



The way forward

## Capital Raising Presentation

This presentation is authorised for release on  
ASX by the Board

10 July 2020



# IMPORTANT NOTICES AND DISCLAIMER

This presentation and materials (together the **Presentation**) has been prepared by Sezzle Inc. (ARBN 633 327 358) (ASX: SZL, **Sezzle** or **Company**) in connection with (i) an institutional placement of new fully paid chess depository interests (**New CDIs**) in the Company (**Placement**) and (ii) an offer of New CDIs to eligible holders under a security purchase plan (**SPP**) (the Placement and SPP together being the **Offer**). The Placement is managed and fully underwritten by Ord Minnett Limited (ABN 86 002 733 048) (the **Lead Manager**). The SPP is not underwritten.

## Summary Information

This Presentation contains summary information about the current activities of the Company and its subsidiaries as at the date of this Presentation. The information in this Presentation is of a general nature and does not purport to be complete. This Presentation does not purport to contain all the information that an investor should consider when making an investment decision nor does it contain all the information which would be required in a disclosure document or prospectus prepared in accordance with the requirements of the *Corporations Act 2001* (Cth) (the **Corporations Act**). Certain market and industry data used in connection with this Presentation may have been obtained from research, surveys or studies conducted by third parties, including industry or general publications. Neither Sezzle nor its representatives have independently verified any such market or industry data provided by third parties or industry or general publications. The information in this presentation should be read in conjunction with the Company's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (**ASX**), which are available at [www.asx.com.au](http://www.asx.com.au).

## Not an offer

This Presentation is for information purposes only and is not a prospectus, disclosure document, product disclosure statement or other offering document under Australian law or any other law. Neither is this presentation financial product advice, investment advice or any recommendation.

Accordingly, this presentation does not contain all the information that would be required to be included in a prospectus, product disclosure statement or other disclosure or offer document prepared in accordance with the requirements of the Corporations Act and has not been lodged with the Australian Securities and Investments Commission (**ASIC**) or any other financial services or securities regulator. This Presentation is not and should not be considered an offer or an invitation to subscribe for or acquire securities or any other financial products.

The Placement will be conducted under section 708A of the Corporations Act and will be made available to certain persons who are "professional" or "sophisticated" investors (as defined in subsections 708(8) and 708(11) of the Corporations Act). The SPP will only be made available to eligible holders of CDIs in Australia and New Zealand and will be conducted in accordance with ASIC Instrument [20-0707]. Determination of eligibility of investors for the purposes of the Offer is determined by reference to a number of matters, including legal requirements and the discretion of the Company and the Lead Manager. To the maximum extent permitted by law, the Company and the Lead Manager each disclaim any liability in respect of the exercise of that discretion or otherwise.

## International restrictions

This Presentation does not constitute or form a part of any offer or solicitation to purchase, subscribe or sell securities in the United States or any other jurisdiction in which such an offer would be illegal.

No public offering of the New CDIs will be made in the United States or in any other jurisdiction where such an offering is restricted or prohibited. The distribution of this Presentation in other jurisdictions outside Australia may also be restricted by law and any such restrictions should be observed.

Any failure to comply with such restrictions may constitute a violation of applicable securities laws (see "International Selling Restrictions" section in Appendix C of this Presentation). By accepting this Presentation you represent and warrant that you are entitled to receive such presentation in accordance with the above restrictions and agree to be bound by the limitations contained herein.

## Not for release or distribution in the United States of America

This Presentation and the information contained herein does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or any other jurisdiction in which such an offer would be illegal. The New CDIs have not been, and will not be, registered under the US Securities Act of 1933 (the **US Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New CDIs to be offered and sold in the Placement may not be offered or sold, directly or indirectly, in the United States unless the New CDIs have been registered under the US Securities Act or are offered or sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable securities laws of any state or other jurisdiction of the United States.

The New CDIs will only be offered to investors outside the United States in "offshore transactions" (as defined in Rule 902(h) of Regulation S under the US Securities Act (**Regulation S**) in reliance on Regulation S.

# IMPORTANT NOTICES AND DISCLAIMER

In order to comply with the requirements of Regulation S, investors may not re-sell any New CDIs (or underlying securities) into the US to a US Person or for the account or benefit of a US Person for a period of one year after the date of issue of the securities unless the resale of the securities is registered under the US Securities Act or an exemption from registration is available. Accordingly, in order to enforce the above transfer restrictions whilst ensuring that holders can still trade their CDIs on ASX, the CDIs will bear a "FOR US" designation on ASX. As a result of the imposition of the "FOR US" designation, all securityholders of Sezzle will be restricted from selling their CDIs on ASX to US Persons.

## Not financial product advice

This Presentation does not constitute financial product or investment advice (nor tax, accounting or legal advice) nor is it a recommendation to subscribe for or acquire New CDIs and does not and will not form any part of any contract for the subscription or acquisition of New CDIs.

This Presentation has been prepared without taking into account the specific objectives, financial situation or needs of individual investors. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek appropriate advice, including financial, legal and taxation advice appropriate to their jurisdiction and circumstances. The Company is not licensed to provide financial product advice in respect of its securities. Cooling off rights do not apply to the acquisition of New CDIs.

## Financial data

All dollar values are in Australian dollars (A\$) or US dollars (US\$).

Investors should note that this Presentation contains pro forma financial information. The pro forma financial information provided in this Presentation is for illustrative purposes only and is not represented as being indicative of the Company's (or anyone else's) views on the Company's future financial position and/or performance. The pro forma financial information has been prepared by the Company in accordance with the measurement and recognition requirements, but not the disclosure requirements, of applicable accounting standards and other mandatory requirements in Australia. Please note that all financial data as at 31 May 2020 is unaudited.

Recipients of this Presentation should also be aware that certain financial information included in this presentation are 'non-US GAAP financial measures' under ASIC Regulatory Guide 230: "Disclosing non-IFRS financial information". The disclosure of such non-GAAP financial measures in the manner included in this Presentation may not be permissible in a registration statement under the US Securities Act.

The Company believes the non-GAAP financial measures provide useful information to users in measuring the financial performance and conditions of the Company. The non-GAAP financial measures do not have a standardized meaning prescribed by US GAAP, and therefore, may not be comparable to similarly titled measures presented by other entities and should not be construed as an alternative or replacement to other financial measures determined in accordance with US GAAP. Recipients of this Presentation are cautioned to not place undue reliance on any non-GAAP financial measures included in this presentation.

## Past Performance

Past performance information given in this Presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance. The historical information in this presentation is, or is based upon, information contained in previous announcements made by Sezzle to the market. These announcements are available at [www.asx.com.au](http://www.asx.com.au).

## Future performance and forward-looking statements

This Presentation contains certain "forward-looking statements". The words "expect", "anticipate", "estimate", "intend", "believe", "guidance", "should", "could", "may", "will", "predict", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements.

Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this Presentation are based on assumptions and contingencies that are subject to change without notice and involve known and unknown risks and uncertainties and other factors that are beyond the control of Sezzle, its directors and management.

This includes statements about market and industry trends, which are based on interpretations of current market conditions.

Investors are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the COVID-19 pandemic. Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which these statements are based. These statements may assume the success of Sezzle's business strategies, the success of which may not be realised within the period for which the forward-looking statement may have been prepared, or at all.

There can be no assurance that actual outcomes will not differ materially from these forward-looking statements.

# IMPORTANT NOTICES AND DISCLAIMER

Several important factors could cause actual results or performance to differ materially from the forward-looking statements, including (without limitation) the risks and uncertainties associated with the ongoing impacts of COVID-19, the United States, Australian and global economic environment and capital market conditions and other risk factors set out in this presentation. Other risks may materially affect the future performance of Sezzle and the price of Sezzle's CDIs. Additional risks and uncertainties not presently known to management or that management currently believe not to be material may also affect Sezzle's business.

No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including Sezzle or any of its advisers).

In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward looking statements in this presentation will actually occur. Actual operations, results, performance, production targets or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. To the maximum extent permitted by law, the Company and its directors, officers, partners, employees, advisers, agents and intermediaries disclaim any obligation or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions.

Except as required by law or regulation (including the ASX Listing Rules), the Company undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements.

## Effect of rounding

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding.

Accordingly, the actual calculation of these figures may differ from the figures set out in this Presentation.

## Investment risk

An investment in Sezzle's CDIs is subject to investment and other known and unknown risks, some of which are beyond the control of the Company, including possible loss of income and principal invested. The Company does not guarantee any particular rate of return or the performance of the Company, nor does it guarantee the repayment of capital from the Company or any particular tax treatment. In considering an investment in Sezzle's CDIs, investors should have regard to (amongst other things) the risks outlined in this Presentation.

## Disclaimer

The Lead Manager has acted as lead manager and underwriter of the Placement. A summary of the key terms of the underwriting agreement between Sezzle and the Lead Manager is provided in Appendix D of this Presentation.

To the maximum extent permitted by law, Sezzle and the Lead Manager and their respective related bodies corporate and affiliates, and their respective officers, directors, employees, agents and advisers:

- a) disclaim all responsibility and liability (including, without limitation, any liability arising from fault, negligence or negligent misstatement) for any loss arising from this Presentation or reliance on anything contained in or omitted from it or otherwise arising in connection with this Presentation;
- b) disclaim any obligations or undertaking to release any updates or revision to the information in this Presentation to reflect any change in expectations or assumptions;

- c) do not make any representation or warranty, express or implied, as to the accuracy, reliability, completeness of the information in this Presentation or that this Presentation contains all material information about Sezzle or that a prospective investor or purchaser may require in evaluating a possible investment in Sezzle or acquisition of Sezzle's CDIs, or likelihood of fulfilment of any forward-looking statement or any event or results expressed or implied in any forward-looking statement; and
- d) disclaim any fiduciary relationship between them and the recipients of this Presentation or the participants in the Placement.

No recommendation is made as to whether any person should participate in the Placement.

You acknowledge and agree that determination of eligibility of investors for the purposes of the Offer is determined by reference to a number of matters, including legal requirements and the discretion of Sezzle and the Lead Manager and each of Sezzle and the Lead Manager disclaim any duty or liability (including for negligence) in respect of the exercise or otherwise of that discretion, to the maximum extent permitted by law.

You further acknowledge and agree that allocations are at the sole discretion of the Lead Manager and/or Sezzle. The Lead Manager and Sezzle disclaim any duty or liability (including for negligence) in respect of the exercise or otherwise of that discretion, to the maximum extent permitted by law. Furthermore, the Lead Manager and Sezzle reserve the right to change the timetable in their absolute discretion including by closing the Placement bookbuild early or extending the Placement bookbuild closing time (generally or for particular investor(s)) in their absolute discretion (but have no obligation to do so), without recourse to them or notice to you. Furthermore, communications that a transaction is "covered" (i.e. aggregate demand indications exceed the amount of the CDIs offered) are not an assurance that the transaction will be fully distributed.



# AGENDA

- 1 Executive summary
- 2 Positive 2Q20 Results
- 3 Momentum remains strong
- 4 Improving consumer profile
- 5 Expanding our capabilities with large enterprise merchants
- 6 UMS outlook
- 7 COVID-19 response
- 8 Capital raising overview
- 9 Appendices – A, B, C, D



# Executive summary

## Capital Raising

- Sezzle has today launched a capital raising of up to ~A\$86.3 million<sup>1</sup> (US\$60.0 million) to accelerate its growth strategy and strengthen its balance sheet. The capital raising will comprise a:
  - ~A\$79.1 million<sup>1</sup> (US\$55.0 million) fully underwritten institutional placement (**Placement**); and
  - ~A\$7.2 million<sup>1</sup> (US\$5.0 million) non-underwritten security purchase plan (**Security Purchase Plan** or **SPP**) (together, the **Capital Raising**)
- Pricing will be determined via a bookbuild process with an underwritten floor price of \$5.00 per CDI (**Underwritten Floor Price**).
- The Underwritten Floor Price represents a:
  - 28.1% discount to last close of \$6.95 per CDI on Thursday, 9 July 2020
  - 10.0% discount to the 5-day VWAP of \$5.56 per CDI on Thursday, 9 July 2020

## UMS Outlook

- Underlying Merchant Sales (**UMS**) are expected to reach an annualized pace of US\$1 billion (A\$1.4 billion) by the end of 2020

## 2Q20 Trading update

- All of Sezzle's key operating metrics grew at a record-setting pace during 2Q20
  - UMS increased 58% QoQ to US\$188 million (+349% YoY)
  - Active Consumers rose 28% QoQ to 1.48 million (+243% YoY)
  - Active Merchants grew 27% QoQ to 16,112 (+219% YoY)
  - Improving consumer profile reflected by increased repeat usage (87.5% compared to 77.2% 2Q19) and purchase frequency of cohorts (~15x per year)

## Expanding Enterprise Merchant Capabilities

- Veronica Katz, a long time PayPal executive, has joined Sezzle as Chief Revenue Officer. Veronica will assist in building out Sezzle's expanding enterprise merchant capabilities and accelerate the Company's growth profile

## Market Shift to eCommerce and COVID-19 Response

- Sezzle is well-positioned for the continued shift of North American consumers and retailers to eCommerce as the impact of COVID-19 has yet to dissipate
- The Company has successfully mitigated operational impacts of COVID-19 with all necessary systems in place for fully remote working

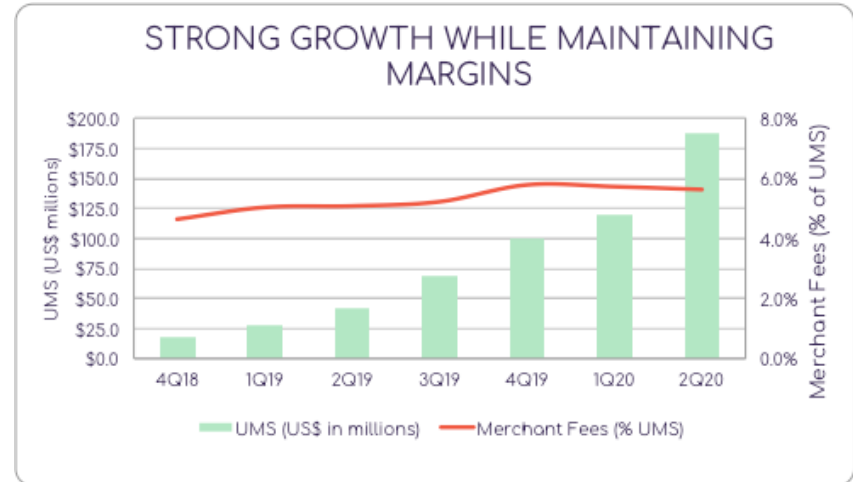


# Positive 2Q20 Results

Operating metrics grew at a record-setting pace during 2Q20.

- Growth in Active Consumers in 2Q20 of 325,990 exceeded the Company's previous record of 270,377 set in 4Q19.
- Active Merchant additions of 3,397 were well ahead of the Company's prior record of 2,705 in 1Q20.
- As a percentage of UMS, Merchant Fees improved 55bps YoY to 5.6% for 2Q20.
- Leading loss indicators continue to show improvement YoY and QoQ.

Key Metrics	Qtr Ended	QoQ change	YoY change
	30-Jun-20 (US\$ in M's)		
UMS	\$188.0	57.5%	348.6%
Merchant Fees	\$10.6	54.8%	397.1%
Active Consumers	1,475,235	28.4%	243.2%
Active Merchants	16,112	26.7%	219.2%

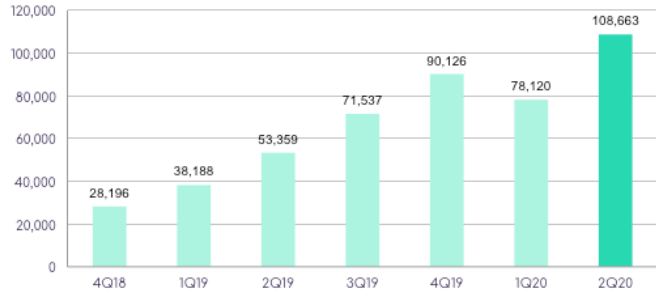


# Momentum remains strong

Average Monthly UMS (US\$ in M's)



Average Monthly Active Consumer Additions



- UMS increased by 58% QoQ and 349% YoY, led by an average monthly rate of US\$62.7M, which is well above the Company's previous high of US\$39.8M recorded in 1Q20.
- 2Q20 represented the top 3 months of monthly UMS in the Company's history.

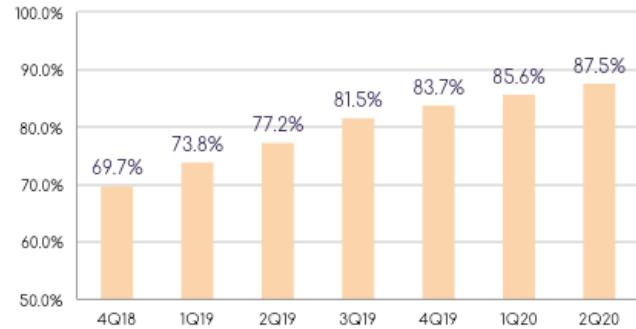
# Improving consumer profile

- Nearly 100% of Sezzle's transactions are eCommerce.
  - Well-positioned for ongoing shift to eCommerce as COVID-19 is yet to dissipate.
- Purchase frequency by cohort demonstrates brand loyalty, as older cohorts transact more frequently.
- Each new cohort has exhibited greater activity than the previous at related points in time.
- June 2020 represented the 18th straight month of sequential improvement in repeat usage.
- Higher repeat consumer usage and purchase frequency translates to greater transaction margins and lower loss rates.

## Purchase Frequency by Cohort

Cohort	As of 31 May 2020
2018 Cohort	~15x per year
2019 Cohort	~9x per year
2020 Cohort	~5x per year

## Active Consumer Repeat Usage





# Expanding our capabilities with large enterprise merchants

VERONICA KATZ,  
FORMER PAYPAL EXECUTIVE, JOINS SEZZLE TO  
EXPAND ENTERPRISE ACCOUNTS

"I am thrilled to be part of the Sezzle team and help them accelerate their growth as Chief Revenue Officer. Sezzle has an impactful product and has an amazing mission-driven company culture, with incredibly talented people. There is a lot of synergy with this new role and my previous responsibilities at PayPal – I will definitely be hitting the ground running."



"The addition of Veronica Katz to the Sezzle team is a significant milestone for our business as we continue to invest in our capabilities with large enterprise merchants"

CHARLIE YOUAKIM,  
CHAIRMAN AND CEO

#### Quick Bio:

- PayPal since 2011, most recently serving as PayPal's Vice President of Global Accounts. Prior PayPal role, she led Large Enterprise Business in North America.
- Will spearhead Sezzle's business development efforts, with particular focus on enterprise-level accounts.

# UMS outlook

By the end of 2020, Sezzle expects to achieve an annualized run rate for Underlying Merchant Sales (UMS) exceeding US\$1.0 billion per annum.

Continued investment in key near-term growth initiatives with a focus on exceeding expected UMS guidance

- Expansion opportunities and large enterprise merchants
- Sales and marketing
- R&D and product enhancement

2020 UMS OUTLOOK  
ANNUALIZED RUN-RATE  
OF  
US\$1.0B BY END  
OF 2020  
(A\$1.4B<sup>1</sup>)

“Sezzle’s strong recent performance, improving consumer profile and confidence in reaching annualized UMS of US\$1 billion by the end of 2020 allows us to be uniquely positioned to further expand through a number of near-term growth initiatives”

CHARLIE YOUAKIM,  
CHAIRMAN AND CEO

Notes:

1. A\$ to US\$ exchange rate of \$0.6950 assumed

# COVID-19 response

## EMPLOYEES

- Mandatory work-from-home policy and suspended all business travel
  - All necessary systems to support a fully remote team
  - Unlimited sick time for anyone experiencing symptoms
- Results: eNPS (employee Net Promoter Score) reached all-time high in March

## MERCHANT PARTNERS

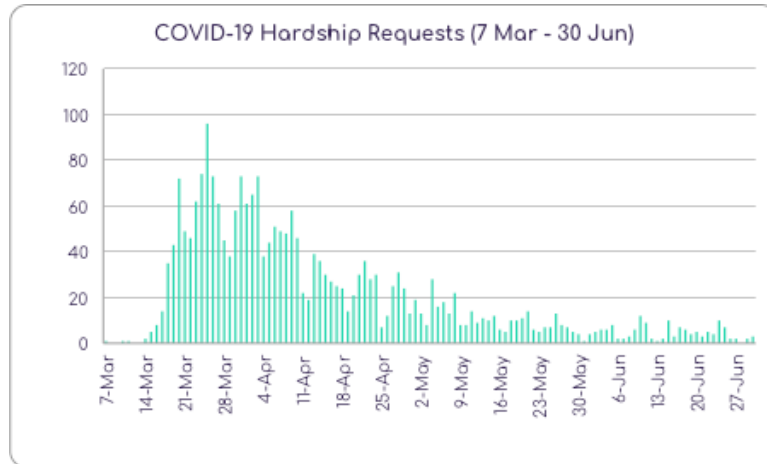
- Increased support and communication
  - Raised the bar for our merchant partners
- Results: Accelerating merchant signups

## COMMUNITY

- Promoting dollar-for-dollar charitable match program to all employees making personal donations.
- Employee-led donation drive for Second Harvest Heartland, a food bank working to end local hunger.
- Goal of becoming a B Corp.

## CONSUMERS

- Expanded fee forgiveness and payment flexibility programs
  - Allow Sezzle shoppers up to two free reschedules per order
  - Continue to evaluate additional payment flexibility to support our shoppers
- Results: User experience remains high - Trustpilot (4.8 stars out of 5) and Facebook (4.7)



# Details of the Offer

Offer Structure	<ul style="list-style-type: none"> <li>Up to ~A\$86.3 million<sup>1</sup> (US\$60.0 million) capital raising via a:             <ul style="list-style-type: none"> <li>— A\$79.1 million<sup>1</sup> (US\$55.0 million) fully underwritten institutional placement (<b>Placement</b>); and</li> <li>— A\$7.2 million<sup>1</sup> (US\$5.0 million) non-underwritten security purchase plan (<b>Security Purchase Plan or SPP</b>) (together, the <b>Capital Raising</b>)</li> </ul> </li> <li>Approximately 15.8 million CHES Depository Interests (CDIs) (<b>Placement Securities</b>) will be issued at the Underwritten Floor Price under the Placement, representing approximately 8.9% of existing issued capital</li> <li>It is intended that eligible CDI holders who bid for an amount of Placement CDIs less than or equal to their pro rata security of Placement Securities will be allocated their full bid on a best endeavours basis</li> </ul>
Placement Pricing	<ul style="list-style-type: none"> <li>The Placement will be conducted at an Underwritten Floor Price of \$5.00 per CDI (<b>Placement Price</b>), representing a:             <ul style="list-style-type: none"> <li>— 28.1% discount to the last traded price of \$6.95 on Thursday, 9 July 2020; and</li> <li>— 10.0% discount to the 5-day VWAP of \$5.56 on Thursday, 9 July 2020</li> </ul> </li> </ul>
Placement Bookbuild	<ul style="list-style-type: none"> <li>The Placement will be conducted by way of bookbuild process on Friday, 10 July 2020</li> </ul>
Underwriting	<ul style="list-style-type: none"> <li>Ord Minnett Limited is acting as Sole Lead Manager, Bookrunner and Underwriter to the Placement (<b>Lead Manager</b>)</li> <li>The SPP is not underwritten</li> </ul>
Security Purchase Plan	<ul style="list-style-type: none"> <li>Eligible CDI holders<sup>2</sup> will have the opportunity to apply for up to A\$30,000 of CDIs free of any brokerage, commission and transaction costs, and subject to scale back in accordance with the policy set out in the SPP offer booklet</li> <li>The SPP offer opens on Friday, 17 July 2020 and is expected to close at 5.00pm (Sydney time), Tuesday, 4 August 2020</li> </ul>
SPP Price	<ul style="list-style-type: none"> <li>CDIs under the SPP are to be issued at the price paid by investors under the Placement</li> </ul>
Ranking	<ul style="list-style-type: none"> <li>New CDIs issued under the Capital Raising will rank equally with Sezzle's existing CDIs from their respective issue dates</li> </ul>
Use of Proceeds	<ul style="list-style-type: none"> <li>Funds raised will be used to fund growth initiatives and to strengthen the balance sheet (refer to slide 14 for further detail)</li> </ul>

## Notes:

1. A\$ to US\$ exchange rate of \$0.6950 assumed
2. Eligible CDI holders are CDI holders with a registered address in Australia or New Zealand on Sezzle's register as at 7:00pm (Sydney time) on the Record Date

# Sources and uses of funds

Offer size to raise A\$86.3 million<sup>1</sup> (equivalent to US\$60 million)

Item	Notes	US\$000's	%
<b>Source of Funds</b>			
Cash proceeds from the Offer		\$60,000	100%
<b>Total Funds Available</b>		<b>\$60,000</b>	<b>100%</b>
<b>Uses of Funds</b>			
Sales and marketing	2	27,000	45%
Product enhancement and expansion	3	14,000	23%
International expansion opportunities	4	11,000	18%
Bolster balance sheet and costs of the offer	5	8,000	13%
<b>Total Use of Funds</b>		<b>\$60,000</b>	<b>100%</b>

## Notes:

1. Translated at a rate of \$0.695 A\$ to US\$
2. Sales and marketing costs include additional business development and marketing personnel and other related marketing costs
3. Product enhancement and expansion costs include the addition of developers and software engineers for enhancements and development of additional functionality and applications within the Sezzle Platform and systems integrations
4. International expansion opportunities includes additional support for further market development in Canada and low cost testing in other markets
5. Bolster balance sheet includes costs for potential debt facility refinancing, costs of the offer and increased cash reserves



# Statement of Financial Position

US\$000's	Unaudited 31-May-2020	Notes	Pro forma effect of Offer	Pro forma 31-May-2020
Cash and cash equivalents	34,442	1	60,000	94,443
Restricted cash	1,831		-	1,831
Instalment payments receivable, net	42,833		-	42,833
End-customer fees receivable, net	266		-	266
Prepaid expenses	1,102		-	1,102
<b>Total current assets</b>	<b>80,474</b>		<b>60,000</b>	<b>140,475</b>
<b>Non-current assets</b>	<b>1,422</b>		<b>-</b>	<b>1,422</b>
<b>Total assets</b>	<b>81,896</b>		<b>60,000</b>	<b>141,897</b>
Accounts payable - merchants	34,832	2	-	34,832
Lease liabilities	345		-	345
Accrued liabilities and other payables	2,062		-	2,062
<b>Total current liabilities</b>	<b>37,239</b>		<b>-</b>	<b>37,239</b>
Borrowings - line of credit agreement	19,583	3,4	-	19,583
Borrowings - notes payable	1,470		-	1,470
Lease liabilities	329		-	329
<b>Total non-current liabilities</b>	<b>21,382</b>		<b>-</b>	<b>21,382</b>
<b>Total liabilities</b>	<b>58,621</b>		<b>-</b>	<b>58,621</b>
<b>Net assets</b>	<b>23,275</b>		<b>60,000</b>	<b>83,275</b>

## Notes:

- At 31 May 2020, cash and cash equivalents totaled US\$34.4M, reflecting the Company's effective cash management strategies. Pro forma cash received from the Offer is not reflective of the costs of the Offer.
- Of the US\$34.8M of accounts payable to merchants, US\$29.2M relates to payables due to participants in the Merchant Interest Program.
- Line of credit had an outstanding of US\$20M as of 31 May 2020, which is the minimum draw required.
- Excess borrowing capacity under the line of credit as of 31 May 2020 stood at US\$16.5M.



# Offer timetable

Event <sup>1</sup>	Date
SPP record date	7.00pm (AEST), Thursday, 9 July 2020
Trading halt commences	Thursday, 9 July 2020
Announcement of Capital Raising	Friday, 10 July 2020
Placement bookbuild opens	10.00am, Friday, 10 July 2020
Placement bookbuild closes	2.00pm, Friday, 10 July 2020
Results of Placement announced to ASX	Monday, 13 July 2020
Trading halt lifted and commencement of normal trading resumes on ASX	Monday, 13 July 2020
Settlement of Placement CDIs	Wednesday, 15 July 2020
Allotment and normal trading of CDIs issued under the Placement	Thursday, 16 July 2020
SPP Offer opens	Friday, 17 July 2020
SPP closing date	Tuesday, 4 August 2020
SPP results announced to ASX	Friday, 7 August 2020
SPP CDIs issued	Tuesday, 11 August 2020
Despatch of holdings statements and normal trading of SPP CDIs commences	Wednesday, 12 August 2020

## Notes:

1. Dates are indicative only and subject to change without notice



## Questions & Answers

# Appendix A

# Compelling investment case

## SUPERIOR GROWTH

Triple-digit growth YoY in revenue, consumers and merchants in 2018, 2019 and 1H20.

## MARKET OPPORTUNITY

US - Over US\$5.4T retail market, eCommerce ~11% (2019).  
CD - US\$461.1B retail market, eCommerce ~6% (2019).  
AUS - US\$215B retail market (2019).

## POSITIVE UNIT ECONOMICS

NTM turned positive ahead of schedule in 2019 and continues positive trajectory in 2020.

## CONSUMER-FIRST BRAND

Enjoyed on multiple platforms. Trustpilot (4.8 stars out of 5) and Facebook (4.7).

## LEVERAGING NETWORK

Over 1.48M consumers, over 16.1K merchants, and ~70% of merchant additions are inbound.

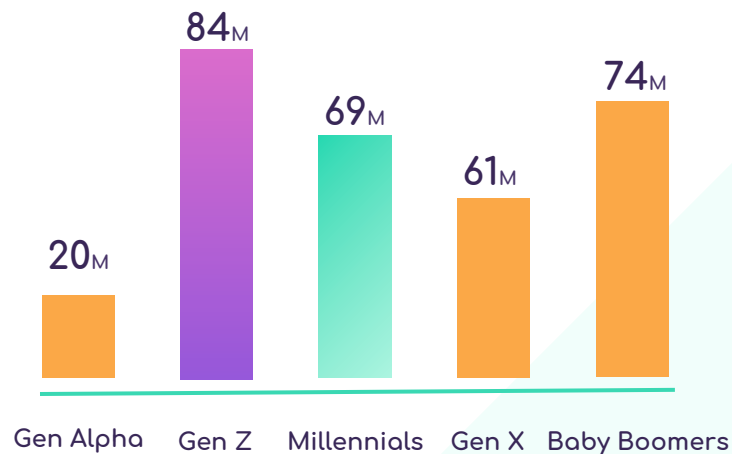
## PROPRIETARY TECHNOLOGY

Real-time credit underwriting developed and managed by Sezzle engineers and data scientists.



# An opportunity too big to ignore

ESTIMATED US CONSUMER POPULATION 2020



25%

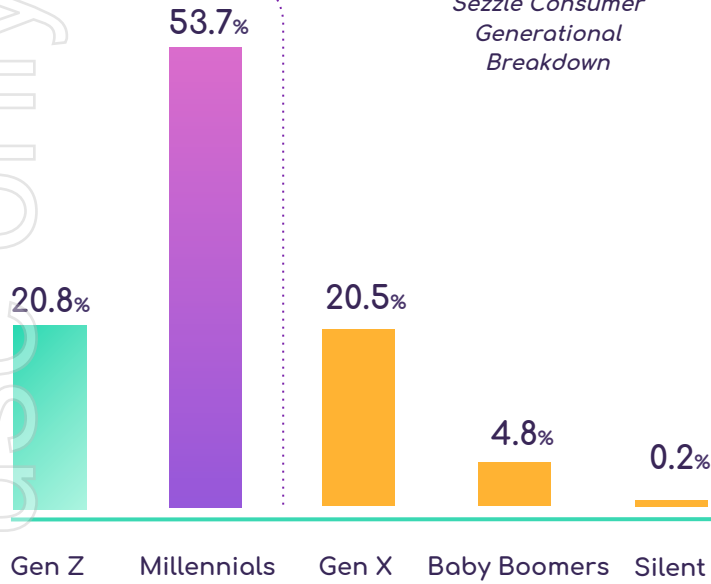
Of spending power will belong to Gen Z

67%

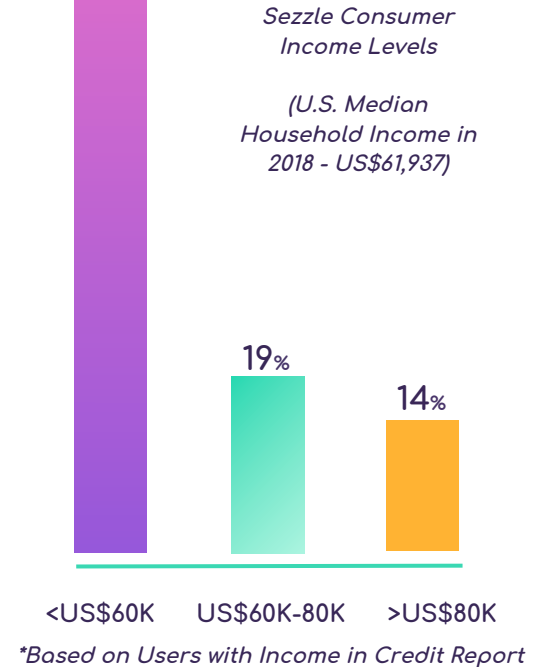
Millenials have a sub or non-prime credit score

# Our consumer demographics (generational and income) reinforce our mission

74.5%



67%

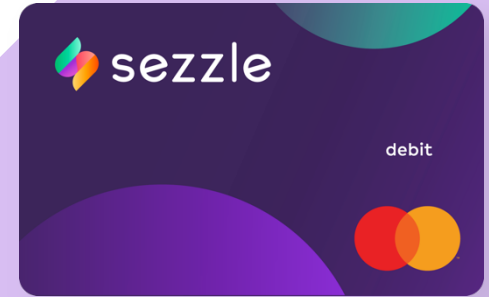
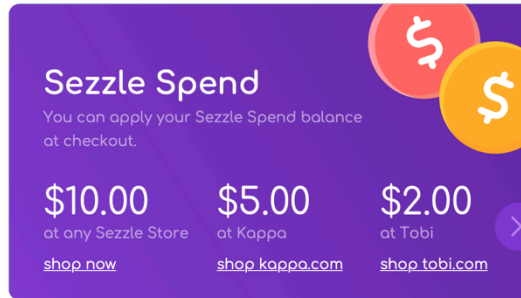


# Addressing consumer needs - 2020 Product Innovation



Complete solutions for all of your  
installment needs inspired by  
consumer research.

- Sezzle Up - Credit Building
- Sezzle Anywhere - Affiliate/Gift Card Enablement
- Sezzle Spend - Rewards
- In-store via Sezzle Virtual Card or Direct POS Integration



# Sezzle Up

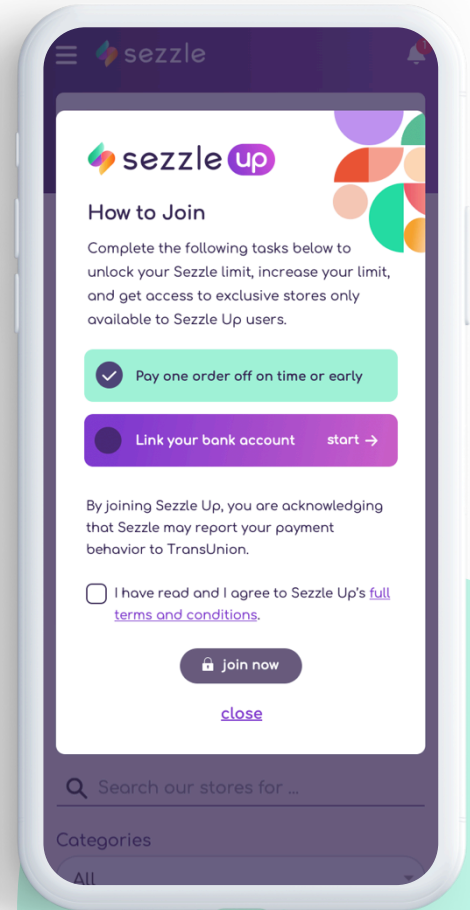
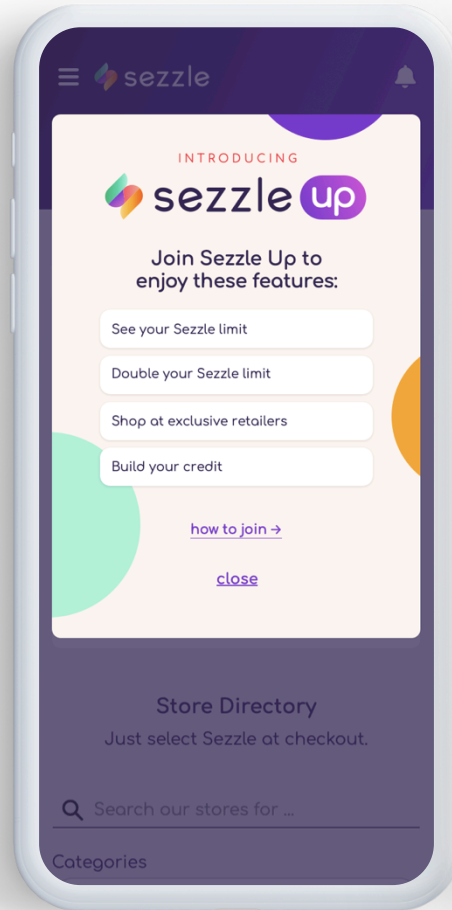
We started with a problem statement: “How might we promote our mission of financial empowerment, acquire and obtain more users, and reduce costs?”

Sezzle Up is an “upgraded” version of the Sezzle experience. By joining Sezzle Up:

• a customer builds credit by keeping the account in good standing,

• a customer will have access to Sezzle Anywhere, and

A key requirement to join is for a user to link a bank account and set it as primary, allowing Sezzle to significantly reduce processing costs.



# Sezzle Anywhere

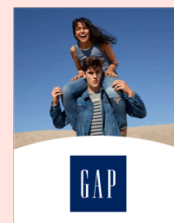
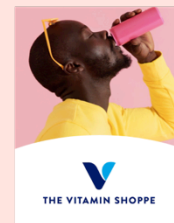
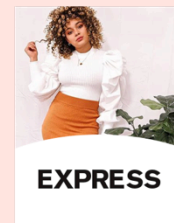
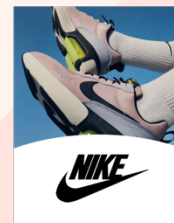
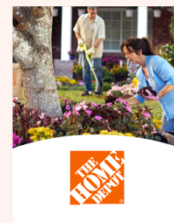
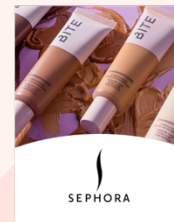
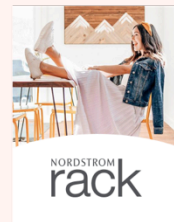
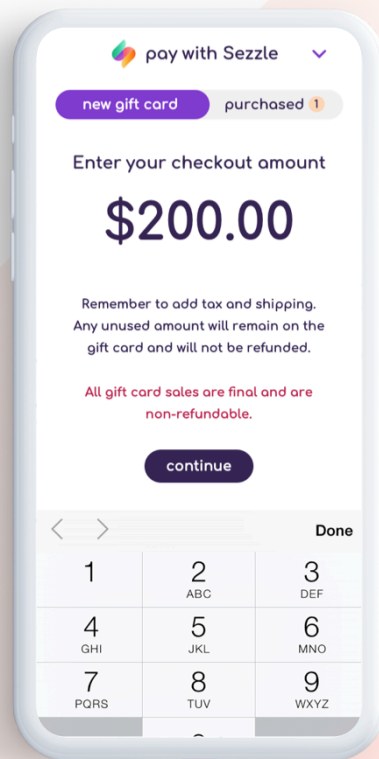
Allowing users to #SezzleIt at highly-requested stores without Sezzle having a direct partnership with those stores.

## Gift Cards

Sezzle buys gift cards at a discount and sells them at face value.

## Monetized links

Sezzle gets affiliate revenue for each order placed using Sezzle's unique affiliate links.



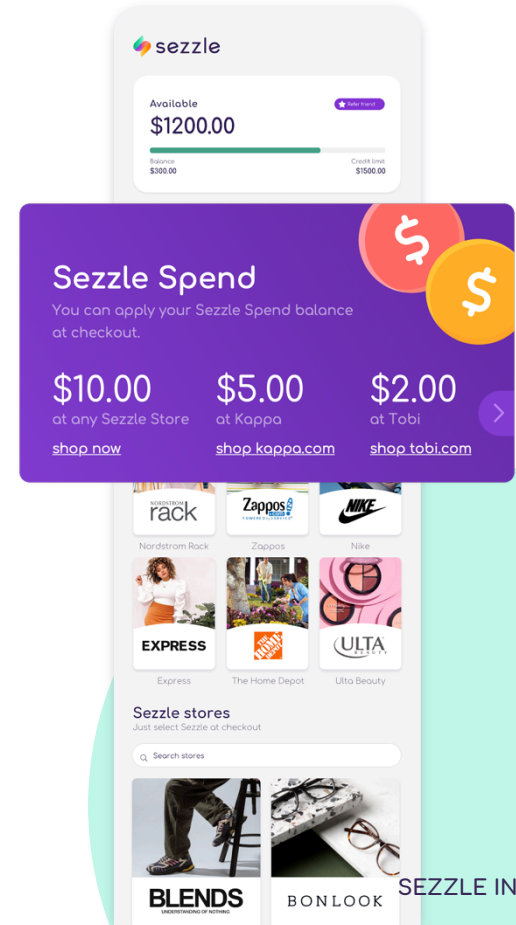


# Sezzle Spend

Sezzle Spend is our rewards program. Sezzle Spend can be used to increase loyalty to Sezzle and our retail partners, and incentivize certain actions like:

- shopping
- adding a bank account and using it to pay for installments
- downloading or opening the app
- sharing a purchase on social media
- participating in a new program
- keeping an account current

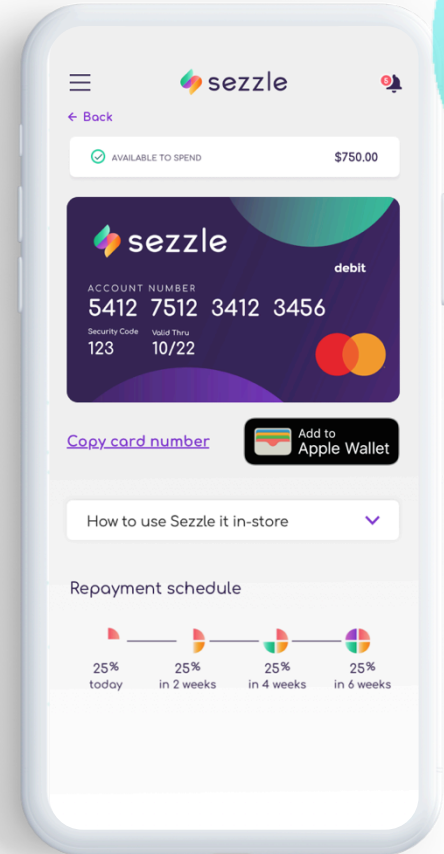
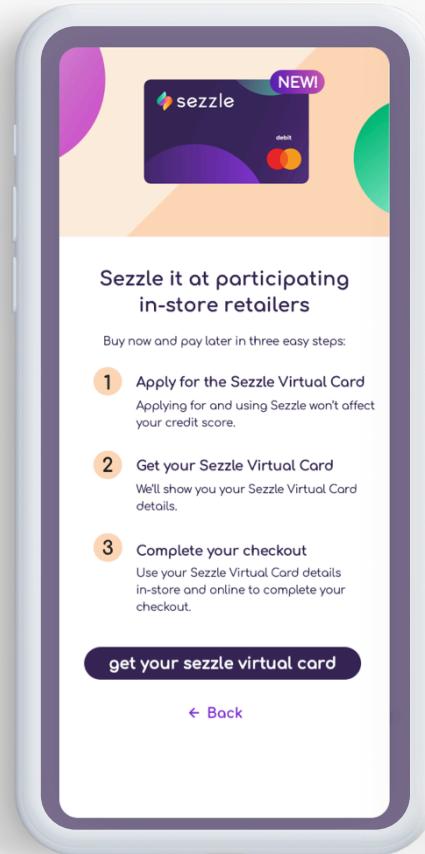
Sezzle Spend will also be used as a customer acquisition tool, via a P2P referral program, and as a marketing tool for merchants.



# Sezzle In-Store

Our virtual card solution enables effortless pilots and testing with enterprise retail partners - both online and offline, with tap through Google and Apple wallets.

In-store solutions leverage the virtual card solution and other digital methods, such as barcode - both in the Sezzle app, and in our merchant partner mobile applications.



## Appendix B Key Risks

# Key risks

Investors should be aware that there are risks associated with an investment in Sezzle.

Some of the principal factors which may, either individually or in combination, affect the future operating performance of Sezzle are set out below. Some are specific to an investment in Sezzle and the New CDIs and others are of a more general nature. The summary of risks below is not exhaustive. This Presentation does not take into account the personal circumstances, financial position or investment requirements of any particular person. Additional risks and uncertainties that Sezzle is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect the future performance of Sezzle and the New CDIs.

The Placement is being made pursuant to provisions of the Corporations Act which allow offers to be made without a prospectus. This presentation does not contain all of the information which may be required in order to make an informed decision regarding an application for New CDIs offered under the Placement. As a result, it is important for you to carefully read and understand the information on Sezzle made publicly available, prior to making an investment decision. In particular, please refer to this Presentation, Sezzle's full year and annual reports (including Sezzle's most recent full year FY19 results announcement lodged with the ASX on 27 February 2020 and other announcements lodged with ASX, including announcements which may be made by Sezzle after publication of this Presentation).

You should have regard to your own investment objectives and financial circumstances and should seek professional guidance from your stockbroker, solicitor, accountant or other professional adviser before deciding whether or not to invest.

## RISKS SPECIFIC TO SEZZLE

### 1. Compliance with laws, regulations and industry standards

Sezzle operates in a range of jurisdictions including the United States and Canada. Sezzle's business principally consists of providing financial services to consumers and is therefore subject to significant regulation in the jurisdictions in which it operates. Furthermore, with the geographic expansion of Sezzle's business, the Company may become subject to additional legal, regulatory, tax, licensing, compliance requirements and industry standards that are constantly changing.

There is a risk that any changes in this area may impose significant compliance costs, or even make it uneconomic for Sezzle to continue to operate in its current markets, or to expand in accordance with its strategy. This may materially and adversely impact Sezzle's ability to achieve its strategic goals, and negatively impact its revenue and profitability by preventing its business from reaching sufficient scale in particular markets. Sezzle's inability, or perceived inability, to comply with existing or new compliance obligations could lead to a regulator investigating the Company, which could result in administrative or enforcement action, such as fines, penalties, and/or enforceable undertakings.

# Key risks

This could also damage the Company's reputation. Some of these risks relate to:

- **Regulatory interpretation:** Federal and state based regulators in the jurisdictions in which Sezzle operates generally have significant discretion in the application, interpretation and enforcement of laws and regulations that apply to Sezzle. This can cause uncertainty as the interpretation or implementation of existing laws and regulations may change and the regulators may also adjust their level of scrutiny and enforcement action. Furthermore, new laws, regulations and legal requirements which have only recently been adopted or could be implemented in the near future by central or local agencies and regulators and their implementation, interpretation and enforcement may create even greater risk due to lack of regulatory guidance and established practice, in particular in jurisdictions where Sezzle's business grows rapidly and regulators may change their view regarding Sezzle's compliance.
- **AML/CTF laws:** There has been increased supervisory, regulatory and enforcement focus on compliance with anti-money laundering, counterterrorism financing, anti-bribery and corruption and sanctions laws (AML/CTF laws). While Sezzle has policies, systems and controls in place designed to manage its obligations under AML/CTF laws, ineffective implementation, monitoring or remediation of a policy, system or control could give rise to future compliance issues associated with AML/CTF laws, which could lead to regulatory investigations, reviews, enforcement action, as well as potential litigation by third parties and adverse media coverage.
- **Payment system regulation:** A change in the payment system regulations in jurisdictions where Sezzle operates could restrict Sezzle's ability to limit merchants adding a surcharge on customers who use Sezzle as a payment method. If a material number of merchants did add a surcharge as a result of such a change, it could adversely affect usage of Sezzle relative to other payment methods.
- **Financial Product Regulation:** The Australian parliament has recently passed legislation which empowers ASIC with regulatory oversight and the ability to intervene in relation to financial and credit products where it identifies a risk of significant detriment to consumers, enabling it to make orders prohibiting certain conduct related to products offered to consumers. Any similar regulatory intervention in the jurisdictions in which Sezzle operates could adversely affect one or more of Sezzle's businesses and could require substantial compliance costs.
- **Privacy laws:** Changes to privacy laws and data protection laws in any of the jurisdictions in which Sezzle operates, and the privacy and data protection laws of jurisdictions in which Sezzle commences operations in the future, may require increased compliance costs and systems upgrade costs.

# Key risks

- **Registration under the US Securities Act:** Sezzle has recently become aware that it has satisfied the requirements to become a reporting company under the U.S. Securities Act and will accordingly become subject to the periodic reporting requirements of the U.S. Exchange Act. The Company did not file the necessary registration under Section 12(g) of the Exchange Act by the required filing date in the second quarter of 2020. Among other things, this will require Sezzle to register the CDIs with the US Securities and Exchange Commission (SEC) under the US Exchange Act. Registration under the US Exchange Act will involve Sezzle filing annual, quarterly, and current reports on Forms 10-K, 10-Q and 8-K. In the absence of a waiver from the ASX Listing Rules, these SEC periodic reports will be in addition to Sezzle's periodic filings required by the ASX Listing Rules. At the time Sezzle becomes subject to the reporting requirements of the U.S. Exchange Act, Sezzle will also become subject to the Sarbanes-Oxley Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, which will impose additional governance and reporting obligations. The Company expects to incur ongoing routine legal, accounting and administrative costs as it pertains to the additional periodic filings. This situation could potentially result in claims or actions against the Company, including fines or penalties, litigation, injunctions or damage awards. The Board, in consultation with its external counsel, does not believe that any potential penalties or actions relating to this matter have the potential to significantly impact business operations or outlook.
- **Compliance costs:** New and stricter laws and regulations or interpretations of existing laws and regulations, or industry standards to which Sezzle may become subject, could require the implementation of new or more demanding procedures that may carry higher compliance costs.

All of these may have a material adverse impact on Sezzle's reputation, results of operations, profitability, business and prospects

## Loss of key contracts and relationships

Sezzle's business depends on its contracts and relationships with retail merchant clients and end-customers.

There can be no guarantee that these contracts and relationships will continue or, if they do continue, that they remain successful. Sezzle's contracts with retail merchant clients can generally be terminated on short notice.

Any loss of Sezzle's key Retail Merchant Clients and End-customers or a failure to secure new clients or customers on favourable terms, may materially and adversely impact Sezzle's results of operations and profitability, and also have a negative impact on Sezzle's reputation and prospects.

## 3. Failure to increase transaction volumes

Sezzle is currently in the early stages of establishing its presence in the US and Canadian markets, and its ability to profitably scale its business is heavily reliant on increases in transaction volumes and in its customer and Retail Merchant Client base to increase income and profits. Data from increasing transaction volumes will also better optimise the Company's systems and ability to make real-time End-customer repayment capability decisions. Failure to expand in this way may materially and adversely impact the Company's ability to achieve economies of scale and to optimise its systems, and may therefore adversely impact the Company's prospects and ability to improve its future results of operations and profitability.

# Key risks

## 4. Exposure to End-customer bad debts

A major part of Sezzle's operations and earnings depends on the Company's revenue generated from "buy now, pay later" services used by end customers and Sezzle's ability to recoup the purchase value of those services. The Company's profitability depends on its ability to put in place and optimise its systems and processes to make predominantly accurate, real-time decisions in connection with the End-customer transaction approval process.

End-customer non-payment is a major component of the Company's expenses at present, and the Company is currently exposed to End-customer bad debts as a normal part of its operations. However, excessive exposure to bad debts through customers failing to meet their repayments to the Company or a material increase in repayment failures due to job losses or other adverse events, such as events consequential to the COVID-19 outbreak and related containment measures taken in response to the pandemic will materially and adversely impact the Company's results from operations, profitability and prospects.

## 5. Competitors and new market entrants

The Company considers it has a competitive advantage in being one of the first to provide an interest free 'buy now, pay later' service to the United States and Canadian retail market. However, a number of competitors currently offer services similar to this service in the United States and in the Company's other markets. Existing competitors as well as new competitors entering the industry, may engage in aggressive customer acquisition campaigns, develop superior technology offerings or consolidate with other entities to deliver enhanced scale benefits.

Such competitive pressures may materially erode the Company's market share and income, and may materially and adversely impact the Company's results from operations, profitability and prospects.

A general increase in competition may also require the Company to increase marketing expenditure or offer lower fees to Retail Merchant Clients, which would decrease profitability even if the Company's market share does not decrease.

## 6. Sezzle's funding facility

Sezzle has a syndicated facilities agreement with a syndicate comprised of Atalaya Capital Management, Bastion Consumer Lending and Hudson Cove Capital Management (the **Syndicate**) to support Sezzle's funding of purchases by End-customers (the **Facility**). If repayments are not made or certain terms and conditions not satisfied under the Facility, the Syndicate may terminate the financing arrangements. In these circumstances, Sezzle's capacity to pay Retail Merchant Clients in advance of collecting purchase price instalments from End-customers may be diminished if Sezzle is unable to secure financing from other lenders on equivalent terms or at all. This would significantly slow down Sezzle's growth and may impair its ability to finance its business.

The Facility requires the Company to maintain a drawdown from the credit facility of at least US\$20 million beginning 29 November 2019 and of at least US\$40 million beginning 29 November 2020.

# Key risks

To the extent that Sezzle fails to achieve End-customer lending levels that exceed these minimum drawdown requirements, Sezzle could incur additional losses through significantly increased interest expenses that exceed Sezzle Income, which may adversely impact the performance and financial position of the Company.

## 7. Failures or disruptions of technology systems

Sezzle depends on the constant real-time performance, reliability and availability of its technology system and third-party technology and communication networks (including the systems of third-party ecommerce networks). There is a risk that these systems may fail to perform as expected or be adversely impacted by a number of factors, some of which may be outside the control of the Company, including damage, equipment faults, power failure, fire, natural disasters, computer viruses and external malicious interventions such as hacking, cyber-attacks or denial-of-service attacks.

There is a risk that repeated failures to keep the Sezzle's technology available may result in a decline in End-customer and Retail Merchant Client numbers or Retail Merchant Clients terminating their contracts with the Company. This may materially and adversely impact the Company's business, results of operations, profitability, as well as negatively impacting Sezzle's reputation and prospects.

## 8. Reliance on accuracy of third-party data provided to the Company

Sezzle purchases data from third parties that is critical to the Company's assessment of the creditworthiness of End-customers before they are either approved or denied funding for their purchase from a Retail Merchant Client. Sezzle is reliant on these third parties to ensure that the data they provide is accurate. Inaccurate data could cause the Company to not approve transactions that otherwise would have been approved or vice versa, meaning the Company either loses income, or earns income that may lead to a higher incidence of bad debts.

## 9. Banking and payment processing performance

Sezzle relies on online payment gateways, banking and financial and other institutions, and point of sale devices for the validation of payment methods (such as bank cards), processing and settlement of payments. Any failures or disruptions to such platforms and technology may affect Sezzle's business, results of operations, profitability and prospects.

## 10. Exposure to potential security breaches and data protection issues

Through the ordinary course of business, Sezzle collects a wide range of confidential information. Cyber-attacks may compromise or breach technology platforms used by Sezzle to protect confidential information. There is a risk that the measures taken by Sezzle may not be sufficient to detect or prevent unauthorised access to, or unauthorised disclosure of, such confidential information.



# Key risks

Any data security breaches or Sezzle's failure to protect confidential information could result in the loss of information integrity, or breaches of the Company's obligations under applicable laws or agreements, each of which may materially and adversely impact Sezzle's business, results of operations, profitability, reputation and prospects.

## 11. Activities of fraudulent parties

Sezzle may be exposed to fraud attempts, including risks from the potential collusion between internal and external parties, and End-customers attempting to circumvent Sezzle's systems (including Sezzle's repayment capability assessments).

Fraud attempts may potentially result in damage to Sezzle's reputation and a higher than budgeted cost of fraud to rectify and safeguard business operations, which may materially adversely impact Sezzle's results of operations, profitability, reputation and prospects.

## 12. Protection and ownership of intellectual property rights

Unauthorised use or copying of any of Sezzle's software, data, specialised technology or platforms may occur and the validity, ownership or authorised use of intellectual property relevant to Sezzle's business may be successfully challenged by third parties. This could result in significant expense and the inability to use the intellectual property in question, which may materially and adversely impact Sezzle's business, results of operations, profitability and prospects.

Such disputes (whether or not successful) may also temporarily and adversely impact Sezzle's ability to integrate new systems or develop new services, and could involve significant costs of litigation and diversion of management attention, all of which may adversely impact Sezzle's results of operations, profitability and prospects.

There is also a risk that Sezzle will be unable to register or otherwise protect new intellectual property rights it develops in the future, or which is developed on its behalf by contractors. The Company's competitors may then be able to offer identical or very similar services or services that are otherwise competitive against those provided by the Company, which could adversely affect Sezzle's results of operations, profitability and prospects.

## 13. Breach of third-party intellectual property rights

Third parties may allege that Sezzle's solutions use intellectual property derived by them or from their products without their consent or permission. Sezzle may be the subject of claims that could result in disputes or litigation and this could require Sezzle to incur significant expenses even if the Company is able to successfully defend or settle such claims. If the Company is found to have infringed the third-party's intellectual property rights, this may result in the Company being required to pay monetary compensation to the third-party or take other actions that may, cause disruption to its service delivery model and increase its costs. This in turn could have an adverse impact on Sezzle's results of operations, profitability, reputation and prospects.

# Key risks

## 14. Integration with Retail Merchant Clients

Sezzle uses and relies on integration with third-party systems and platforms, particularly websites and other retail merchant systems. The success of the Company's services, and its ability to attract additional End-customers and Retail Merchant Clients, depends on the ability of its technology and systems to integrate into and operate with various third-party systems and platforms. In addition, as these systems and platforms are regularly updated, it is possible that when such updates occur it could cause Sezzle's services to not operate as efficiently as previously. This will require the Company to change the way its system operates and may disrupt the provision of services, which may take time and expense to remedy, and could adversely affect Sezzle's business, results of operations and prospects.

## 15. Technological changes

Sezzle participates in a competitive environment. IT systems are continuing to develop and are subject to rapid change, while business practices continue to evolve. The Company's success will in part depend on its ability to offer services and systems that remain current with the continuing changes in technology, evolving industry standards and changing consumer preferences. There is a risk that the Company will not be successful in addressing these developments in a timely manner, or that expenses will be greater than expected. In addition, there is a risk that new products or technologies (or alternative systems) developed by third parties will supersede the Company's technology. This may materially and adversely impact Sezzle's results of operations, profitability and prospects.

## 16. Capacity constraints

Continued increases in transaction volumes may require the Company to expand and adapt its network infrastructure to avoid interruptions to the Company's systems and technology. Any unprecedented transaction volumes may cause interruptions to the Company's systems and technology, reduce the number of completed transactions, increase expenses, and reduce the level of consumer service, and these factors may potentially adversely impact the Company's financial performance.

## 17. Loss of or failure to attract key management personnel

Sezzle's ability to effectively execute its growth strategies depends on the performance and expertise of its key management personnel. The loss of key management personnel or any delay in their replacement, may adversely affect Sezzle's future financial performance.

Further, Sezzle requires skilled personnel for entry into new markets that may be in short supply or that may sought after by competitors and new entrants. An inability to attract skilled personnel would inhibit the success of new market entry and may adversely affect Sezzle's future financial performance.

## 18. Failure to effectively manage growth

Sezzle has experienced a period of considerable growth in income, employee numbers, Retail Merchant Clients and End-customers. A continuation of this growth in the future could place additional pressure on current management, operational and finance resources and on the infrastructure supporting the Sezzle platform.

# Key risks

Failure to appropriately manage this growth could result in failure to retain existing Retail Merchant Clients and End-customers and attract new Retail Merchant Clients and End-customers, which could adversely affect Sezzle's future financial performance.

## 18. Limited trading history

The Company is an early stage financial technology company with limited trading history. Like many early stage companies, the Company has incurred losses since its inception. The reported cumulative losses up to 31 December 2019 are approximately US\$23.8 million.

Given the Company's limited trading history, it is difficult to make an evaluation of Company's business or its prospects and there is significant risk that the Company is not able to continue its growth at current rate, if at all or successfully execute on its business plan and strategies.

## GENERAL RISKS

### 19. Capital raising underwriting risks

Sezzle has entered into an Underwriting Agreement under which the Lead Manager has agreed to fully underwrite the Placement (but not the SPP). If certain conditions are not satisfied or certain events occur under the Underwriting Agreement, the Lead Manager may terminate the Underwriting Agreement. This may have a material impact on the proceeds raised under the Placement and Sezzle may need to find alternative financing in order to fund its operations. Refer to Appendix D for a summary of the underwriting arrangements.

### 20. Market impact of COVID-19

The events relating to COVID-19 have caused significant market volatility in CY2020 including in the prices of securities trading on ASX (including the price of Sezzle's CDIs) and on other foreign securities exchanges. There is continued uncertainty as to the further impact of COVID-19 including in relation to governmental action, work stoppages, lockdown, quarantines, travel restrictions and the impact on the global economy, the economies of the United States, Australia and the jurisdictions in which the Company operates and share markets. In light of recent global macroeconomic events, including though not limited to the impact of COVID-19 and other factors, the United States, Australia and other international economies could experience a recession or downturn of uncertain severity and duration which could further affect spending by End-customers, impact on the operating and financial performance and prospects of Sezzle and interfere with Sezzle's business.

### 21. Business and operation impact of COVID-19

Sezzle may not be able to collect repayments on time from its End-customers and/or renew contracts with existing Retail Merchant Clients or develop business relationships with new retailers as a result of negative economic and retail conditions associated with COVID-19. Sezzle may experience reduced demand for its services as a result of falling discretionary spending, particularly on in-store purchases in areas where lockdown measures are implemented by governments.



# Key risks

The impact of COVID-19 on Sezzle's financial conditions and operations could deteriorate as future developments and new information may continue to emerge. Any future outbreak of public health epidemics may restrict economic activities, reduce business volume or disrupt Sezzle's business operations.

## 22. Exposure to adverse macroeconomic conditions

Sezzle's business depends on End-customers transacting with Retail Merchant Clients, which in turn can be affected by changes in general economic conditions. For example, the retail sector is affected by such macroeconomic conditions as unemployment, interest rates, consumer confidence, economic recessions, downturns or extended periods of uncertainty or volatility, all of which may influence customer spending and suppliers' and retailers' focus and investment in outsourcing solutions. In addition, events consequential to the COVID-19 outbreak and related containment measures taken in response to the pandemic may materially impact the retail sector, including with respect to consumer sentiment, global supply chains and travel restrictions.

This may subsequently impact the Company's ability to generate income. Additionally, in weaker economic environments, consumers may have less disposable income to spend and so may be less likely to purchase products by utilising the Company's services and bad debts might increase.

## 23. Investing in equity capital

Investors should be aware that there are risks associated with any securities investment. The prices at which Sezzle's CDIs trade may fluctuate in line with broader market movements or in response to specific circumstances, which may result in the market price being higher or lower than the issue price under the Placement or the SPP. Some factors which may affect the market price of the Sezzle's CDIs include:

- the impact of COVID-19, including with respect to consumer sentiment, global supply chains and travel restrictions;
- the Australian, United States and global macroeconomic outlook, including fluctuations in interest rates, currency exchange rates, inflation, commodity prices, investor sentiment, consumer demand and employment levels;
- changes in United States and foreign government regulation (including fiscal and monetary policies);
- force majeure events such as natural disasters, extreme weather events, pandemics (such as COVID-19), war and terrorism; and
- geopolitical instability and international hostilities.

There is considerable uncertainty as to the ongoing impact of COVID 19 on the Australian, United States and global economies. Equity capital markets have historically, and may in the future, be subject to significant volatility.

No assurance can be given that CDIs issued under the Placement or the SPP respective issue price and none of the Company, its Directors or any other person guarantees the market performance of the CDIs.

# Key risks

Sezzle is constantly in discussions with various counterparties concerning partnering with those counterparties in relation to aspects of Sezzle's business and those arrangements may include an equity investment in the company by that counterparty. However, there is no guarantee that any partnership or equity investment will occur or if it does occur whether it can be obtained on favourable terms. Further, if additional funds are raised by issuing equity securities, this may result in dilution for some or all of the holders.

## **24. Legal proceedings and contingent liabilities**

Sezzle may be subject to litigation and other claims and disputes in the course of its business, including employment disputes, contractual disputes or occupational and personal claims, which could adversely affect the Sezzle's business, reputation, operating and financial performance.

# Appendix C International Selling Restrictions

# International Selling Restrictions

This document does not constitute an offer of new chess depositary interests (**New CDIs**) of Sezzle in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New CDIs may not be offered or sold, in any country outside Australia except to the extent permitted below.

## European Union (Belgium, Denmark, Germany, Luxembourg and Netherlands)

This document has not been, and will not be, registered with or approved by any securities regulator in Belgium, Denmark, Germany, Luxembourg and Netherlands. Accordingly, this document may not be made available, nor may the New CDIs be offered for sale, in Belgium, Denmark, Germany, Luxembourg and Netherlands except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the **Prospectus Regulation**). In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of New CDIs in Belgium, Denmark, Germany, Luxembourg and Netherlands is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

## Hong Kong

**WARNING:** This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New CDIs have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New CDIs has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the New CDIs that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New CDIs may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities. The contents of this document have not been reviewed by any Hong Kong regulatory authority.

# International Selling Restrictions

You are advised to exercise caution in relation to the offer. If you are in doubt about any of the contents of this document, you should obtain independent professional advice

## New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the FMC Act).

The New CDIs are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

## Singapore

This document and any other materials relating to the New CDIs have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore.

Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New CDIs, may not be issued, circulated or distributed, nor may the New CDIs be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) of Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA. This document has been given to you on the basis that you are (i) an existing holder of the Company's CDIs, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New CDIs being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New CDIs. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.





# International Selling Restrictions

## United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the New CDIs.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New CDIs may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New CDIs has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (**FPO**), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

## United States

This document does not constitute or form a part of any offer or solicitation to purchase, subscribe or sell securities in the United States. The New CDIs have not been, and will not be, registered under the US Securities Act, or the securities laws of any state of the United States or other jurisdiction. The New CDIs may not be offered or sold directly or indirectly, in the United States or to any person acting for the account or benefit of a person in the United States, unless the New CDIs have been registered under the US Securities Act or are offered or sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable securities laws of any state or other jurisdiction of the United States.



# International Selling Restrictions

The New CDIs will only be offered to investors outside the United States in "offshore transactions" (as defined in Rule 902(h) of Regulation S under the US Securities Act (**Regulation S**) in reliance on Regulation S.

In order to comply with the requirements of Regulation S, investors may not re-sell any New CDIs (or underlying securities) into the US to a US person or for the account or benefit of a US Person for a period of one year after the date of issue of the securities unless the resale of the securities is registered under the US Securities Act or an exemption from registration is available. Accordingly, in order to enforce the above transfer restrictions whilst ensuring that holders can still trade their CDIs on ASX, the CDIs will bear a "FOR US" designation on ASX. As a result of the imposition of the "FOR US" designation, all securityholders of Sezzle will be restricted from selling their CDIs on ASX to US persons.

# Appendix D

## Summary of Underwriting Arrangements

# Summary of Underwriting Arrangements

The Lead Manager is acting as lead manager and underwriter of the Placement. Sezzle entered into an underwriting agreement with the Lead Manager in respect of the Placement on 10 July 2020 (the **Underwriting Agreement**).

## Key terms of the Underwriting Agreement

The Lead Manager's obligations under the Underwriting Agreement, including to underwrite and manage the Placement, are conditional on certain matters, including the timely delivery of certain due diligence materials and Sezzle having the benefit of necessary ASIC modifications to permit Sezzle to issue a cleansing notice under section 708A(5) and to conduct the SPP.

If certain conditions are not satisfied, or certain events occur, the Lead Manager may terminate the Underwriting Agreement. Termination of the Underwriting Agreement by the Lead Manager would have an adverse impact on the total amount of proceeds that could be raised under the Placement.

The events which may trigger termination of the Underwriting Agreement include (but are not limited to) the following:

- the Placement or SPP documents contain statements which are misleading or deceptive or omit information required by applicable laws or contain any forecasts or other forward-looking statements, expressions of opinion, belief, intention or expectation which, becomes incapable of being met or, in the reasonable opinion of the Lead Manager, becomes unlikely to be met in the projected timeframe;

- ASX announces that Sezzle will be removed from the official list of ASX, that any of its CDIs will be delisted or suspended from quotation by ASX;
- the S&P/ASX 200 Index is, at the close of trading on the ASX on any day before the settlement date, 10% or more below its level at market close on the business day before the date of the Underwriting Agreement;
- the Company withdraws the Placement or SPP;
- ASIC or the Takeovers Panel commences certain actions, proceedings or investigations in relation to the Placement, the SPP, Sezzle or its directors, officers, employees or agents (as applicable);
- approval is refused (or approval conditional only on customary conditions which are acceptable to the Lead Manager) or not granted for quotation of the New CDIs or if granted, the approval is subsequently withdrawn or qualified or withheld;
- Sezzle is prevented from allotting or issuing the New CDIs under the Placement and the SPP within the required timeframe;
- (\*) any adverse change or effect occurs, or an event occurs which is likely to give rise to an adverse change or effect, in the condition (financial or otherwise), assets, earnings, business, affairs, liabilities, financial position or performance, results of operations, profits, losses or prospects of Sezzle from that existing on the date of the Underwriting Agreement;

# Summary of Underwriting Arrangements

- any event specified in the transaction timetable is delayed for more than one business day (other than with the prior written approval of the Lead Manager);
- Sezzle does not provide a confirmatory certificate to the Lead Manager in a timely manner or when given, the confirmatory certificate is false, misleading or inaccurate in any material respect;
- Sezzle or one of its material subsidiaries (being a subsidiary representing 5% or more of the consolidated assets or earnings of the Sezzle Group) becomes insolvent or there is an act or omission which may result in one of those entities becoming insolvent;
- the Cleansing Notice in respect of the Placement is or becomes defective or any amendment, update or correcting notice to a Cleansing Notice is required under the Corporations Act to be issued (including as a result of the operation of sections 708A(9) and 708AA(10) of the Corporations Act);
- (\*) Sezzle contravenes any applicable laws (including the Corporations Act, regulations, the ASX Listing Rules, its certificate of incorporation and by-laws;
- a government authority implements or deems effective a measure which makes it illegal for the Lead Manager to satisfy an obligation under the Underwriting Agreement, to market or promote the Placement or SPP, or to subscribe for the Shortfall;
- (\*) Sezzle is in breach of any term or condition of the Underwriting Agreement or any representation or warranty given by Sezzle in the Underwriting Agreement is or becomes false or incorrect;
- any material licence, lease, permit, concession, tenement, authorisation or concession of Sezzle is, or is likely to be, invalid, revoked or unenforceable (including as a result of the introduction of new legislation in the relevant jurisdiction) or is otherwise breached or not complied with in any material respect;
- (\*) an adverse change or disruption to the existing financial markets, political or economic conditions of certain countries from those existing at the date of the Underwriting Agreement;
- (\*) an outbreak or a major escalation of hostilities (whether war is declared or not) involving certain countries, or the declaration by any of those countries of a new national emergency or war, or a major escalation of a national emergency by any of those countries, or a significant terrorist attack is perpetrated in any of those countries or any diplomatic, military, commercial or political establishment of any of those countries;
- (\*) a general moratorium on commercial banking activities in certain countries is declared by the relevant central banking authority in those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries;
- (\*) proceedings are commenced (or there is a public announcement of an intention to commence proceedings) seeking an injunction or other order in relation to the placement or the SPP in a court of competent jurisdiction in Australia;

# Summary of Underwriting Arrangements

- trading in all securities quoted or listed on ASX, the London Stock Exchange, the New York Stock Exchange, the Shanghai Stock Exchange or the Tokyo Stock Exchange is suspended or limited in a material respect for more than 1 business day on which that exchange is open for trading;
- any director of Sezzle is investigated for, or charged with, a criminal offence relating to any financial or corporate matter or is disqualified from managing a corporation under the Corporations Act or Delaware General Corporation Law (or investigated for an act which could give rise to a disqualification);
- a director, the CEO or CFO of Sezzle existing at the date of this Agreement resigns or indicates that he or she does not intend to be a director or executive (as applicable) of the Company, for any reason other than incapacity;
- (\*) Sezzle or any of its directors or officers engage in any fraudulent conduct or activity;
- (\*) legal proceedings are commenced against Sezzle or its subsidiaries or any regulatory body commences any enquiry or public action against Sezzle or its subsidiaries;
- if the Company undertakes the SPP through a prospectus under section 713, the prospectus does not comply with the requirements of Chapter 6D.2 of the Corporations Act or relevant parts of ASIC RG228, including by omission of relevant information; or

- ASIC issues a stop order in respect of a prospectus for the SPP, or a supplementary or replacement prospectus is required to be issued in respect of the SPP.

The Lead Manager may not terminate the Underwriting Agreement in reliance on any of the above termination events denoted with an asterisk (\*) unless the Lead Manager has reasonable grounds to believe that the event has, or is likely to give rise to:

- a) a material adverse effect on the success of the Placement or the market price of or ability to settle the Placement of the New CDIs; or
- b) a contravention by the Lead Manager of (or liability for the Manager) the Corporations Act or any other applicable law.

If the Lead Manager terminates its obligations under the Underwriting Agreement, the Lead Manager will not be obliged to perform any of its obligations that remain to be performed. Termination of the Underwriting Agreement by the Lead Manager could have an adverse impact on the amount of proceeds raised under the Placement.

For details of the fees payable to the Lead Manager, see the Appendix 3B released to ASX on 10 July 2020.

Sezzle also gives certain representations, warranties and undertakings to the Lead Manager and an indemnity to the Lead Manager and their affiliates subject to certain carve-outs.

Internal use only

Thank You

