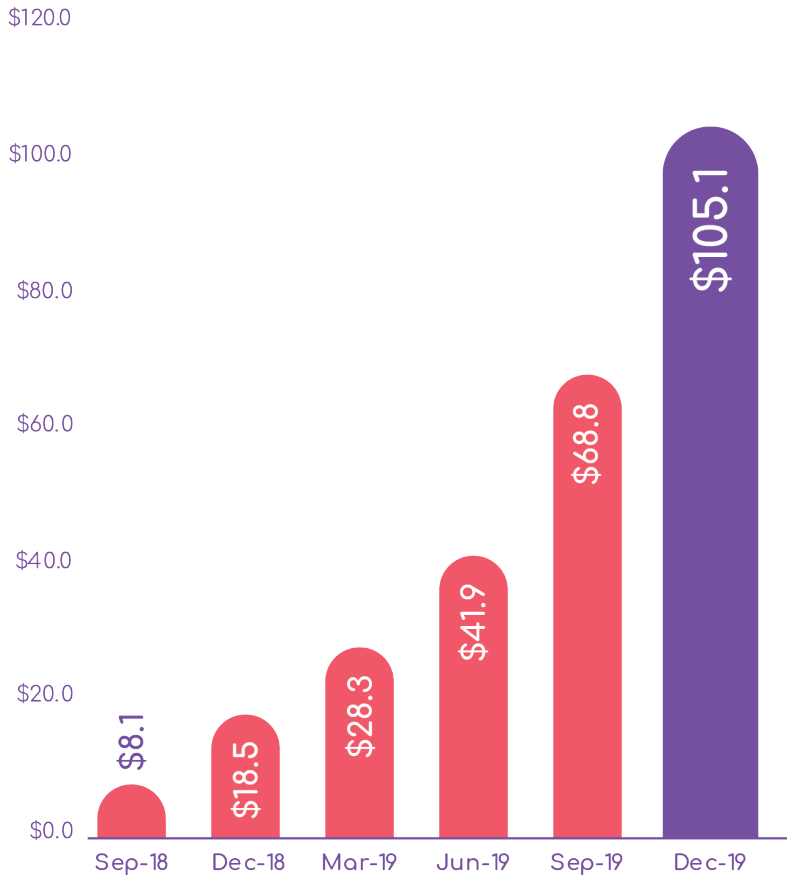


OF ACTIVE CUSTOMERS
AT QUARTER END



High growth and improved operating metrics

QUARTERLY UNDERLYING
MERCHANT SALES (US\$M)



Count as of	Dec 31, 2019	Dec 31, 2018	Change
Active Customers	914,886	155,257	489%
Active Merchants	10,010	2,228	349%

For the Year Ended	Dec 31, 2019	Dec 31, 2018	Change
UMS	US\$244.1m	US\$31.1m	685%
Merchant Fees	US\$13.0m	US\$1.5m	775%

Sezzle goes international

Expansion into Canada marks Sezzle's first territory outside the US

Having closed deals with a number of marquee Canadian brands and retailers, Sezzle announced its formal entry into the Canadian marketplace with the opening up of a headquarters in Toronto and the hiring of a veteran e-commerce sales executive to lead the expansion.



PATRICK CHAN,
A FORMER SALES
EXECUTIVE IN DIGITAL
PAYMENTS, JOINED
SEZZLE TO LEAD ITS
CANADA TEAM

"Despite being in the market for only half a year, the pick-up from Canadian merchants has been overwhelming. In the year ahead, we look forward to developing a national sales force with vertical domain experts. It's a really exciting time to be at Sezzle in Canada right now, and we look forward to making the most of the opportunity."

"We see this as a turning point for Canadian shoppers as they now have access to a new way to pay that is completely transparent and fully aligned with their financial interests."

CHARLIE YOUAKIM,
CHAIRMAN
AND CEO

Regulatory environment

Proactively engaging regulators

- In October 2019 we met with the US Consumer Financial Protection Bureau
- In late 2019, we experienced a temporary setback with the State of California's Department of Business Oversight that was quickly rectified and resolved
- We are expanding our proactive outreach from a federal level down to the state and provincial level





SECTION 3

Financial highlights

Financial performance summary

- Net Transaction Margin (NTM) turned positive, improving to 0.3% of Underlying Merchant Sales (UMS) compared to (1.0%) in the prior year
- 2019 Net Transaction Losses (NTL)¹ were (1.5%) of UMS compared to (2.3%) of UMS in the prior year
- Total Income of \$16.1 million in 2019, compared to \$1.6 million in the prior year
- EBITDA totaled (\$10.7) million in 2019 compared with (\$4.0) million in the prior year, reflecting increased expense of (\$6.7) million
- Compensation related expenses comprised 65% of other operating expenses in 2019 and increased by \$6.1 million from 2018 driven by the addition of 70 positions
- Raised \$33.3 million in capital (net of costs) during 2019, most notably through the Company's successful IPO on the ASX
- Increased debt facility capacity to \$100 million to help facilitate future growth in UMS

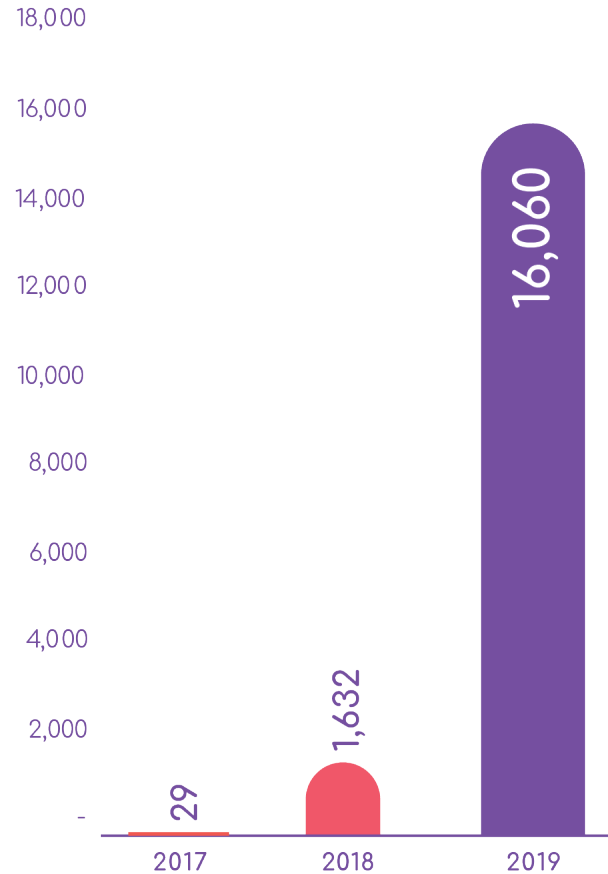
1. Net Transaction Loss is calculated as the expected provision and actual losses against installment payments receivables and Reschedule Fee losses to be incurred, less End-customer fees collected. End-customer fees comprise non-waived Failed Payment Fees, net of the expected cost of uncollectible accounts attributable to Failed Payment Fees. Per the consolidated historical statements of operations, this is the net of End-customer Other Income and Uncollectible accounts.



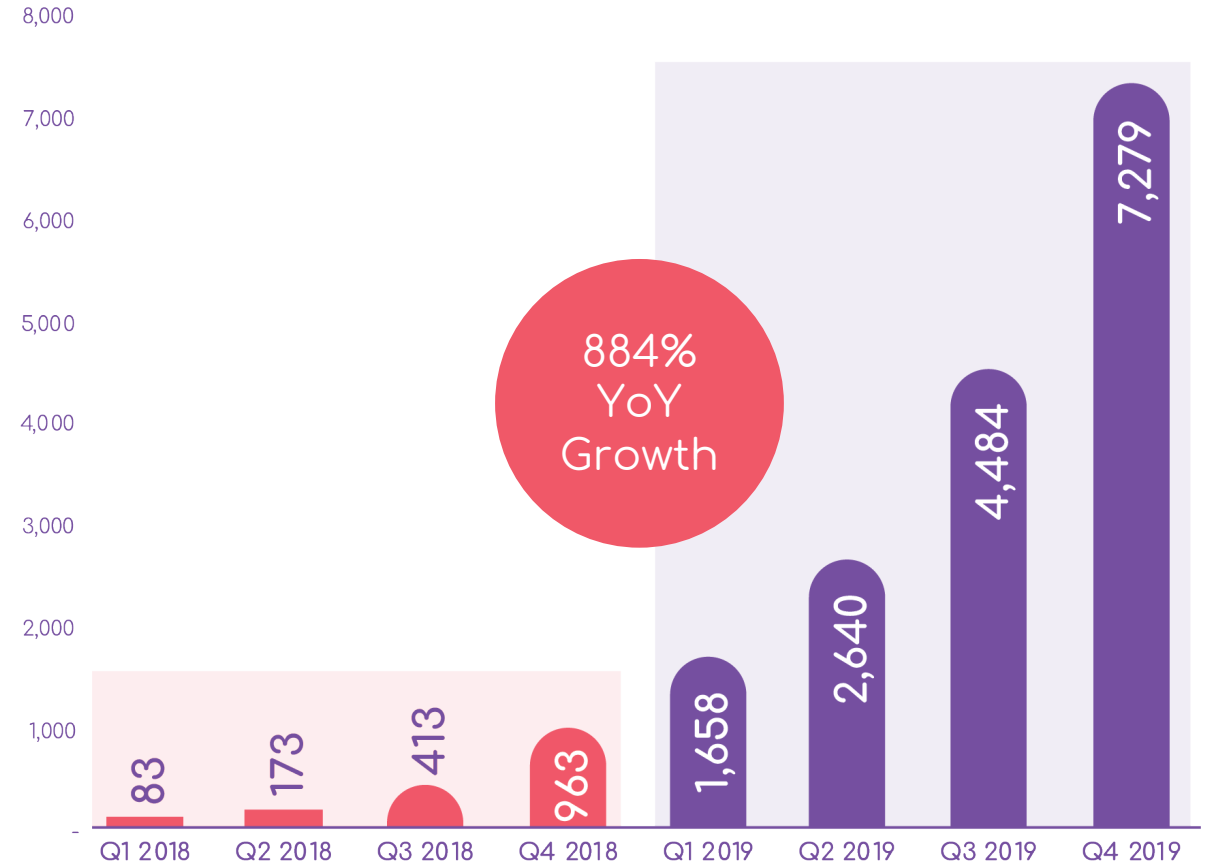
Rapid income growth

- Total Income was \$16.1 million in 2019, nearly ten times the Total Income of 2018.
- On average, Total Income increased nearly 66% quarter over quarter throughout the course of 2019.

ANNUAL TOTAL INCOME
(US\$000S)



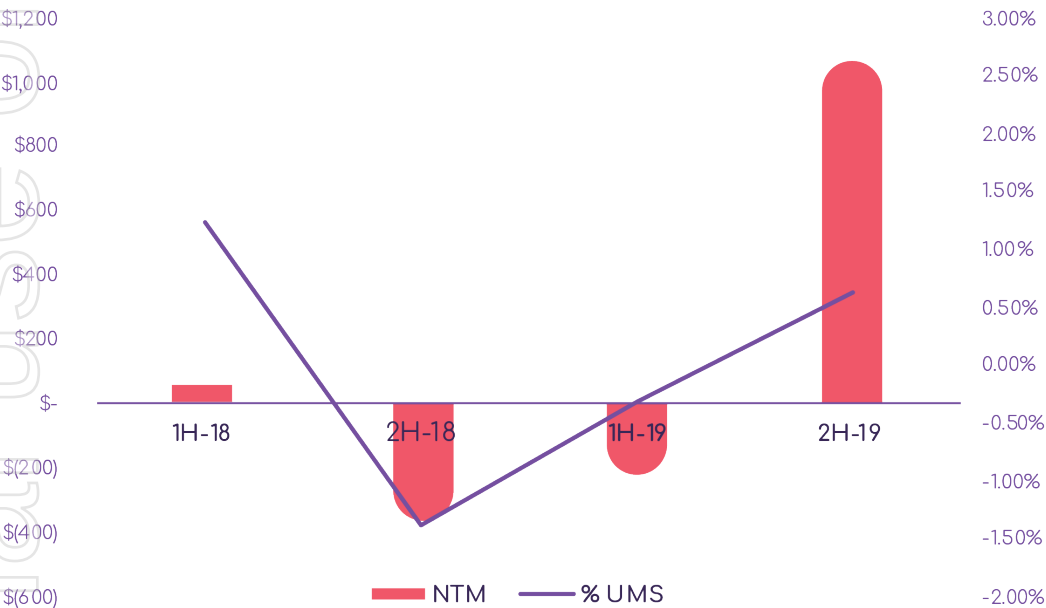
QUARTERLY TOTAL INCOME (US\$000S)



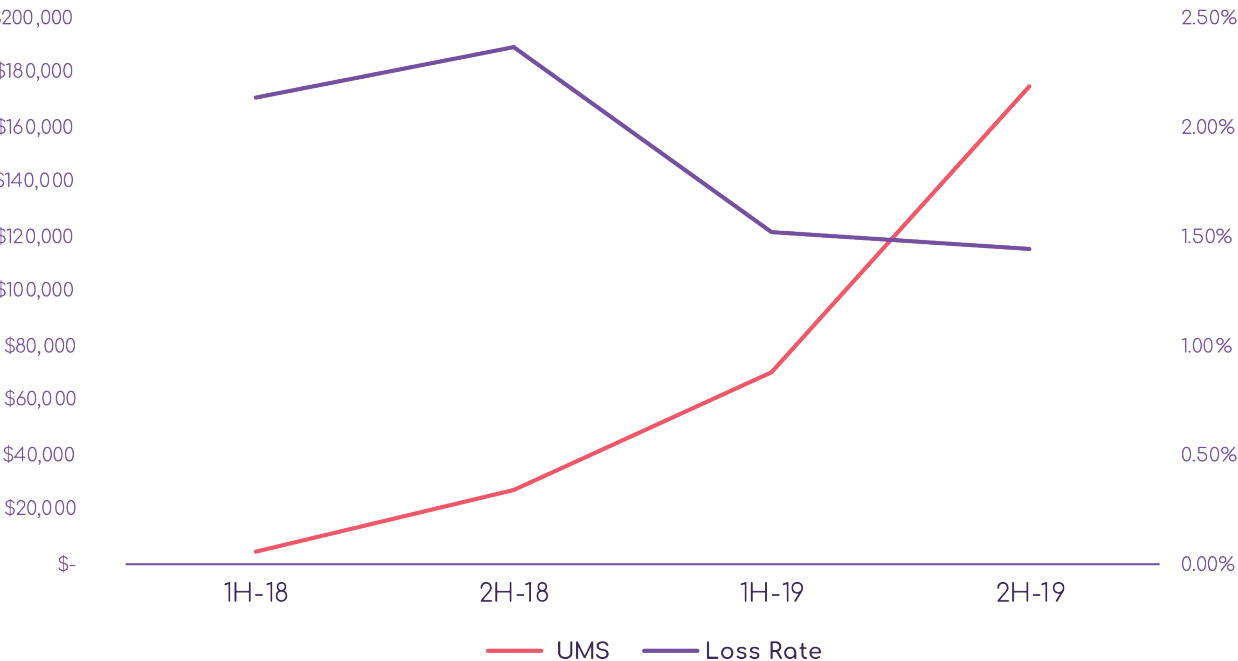
Improvements in Net Transaction Margin

Sezzle's NTM turned positive in 2019, driven in part by improved Net Transaction Loss rates.

NET TRANSACTION MARGIN & RATE (US\$000S)



UMS (US\$000S) & NET TRANSACTION LOSS RATE (%)



Net Transaction Margin

SEZZLE INCOME ¹
-
COST OF INCOME ²
-
NET TRANSACTION LOSS ³
-
TRANSACTION FUNDING FINANCING COSTS
=
NET TRANSACTION MARGIN

	FOR THE YEARS ENDED			
	2019		2018	
Net Transaction Margin (NTM)	US\$000s	% of UMS	US\$000s	% of UMS
Underlying Merchant Sales (UMS)	\$ 244,126	-	\$ 31,081	-
Sezzle income	13,375	5.5%	1,415	4.6%
Cost of income	(7,660)	(3.1%)	(915)	(2.9%)
Net Transaction Loss	(3,551)	(1.5%)	(724)	(2.3%)
Transaction funding financing costs	(1,328)	(0.5%)	(93)	(0.3%)
Net Transaction Margin	\$ 836	0.3%	\$ (317)	(1.0%)

1. Sezzle Income includes all Merchant Fees and Reschedule Fees and is net of Loan Origination Costs, recognized in the consolidated historical statement of operations over the average duration of the underlying installment payments receivables using the effective interest rate method.
2. Cost of income primarily comprises payment-processing fees paid to third-party payments processors, customer communication costs and merchant affiliate program and partnership fees.
3. Net Transaction Loss is calculated as the expected provision and actual losses against installment payments receivables and Reschedule Fee losses to be incurred, less End-customer fees collected. End-customer fees comprise non-waived Failed Payment Fees, net of the expected cost of uncollectible accounts attributable to Failed Payment Fees. Per the consolidated historical statements of operations, this is the net of End-customer Other Income and Uncollectible accounts.

Positioned for Future Growth

Strong capital position:

- US\$35.0 million of cash and cash equivalents at year end
- Raised US\$33.3 million in equity:
 - US\$27.5 million via IPO (July 2019)
 - US\$5.8 million pre-IPO capital via convertible note (Spring 2019)
- US\$100.0 million funding facility (matures May 2022)
- Every additional dollar of capital supports US\$14 of Underlying Merchant Sales

(US\$'000s)	2019	
Cash and cash equivalents	\$	34,965
Restricted cash	\$	1,660
Total cash	\$	36,625
Long term debt	\$	250
Line of credit	\$	20,859
Total debt	\$	21,109



SECTION 4
APPENDIX

Consolidated financial statements

Consolidated Balance Sheets

	2019 US\$	2018 US\$
Assets		
Current Assets		
Cash and cash equivalents	\$ 34,965,069	\$ 6,519,400
Restricted cash	1,639,549	545,454
Notes receivable, net	25,189,135	4,930,616
Other receivables, net	315,502	32,780
Prepaid expenses and other current assets	882,939	128,167
Total current assets	62,992,194	12,156,417
Non-Current Assets		
Internally developed intangible assets, net	480,098	260,732
Property and equipment, net	134,400	75,676
Right-of-use assets	867,272	–
Restricted cash	20,000	20,000
Other assets	49,171	22,509
Total Assets	\$ 64,543,135	\$ 12,535,334

	2019 US\$	2018 US\$
Liabilities, Mezzanine Equity, and Stockholders' Equity (Deficit)		
Current Liabilities		
Merchant accounts payable	\$ 13,284,544	\$ 2,276,880
Lease liability (current)	389,257	–
Accrued liabilities	1,670,261	457,488
Other payables	267,934	96,252
Total current liabilities	15,611,996	2,830,620
Long Term Liabilities		
Long term debt	250,000	250,000
Lease liability (non-current)	500,131	–
Line of credit, net of unamortized debt issuance costs of US\$590,827 and US\$66,172, respectively	20,859,173	4,133,828
Total Liabilities	37,221,300	7,214,448
Mezzanine Equity		
Preferred stock, 6% noncumulative, US\$0.00001 par value; 200,000,000 shares authorized; 0 and 69,536,840 shares issued and outstanding, respectively	–	11,678,429
Stockholders' Equity (Deficit)		
Common stock, US\$0.00001 par value; 300,000,000 shares authorized; 178,931,312 and 59,416,666 shares issued and outstanding, respectively	1,789	594
Additional paid-in capital	51,138,207	99,857
Accumulated deficit	(23,818,161)	(6,457,994)
Total Stockholders' Equity (Deficit)	27,321,835	(6,357,543)
Total Liabilities, Mezzanine Equity, and Stockholders' Equity (Deficit)	\$ 64,543,135	\$ 12,535,334

Consolidated Statements of Operations

	2019 US\$	2018 US\$
Income		
Sezzle income	\$ 13,375,254	\$ 1,415,077
End-customer other income	2,685,102	216,983
Total income	16,060,356	1,632,060
Cost of Income	7,660,276	915,266
Gross profit	8,400,080	716,794
Operating Expenses		
Selling, general, and administrative expenses	13,223,605	3,829,013
Provision for uncollectible accounts	6,235,820	940,498
Total operating expenses	19,459,425	4,769,511
Operating Loss	(11,059,345)	(4,052,717)

	2019 US\$	2018 US\$
Other Income (Expense)		
Interest expense	(1,459,782)	(96,496)
Interest expense on beneficial conversion feature	(4,197,674)	–
Other income and expense	132,554	(36,850)
Fair value adjustment on future equity obligations	–	(7,490)
Loss before taxes	16,584,247	(4,193,553)
Income tax expense	11,981	–
Net Loss	\$ (16,596,228)	\$ (4,193,553)

Earnings per share:

Basic and diluted loss per common share	\$ (0.15)	\$ (0.07)
Basic and diluted weighted average shares outstanding	111,576,824	59,416,666

Consolidated Statements of Stockholder's Equity

	Common Stock						Total US\$
	Shares	Amount US\$	Additional Paid-in Capital US\$	Stock Subscriptions US\$	Accumulated Deficit US\$		
Balance at January 1, 2018	59,416,666	\$ 594	\$ 69,180	\$ (57,708)	\$ (2,264,441)	\$	(2,252,375)
Equity based compensation	–	–	30,677	–	–		30,677
Collection of stock subscription	–	–	–	57,708			57,708
Net loss	–	–	–	–	(4,193,553)		(4,193,553)
Balance at December 31, 2018	59,416,666	594	99,857	–	(6,457,994)		(6,357,543)
Equity based compensation	–	–	825,302	–	–		825,302
Stock option exercises	882,914	8	37,099	–	–		37,107
Restricted stock issuances	407,000	4	126,673	–	–		126,677
Preferred stock dividend	–	–	–	–	(763,939)		(763,939)
Conversion of preferred stock to common stock	70,446,291	705	12,441,662	–	–		12,442,367
Proceeds of initial public offering, net of issuance costs	35,714,286	357	27,509,331	–	–		27,509,688
Conversion of notes to common stock	12,064,155	121	10,098,283	–	–		10,098,404
Net loss	–	–	–	–	(16,596,228)		(16,596,228)
Balance at December 31, 2019	178,931,312	\$ 1,789	\$ 51,138,207	\$ –	\$ (23,818,161)	\$	27,321,835

Consolidated Statements of Cash Flows

	2019 US\$	2018 US\$
Net loss	\$ (16,596,228)	\$ (4,193,553)
Adjustments to reconcile net loss to net cash used for operating activities:		
Depreciation and amortization	245,496	96,845
Provision for uncollectible accounts	6,235,820	940,498
Provision for other uncollectible receivables	1,188,201	102,540
Equity based compensation and restricted stock vested	951,979	30,677
Amortization of debt issuance costs	72,379	4,727
Fair value adjustment on future equity obligations	-	7,490
Impairment losses on long-lived assets	15,623	19,827
Loss and accrued interest on conversion of convertible notes	4,306,622	-
Changes in operating assets and liabilities:		
Notes receivable	(26,494,339)	(5,658,137)
Other receivables	(1,470,923)	(133,100)
Prepaid expenses and other assets	(788,428)	(121,195)
Merchant accounts payable	11,007,664	2,168,981
Other payables	171,682	79,575
Operating leases	22,116	-
Accrued liabilities	1,212,773	421,492
Net cash used for operating activities	(19,919,563)	(6,233,333)
Investing Activities:		
Purchase of property and equipment	(125,885)	(101,529)
Internally developed intangible asset additions	(406,333)	(267,375)
Net cash used for investing activities	(532,218)	(368,904)

	2019 US\$	2018 US\$
Financing Activities:		
Proceeds from issuance of long term debt	5,812,500	250,000
Costs incurred for convertible note issuance	(25,000)	-
Proceeds from line of credit	24,200,000	4,600,000
Payments to line of credit	(6,950,000)	(400,000)
Proceeds from employee stock option exercises	37,107	-
Payments of debt issuance costs	(592,750)	(70,899)
Proceeds from initial public offering	30,286,785	-
Costs incurred for initial public offering	(2,777,097)	-
Proceeds of future equity obligations	-	30,000
Proceeds from issuance of preferred stock, net of costs	-	8,368,386
Collection of stock subscription	-	57,708
Net cash provided by financing activities	49,991,545	12,835,195
Net increase (decrease) in cash, cash equivalents, and restricted cash	29,539,764	6,232,958
Cash, cash equivalents, and restricted cash:		
Beginning of Year	7,084,854	851,896
End of Year	\$ 36,624,618	\$ 7,084,854
Non-cash investing and financing activities:		
Conversion of notes to common stock	\$ 10,098,404	\$ -
Conversion of preferred stock to common stock	12,442,367	-
Issuance of preferred stock dividend	763,939	-
Non-cash lease liabilities arising from obtaining right-of-use assets	872,210	-
Issuance of preferred stock from future equity obligations	-	3,310,043
Supplementary disclosures:		
Cash paid for interest	1,153,730	34,634