FORM 10-K

Annual report pursuant to section 13 and 15(d)

Filing Date: **2022-03-30** | Period of Report: **2021-12-31**
SEC Accession No. 0001662991-22-000006

FILER

Sezzle Inc.
CIK:**1662991**| IRS No.: **810971660** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **10-K** | Act: **34** | File No.: **000-56267** | Film No.: **22787765**
SIC: **7389** Business services, nec

Mailing Address
251 1ST AVENUE N
SUITE 200
MINNEAPOLIS MN 55401

Business Address
251 1ST AVENUE N
SUITE 200
MINNEAPOLIS MN 55401
651-235-6009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2021

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 000-56267

SEZZLE INC.

(Exact name of registrant as specified in its charter)

Delaware	**81-0971660**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
251 N 1st Avenue, Ste. 200, Minneapolis, Minnesota	**55401**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: +1 651 504 5402

Securities registered pursuant to Section 12(b) of the Act: **None**

Securities registered pursuant to Section 12(g) of the Act: **Common Stock, par value $0.00001 per share** (Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☒
Smaller reporting company ☒		Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting stock held by non-affiliates of the registrant as of June 30, 2021, was $582,910,693 based on the closing price of A$8.81 per share of Common Stock as reported on the Australian Securities Exchange.

The total number of shares of common stock, par value $0.00001 per share, outstanding at February 28, 2022 was 204,409,961.

DOCUMENTS INCORPORATED BY REFERENCE

None.

SEZZLE INC.

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS

The information in this Annual Report on Form 10-K ("Form 10-K") includes "forward-looking statements" under Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements, other than statements of historical fact included in this Form 10-K, regarding our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. When used in this Form 10-K, the words "could," "believe," "anticipate," "intend," "estimate," "expect," "project" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements described under the heading "Risk Factors" included in this Form 10-K. These forward-looking statements are based on our current expectations and assumptions about future events and are based on currently available information as to the outcome and timing of future events. There is a risk that such predictions, estimates, projections, and other forward-looking statements will not be achieved. Nevertheless, and despite the fact that management's expectations and estimates are based on assumptions management believes to be reasonable and data management believes to be reliable, our actual results, performance or achievements are subject to future risks and uncertainties, any of which could materially affect our actual performance. Risks and uncertainties that could affect such performance include, but are not limited to:

- Our ability to complete the merger and other transactions contemplated by the Agreement and Plan of Merger ("Zip Merger Agreement") dated February 28, 2022, by and among Sezzle Inc., Zip Co Limited ("Zip") and Zip's wholly owned subsidiary Miyagi Merger Sub, Inc. ("Merger Sub"), including due to the failure to satisfy the conditions for the completion of the merger;
- risks related to disruption of management's attention from business operations due to the proposed merger;
- the effect of the proposed merger on our results of operations and business generally; including our ability to retain and hire key personnel and maintain our relationships with customers and partners;
- the risk that the proposed merger will not be completed in a timely manner, increasing the expected costs of the proposed merger;
- the occurrence of any event, change or circumstance that could give rise to the termination of the Zip Merger Agreement;
- impact of the "buy-now, pay-later" ("BNPL") industry becoming subject to increased regulatory scrutiny;
- impact of operating in a highly competitive industry;
- impact of macro-economic conditions on consumer spending;
- our ability to increase our merchant network, our base of consumers and UMS;
- our ability to effectively manage growth, sustain our growth rate and maintain our market share;
- our ability to meet additional capital requirements;
- impact of exposure to consumer bad debts and insolvency of merchants;
- impact of the integration, support and prominent presentation of our platform by our merchants;
- impact of any data security breaches, cyberattacks, employee or other internal misconduct, malware, phishing or ransomware, physical security breaches, natural disasters, or similar disruptions;
- impact of key vendors or merchants failing to comply with legal or regulatory requirements or to provide various services that are important to our operations;
- impact of the loss of key partners and merchant relationships;
- impact of exchange rate fluctuations in the international markets in which we operate;
- our ability to protect our intellectual property rights;
- our ability to retain employees and recruit additional employees;
- impact of the costs of complying with various laws and regulations applicable to the BNPL industry in the United States and the international markets in which we operate; and
- our ability to achieve our public benefit purpose and maintain our B Corporation certification.

We caution you that these forward-looking statements are subject to numerous risks and uncertainties, most of which are difficult to predict and many of which are beyond our control. These risks include, but are not limited to, the risks described under "Risk Factors"

in this Form 10-K. Should one or more of the risks or uncertainties described in this Form 10-K occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements.

All forward-looking statements, expressed or implied, included in this Form 10-K are expressly qualified in their entirety by these cautionary statements. These cautionary statements should also be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue. Except as otherwise required by applicable law, we disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the cautionary statements in this section, to reflect events or circumstances after the date of this Form 10-K.

SUMMARY OF RISK FACTORS

Our business is subject to numerous risks and uncertainties, including those highlighted in "Risk Factors". If any of these risks actually occur, our business, financial condition, or results of operations would likely be materially and adversely affected. In such case, the trading price of our shares of common stock would likely decline, and you may lose all or part of your investment. These risks include, but are not limited to, the following:

Risks Related to the Proposed Merger with Zip Co Limited

- Certain of the conditions under the Zip Merger Agreement to our consummation of the merger with a wholly-owned subsidiary of Zip are beyond our control and may not be satisfied (or waived) at all or in the anticipated timeframe.
- The merger consideration payable to holders of shares of our common stock will not be adjusted for change in our or Zip's business, assets, liabilities, prospects, outlook, financial condition or results of operations. In addition, certain factors could affect the value of Zip ordinary shares, which would affect the value realized by our stockholders in connection with the proposed merger.
- While the proposed merger is pending, we are subject to business uncertainties and contractual restrictions that could disrupt our business.
- In the event that the proposed merger with a wholly-owned subsidiary of Zip is not consummated, the trading price of shares of our common stock represented by CDIs and our future business and results of operations may be negatively affected.
- The Zip Merger Agreement contains provisions that could make it difficult for a third party to acquire us prior to the completion of the proposed merger.
- Shareholder litigation could prevent or delay the closing of the proposed merger with Zip or otherwise negatively impact our business, operating results and financial condition.

Risks Related to Our Industry

- The BNPL industry may become subject to increased regulatory scrutiny.
- We operate in a highly competitive industry.
- Our success is subject to macro-economic conditions that have an impact on consumer spending.
- Our industry may be subject to negative publicity.

Risks Related to Our Strategy and Growth

- We are an early-stage financial technology company with a limited operating history and a history of operating losses.
- Our business depends on our ability to increase our merchant network, our base of consumers and UMS.
- Our ability to effectively manage growth.
- Our ability to maintain market share.
- We may not be able to sustain our growth rate.
- Our ability to comply with business and regulatory risks associated with international expansion of our operations.
- We may require additional capital.
- We may not realize any or all of our estimated costs savings or benefits from our recently announced workforce reduction plan.

Risks Related to Our Financing Program

- Consumers may not treat their BNPL product loans with the same significance as other financial obligations.

- Merchants may fail to fulfill their obligations to consumers or comply with applicable law.
- Internet-based loan origination processes may give rise to greater risks than paper-based processes.
- Exposure to consumer bad debts and insolvency of merchants may adversely impact our financial success.
- Our ability to comply with the applicable requirements of payment processors.

Risks Related to Our Technology and the Sezzle Platform

- The integration, support and prominent presentation of our platform by our merchants.
- Unanticipated surges or increases in transaction volumes.
- The occurrence of data security breaches, cyberattacks, employee or other internal misconduct, malware, phishing or ransomware, physical security breaches, natural disasters, or similar disruptions.
- Real or perceived software failures or outages.
- Disruption in service on our platform that prevents us from processing transactions.
- Fraudulent activities occurring on our platform.

Other Risks Related to Our Business

- The failure of key vendors or merchants to comply with legal or regulatory requirements or to provide various services that are important to our operations.
- The loss of key partners and merchant relationships.
- Changes in market interest rate and the replacement of LIBOR.
- Exchange rate fluctuations in the international markets in which we operate.
- Our ability to protect our intellectual property rights.
- The loss of licenses or any quality issues with third-party technology that support our business operations or are integrated with our products or services.
- Our inability to retain employees or recruit additional employees.

Risks Related to Our Regulatory Environment

- The costs of complying with various laws and regulations applicable to the BNPL industry in the United States and Canada.
- We are subject to various laws in the United States and Canada concerning lending programs, consumer finance and consumer protection and in other jurisdictions into which we are expanding.
- Litigation, regulatory actions, and compliance issues could subject us to increased costs.
- Stringent and changing laws and regulations relating to privacy and data protection could result in claims, harm our results of operations, financial condition, and prospects, or otherwise harm our business.
- Failure to operate without obtaining necessary licenses.
- Violating applicable state lending or other laws.

Risks Related to Our Corporate Structure

- Our existing major stockholders own a large percentage of our stock and can exert significant influence over us.
- Failure to maintain effective internal control over financial reporting or disclosure controls may adversely affect our ability to report our financial results in a timely and accurate basis.
- We are an “emerging growth company,” and the reduced U.S. public company reporting requirements applicable to emerging growth companies may make our shares of common stock less attractive to investors.
- We have and will continue to incur significant costs and are subject to additional regulations and requirements as a public company in both Australia and the United States.
- As a public benefit corporation, we cannot provide any assurance that we will achieve our public benefit purpose or that producing a positive effect for society will benefit us.
- As a public benefit corporation, our focus on a public benefit purpose may negatively impact our financial condition.

- Our directors have a fiduciary duty to consider not only our stockholders' interests, but also our specific public purpose and the interests of other stakeholders affected by our actions.
- Increased derivative litigation concerning our duty to balance stockholder and public benefit interest.
- If our ability to maintain our certification as a B Corporation or our publicly reported B Corporation score declines, our reputation could be harmed and our business could be adversely affected.

PART I

ITEM 1. BUSINESS

Unless otherwise noted, references in this Form 10-K to "we," "us," "our," "Company," or "Sezzle" refer to Sezzle Inc.

Our Company

We are a purpose-driven payments company that is on a mission to financially empower the next generation. Launched in 2017, we have built a digital payments platform that allows merchants to offer their consumers a flexible alternative to traditional credit. As of December 31, 2021, our platform has supported the business growth of over 47 thousand Active Merchants while serving approximately 3.4 million Active Consumers. Through our payments products we aim to enable consumers to take control over their spending, be more responsible, and gain access to financial freedom. Our vision is to create a digital ecosystem benefiting all of our stakeholders - merchant partners, consumers, employees, communities and investors - while continuing to drive ethical growth.

We launched Sezzle amid a backdrop in which digitally-enabled shopping began to claim a larger share of the retail sector and younger generations (i.e., Gen Z and Millennials) started to demonstrate a need for credit. Gen Z and Millennial consumers, which we define as individuals currently between ages 18-25 and 26-44 respectively, use credit cards less frequently relative to other generations and in many cases lack access to traditional credit. These same consumers are tech-savvy, gravitating towards modern, streamlined commerce solutions whether online or in person. We believe that our platform addresses the shortcomings in legacy payment offerings faced by consumers by providing a flexible, secure, omnichannel alternative, with the structural benefit of "creditizing" traditional debit products. The technology solutions we have designed specifically align with our ethos of helping the next generation pave their way forward financially. It is therefore no surprise that, as of December 31, 2021, 80% of our consumer base who have placed an order with us is comprised of Gen Z (18-25) and Millennials (26-44).

The Sezzle Platform connects consumers with merchants via our core proprietary, digital payments platform that instantly extends credit at the point-of-sale. Our core product is differentiated from traditional lenders through our credit-and-capital-light approach, and we believe that it is mutually beneficial for our merchants and consumers given the network effects inherent in our platform. We enable consumers to acquire merchandise upfront and spread payments over four equal, interest-free installments over six weeks. We realize high repeat usage rates by many of our consumers, with the top 10% of our consumers measured by UMS transacting an average of 49 times per year based on the transaction activity during the year ended December 31, 2021, although historical transaction activity is not an indication of future results.

Our core product offering is completely free for consumers who pay on time; instead, we generate a substantial majority of our revenues by charging our merchants fees in the form of a Merchant Discount Rate. For the year ended December 31, 2021, the fees generated through the Merchant Discount Rate comprised 96.1% of our "Sezzle Income", which is the sum of total merchant fees and rescheduled payment fees, less note origination costs. Sezzle Income represented 85.5% of "Total Income," which is the sum of Sezzle Income and account reactivation fees for the year ended December 31, 2021.

In the fourth quarter of 2020, we launched Sezzle Up, an upgraded version of the core Sezzle experience which provides a credit-building solution for new-to-credit consumers, helping consumers adopt credit responsibly and build their credit history. In the second quarter of 2021, we expanded our product suite to provide consumers of participating merchants with access to a long-term installment lending option pursuant to a partnerships with third-party financial institutions. Through these partnerships, we offer consumers at participating merchants access to an interest-bearing, monthly fixed-rate installment loan product to finance larger-ticket items, generally for up to 60 months, with our lending partners providing the capital and assuming the credit risk to support the product. We

receive a fee from our lending partners on a monthly basis based on the total originated loan volume for that month. We believe Sezzle Up and our long-term financing option are among a number of recent initiatives that set us apart from our competitors.

Further, we believe our multi-stakeholder approach gives us a competitive advantage and positions our company for success because our consumers and merchant partners want to be affiliated with a purpose-driven partner. We reclassified as a public benefit corporation in June 2020, and in March 2021, we also became certified as a B Corporation. Our status as a B Corporation aligns with our mission to achieve growth, profitability, and returns for our investors while continuing to do right by our surrounding communities and our full set of stakeholders. See “Biennial Public Benefit Corporation Statement” below.

We offer a unique and user-friendly platform to our merchants. Our easy integration and seamless onboarding capabilities allow most merchants to go live on our platform within 24 hours of activation so they quickly realize the benefits of partnering with Sezzle. Our merchant categories include small-to-medium sized businesses ("SMBs"), medium-sized brands and large retailers, many of which recognize the benefits of the Sezzle Platform, including an average increase in average order value ("AOV") of approximately 22% during 2021 based on a review of merchants with a minimum of $80,000 UMS, and an average reduction of approximately 38% in full return orders compared to pre-installation during 2021 based on the review of over 7,500 merchants on the Shopify platform with a minimum of $1,000 in UMS. This all occurs without any credit risk being transferred to the merchant.

The continued expansion of our platform should continue to enhance the benefits for our merchants. Our integration into scaled e-commerce platforms, such as Shopify, WooCommerce, BigCommerce and Wix.com, is expected to give more merchants the opportunity to seamlessly offer Sezzle as a payment option at checkout. We expect our long-term installment loan product will facilitate a broader range of purchases, including larger ticket items by our consumers at participating merchants.

A critical component of our business model is the ability to effectively manage the repayment risk inherent in allowing consumers to pay over time. To that end, a team of Sezzle engineers and risk specialists oversee our proprietary systems, identify transactions with elevated risk of fraud, assess the credit risk of the consumer and assign spending limits, and manage the ultimate receipt of funds. We believe these systems have allowed us to maintain an approximately 81% order approval rate in our core product as of December 2021. Further, we believe repayment risk is more limited relative to other traditional forms of unsecured consumer credit because consumers primarily settle 25% of the purchase value upfront. Additionally, ongoing user interactions allow us to continuously refine and enhance the effectiveness of these platform tools through machine learning.

Our success would not be possible without our dedicated people, who are our company's greatest asset. Bringing together a team of highly-skilled and innovative engineering, product, marketing and business development professionals and creating an inclusive, team-centric culture in which doing the right thing is celebrated are imperative to execute our strategy.

We have ambitious plans to continue to grow both our consumer base and our merchant partner base, as well as to deepen our level of penetration within each group. We are expanding into new merchant categories to best capture the latest spending trends. In parallel, we are increasing Sezzle's consumer brand awareness to reach new consumer audiences, while driving higher repeat usage levels by Active Consumers and continuing to develop new ways for these consumers to leverage the Sezzle Platform, including in-store through the Sezzle Virtual Card. We plan to continue partnering with larger merchants through incentive-based arrangements.

We primarily operate in the United States and have operations in Canada, India, Brazil and certain countries in Europe. We are currently evaluating our business opportunities in international markets and may determine to exit markets outside of North America.

Our growth has continued to accelerate during the year. Sezzle Income, the total of merchant fees and rescheduled payment fees less note origination costs, increased to $114.8 million for the year ended December 31, 2021—an increase of 95% from the prior year period. Additionally, we recorded $1.8 billion of Underlying Merchant Sales (UMS, as defined below) for the year ended December 31, 2021, an increase of 111% from the prior year period. As of December 31, 2021, Active Consumer repeat usage increased for the 36th month in a row, reaching 92.8%. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Key Operating Metrics."

Technology Solutions

Sezzle Platform

At its core, the Sezzle Platform is a payments solution that instantly extends credit at point-of-sale, allowing consumers to purchase and receive the ordered merchandise at the time of sale and effectively split the payment for the purchase over four equal, interest-free payments over six weeks.

Merchants and consumers have indicated that the Sezzle Platform is easy to use. Our platform is integrated into merchants' websites via our direct Application Programming Interface and we provide technical support and onboarding services as part of the integration process. We are able to rapidly onboard merchants through an increasingly automated "merchant underwriting process", and once integrated, merchants can immediately promote Sezzle to their shoppers on product and cart pages to start improving sales conversion. The Sezzle Platform is presented alongside other payment options on the merchant's "Checkout" page. Consumers then select Sezzle as their payment option and create an account if they are a first-time user with Sezzle in a streamlined process that keeps consumers engaged throughout checkout.

The Sezzle Platform reviews the transaction and consumer profile in real-time and, if approved, quickly confirms the transaction for the merchant and consumer. Once approved, consumers are granted an initial spending limit. Further, our approval engine has a "counteroffer" function, which analyzes above-limit purchase attempts and provides alternative terms so that the consumer is not denied outright. Upon approval, the merchant ships the item(s) and receives payment, just as if the consumer had paid in cash or used a traditional credit or debit card, and the merchant pays us in the form of a Merchant Discount Rate, which is subtracted from the sales price when we pay the merchant.

The Sezzle Platform is completely free to consumers who pay on time. In order to complete their installment payments, consumers will receive a notification via email, SMS, or the Sezzle iOS or Android app two days prior to the date the installment payment is automatically debited by the Sezzle Platform. The consumer is also able to review and manage their Sezzle account via the Sezzle Platform's online dashboard. From the dashboard, consumers are able to reschedule a payment without charge the first time, and can subsequently reschedule a payment up to three times for a small fee. Consumers who fail to pay for their purchases on time may incur an account reactivation fee, which requires the settlement of an outstanding balance (including the reactivation fee) before they may use our platform again in the future. We typically do not report delinquent core Sezzle accounts to any credit bureaus or collection agencies, unless the consumer has elected to participate in Sezzle Up (as further discussed below). As a result, consumer behavior on the core Sezzle Platform has no impact to a consumer's credit score.

Our consumer-centric model has enabled us to consistently add Active Consumers each quarter. We added 1.2 million Active Consumers during the year ended December 31, 2021, reaching a total of 3.4 million Active Consumers on the platform at the end of 2021.

Sezzle Up

In partnership with TransUnion, we engineered Sezzle Up, an upgraded version of the core Sezzle experience that supports consumers in building their credit scores by permitting us to report their payment histories to credit bureaus. As these consumers pay on time, their credit scores and spending limits on the Sezzle Platform can increase. Qualifying for Sezzle Up is simple: existing Sezzle users who elect to participate just need to connect a bank account and pay off one order on time. As a condition to joining Sezzle Up, users commit to complete installment payments over the Automated Clearing House ("ACH") network instead of over a card network. Users' initial

down payment is still completed over a card network. Using the ACH network benefits us by typically reducing processing fees and, in turn, lowering our transaction costs.

We were an early if not the first mover among digital payments platforms that offer a credit-building solution to consumers, and we supplement Sezzle Up's credit development capabilities with Sezzle U, a free curated series of lessons on personal finance to further help our consumers develop their financial literacy.

Sezzle Virtual Card

Other parts of our product suite and proprietary merchant interface are specifically designed to streamline the merchant experience. Our Sezzle Virtual Card bolsters our omnichannel offering and provides a rapid-installation, point-of-sale option for brick-and-mortar retailers through its compatibility with Apple Pay and Google Pay. With the Sezzle Virtual Card, consumers can enjoy in-store shopping with the convenience of immediately tapping into the Sezzle Platform with the "swipe" of their virtual card at the point-of-sale.

Long-Term Installments

We look to provide access to a long-term installment financing option to our merchants and consumers while limiting our own capital needs and credit risk. To provide this option to our merchants and consumers, in 2021 we began engaging third-party financial institutions. Through these partnerships, we offer our consumers at participating merchants access to interest-bearing monthly fixed-rate installment-loan products for larger-ticket items, which extend up to 60 months while we earn a fee from our lending partners. We believe providing consumers access to long-term options has the potential to enhance our relationship with both merchants and consumers while generating an attractive fee stream with no capital requirements or credit risk for us and complementing our existing short-term, interest-free offering.

Our Merchants

We believe our merchant partners benefit from our platform's network effects. By equipping our consumers with a flexible payment product, we help our merchants expand their reach and access a deep and growing pool of consumers who would not otherwise be able to finance a transaction with our merchants. Additionally, we believe that merchants benefit from associating with an innovative payments company with B Corporation status which shares their consumers' values across environmental, social, and economic causes. Our merchant partnerships span numerous merchant categories, with apparel and accessories; outdoors, sporting goods, and activities; and beauty and cosmetics representing the top three categories by UMS as of December 31, 2021.

We also provide our merchants with a toolkit to grow their businesses that we believe is unmatched among digital payments platforms. Our merchants gain access to our marketing efforts that begin with a launch campaign to introduce new brands to Sezzle consumers, and then follow these efforts with bi-weekly promotional support, quarterly "mega campaigns" that promote participating merchants with added incentives, and initiatives that enable consumers to "shop their values". In addition, we provide select merchants with incentives to grow their sales and introduce Sezzle into new merchant categories, as well as guaranteed incentives, in order to aid them in recognizing the value proposition. We plan to enter into additional incentive-based arrangements with our larger merchant partners in the near-term and beyond.

We offer a powerful value proposition to our merchant partners, and over 90% of our merchant additions are derived from inbound inquiries. Our platform developed by serving merchants in the SMB category, has continued with our mid-size direct-to-consumer ("DTC") retailers, and now has accelerated through the establishment of an increasing number of partnerships with large retailers.

SMBs

SMBs, which we define as merchants with UMS of less than $10 million per year, have historically comprised the largest segment of our merchant base. Our fast, easy application process makes onboarding simple, and our user-friendly merchant interface streamlines the integration process. Through Sezzle, these merchants are able to offer their consumers an optimized, effortless checkout process that enables them to complete sales.

Mid-Size Retailers

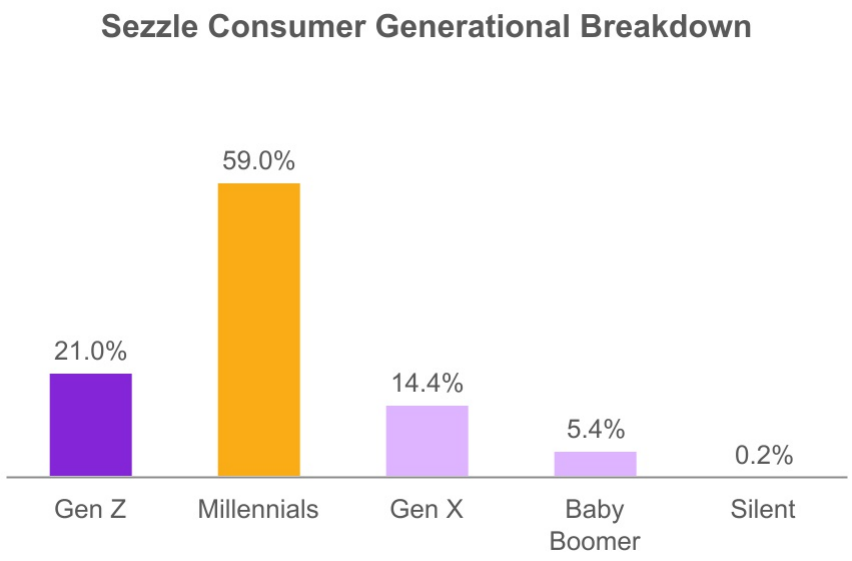
We are increasing our focus on “mid-size” retailers which tend to be DTC brands, which we define as merchants with UMS of between $10 million and $50 million per year. A diverse array of growing DTC brands that are online-first and seek to connect with consumers without the use of secondary retailers naturally fit within our core offering. As we build out a larger consumer base, we believe we also enhance our value proposition to these brands by driving increased visits to their sites. For example, we drive traffic toward DTC brands that may not otherwise gain exposure through traditional retail channels by creating marketing campaigns designed to increase consumer exposure to their brands.

Large Retailers

An ongoing major initiative is greater engagement with large retailers, which we define as merchants with over $50 million in UMS per year. The core Sezzle product helps these merchants to facilitate a sale by providing access to credit for a consumer who has limited-to-no credit history. Without our payments platform, the consumer that lacks credit history may be rejected after applying for the store's private label or co-brand credit card, which could tarnish the consumer's view of that retailer's brand. Importantly, we are not competing with a large retailer's card offering. Instead, we work collaboratively with these retailers to drive sales, and over time, serve as a lead generator to consumers who are ready to graduate to the retailer's card program. Our value proposition and engagement strategy have resonated with large retailers, including Target, Sportsman's Guide, Lamps Plus, Bass Pro Shops, Barstool Sports, and Market America.

Our Consumers

Sezzle focuses on a young consumer base that is tech-savvy and socially-minded and that expects brands to possess ethical and social principles. As of December 31, 2021, 80% of Sezzle's consumer base is comprised of members of the Gen Z (18-25) and Millennial (26-44) generations which are generally early in their credit journey. For many of these consumers, we believe Sezzle has provided a way to improve financial responsibility, not only through enhanced budgeting and payments capabilities, but also through an opportunity to build credit history and develop a sense of financial empowerment with the Sezzle Up platform.



Source: Internal data as of December 31, 2021 (Gen Z (18-25), Millennials (26-44), Gen X (45-56), Baby Boomers (57-75), and Silent (76 and greater)).

Gen Z and Millennial consumers use credit cards less frequently relative to other generations and in many cases lack access to traditional credit. As a result, they tend to have fewer viable options for budgeting, achieving financial flexibility, and building credit history. Consumers in these generations also tend to transact frequently across e-commerce and brick-and-mortar retail, but spend less on average per transaction than older generations. In doing so, these consumers prefer to avoid loans that are not transparent or require payments that are not affordable. Sezzle's core product provides these younger generations, who are newer to credit and are likely to move up the FICO score spectrum as they grow older and transact more often, with a unique solution to these payment challenges.

In addition, consumers benefit from our platform's network effects. As our platform grows and we establish more merchant partnerships, our consumers enjoy a wider variety of shopping options.

Our Business Model

We believe that we have built a sustainable, transparent business model in which our success is aligned with the financial success of our merchants and consumers.

Core product revenue

We earn fees from our merchants predominately based on a percentage of UMS plus a fixed fee per transaction, collectively referred to as merchant fees. We pay our merchants for the transaction value upfront net of the merchant fees owed to Sezzle and assume all costs associated with the consumer payment processing, fraud and payment default. Merchant-related fees comprised approximately 82% of our Total Income for the year ended December 31, 2021.

Long-term product revenue

For our long-term financing product where we take no balance sheet or credit risk, we charge a platform fee to our financial partners, which is a fixed percentage of UMS on a monthly basis. We also share a negotiated percentage of the merchant discount revenue with our financial partners. This amount may vary based on our partner and the volume of UMS. Our financial partners earns interest from consumers through this product, but we do not earn any interest or take any credit risk.

Consumer-based revenue

We do not charge our consumers any interest, finance charges or initiation fees and are not incentivized to profit from our consumers' errors or financial adversity. Any consumer-based revenue that we earn is derived from fees that we charge to reactivate an account following a failed payment and when consumers elect to reschedule a payment. We permit consumers to reschedule a payment without charging a fee once per order, and reactivation fees are waived if the consumer corrects a failed payment within 48 hours. Additionally, we have a hardship and fee forgiveness program which allows consumers to have fees waived. Consumer-related revenue comprised approximately 19% of our Total Income for the year ended December 31, 2021.

Capital-light strategy

We have created an efficient funding strategy which has allowed us to scale our business and drive rapid growth. We have existing access to revolving credit facilities. Additionally, we also pay merchants a low interest rate if they elect not to receive transaction proceeds upfront and instead leave cash with us.

Our products are entirely funded through our $250 million warehouse facility and merchant account payables. The high-velocity with which we are able to recycle capital due to the short-term nature of our products has a multiplier effect on our committed capital. We do not require equity to directly fund product growth.

History and Public Benefit Corporation Structure

Our founders created the Sezzle Platform in 2016 after observing an increasing trend in the United States of a lack of availability of credit for consumers (particularly younger consumers). Since we launched the Sezzle Platform in August 2017, our activities have principally involved raising money to develop our software, products and services (including the Sezzle Platform), as well as signing merchants to the Sezzle Platform and expanding our service offerings to an increasing base of consumers.

Sezzle is incorporated in Delaware as a public benefit corporation. Public benefit corporations are for-profit corporations intended to produce a public benefit and operate in a responsible and sustainable manner. Under Delaware law, public benefit corporations must identify in their certificate of incorporation the public benefit or benefits they will promote, and their directors have a duty to manage the affairs of the corporation in a manner that balances the pecuniary interests of the stockholders, the best interests of those materially affected by the corporation's conduct and the specific public benefit or public benefits identified in the public benefit corporation's certificate of incorporation. Our statement of the public benefits we will promote is included under "Biennial Public Benefit Corporation Statement" below.

Being a public benefit corporation offers advantages, including:

- public benefit corporation status is a clear differentiator in an increasingly growing, and sometimes crowded, industry;
- we are more likely to become an employer of choice as the younger workforce increasingly seek employment from companies which align with their ethical values;
- further opportunities to conduct business with brands that also care about sustainability;
- the potential to expand our consumer base due to conscious consumers;
- added credibility to our mission statement and potential to grow capital through impact investing; and
- further opportunities for positive public relations and marketing.

On March 22, 2021, Sezzle became certified as a B Corporation by B Lab, an independent non-profit organization, and thereby joined a movement of innovative socially-conscious brands. In order to be designated as a Certified B Corporation, we were required to undertake a comprehensive and objective assessment of our environmental and social standards for transparency, accountability and commitment to improved performance. Our actions are part of a movement of innovative brands around the world intent on advancing environmental, social, and economic causes. To maintain our status as a certified B Corporation, we must satisfy re-certification requirements every three years.

Competition

We operate in a highly competitive and dynamic industry. Our product offerings face competition from a variety of players, including those who enable transactions and commerce via digital payments. The point-of-sale financing market in which we operate includes several types of products. For example, consumers may make purchases with credit cards that have revolving balances and some of these products offer promotional terms, such as an introductory rate or deferred interest. In addition to traditional credit card products, some revolving balance products do not issue plastic credit cards to consumers (e.g., PayPal Credit). BNPL products, such as the Sezzle Platform, facilitate consumer purchases from retail merchants on installment plans. Credit card providers also offer products that allow consumers to pay for purchases made with their credit cards in installments rather than as a revolving balance (e.g., American Express and J.P. Morgan Chase). Visa and Mastercard, the major payments networks, have also introduced technology that facilitate this functionality.

We consider our main competitors to be other BNPL service providers. In the U.S. market, this includes Affirm, Afterpay, Klarna, PayPal's Pay in 4, and Zip (formerly QuadPay). In addition, PayBright by Affirm and Afterpay operate in the Canadian market. In July 2021, Apple announced its intention to provide a BNPL platform to its consumers called "Apple Pay Later." We aim to differentiate our business to consumers by providing a product that is more simple to understand and consumer friendly than our competitors. This includes allowing the consumer to shift their repayment schedule once per order for free, and waiving Account Reactivation Fees where the consumer corrects a failed payment within 48 hours. See "Item 1A. Risk Factors – Risks Related to Our Industry - We operate in a highly competitive industry, and our inability to compete successfully would materially and adversely affect our business, results of operations, financial condition, and prospects."

We face intense competitive pressure on the fees we charge our merchants, particularly our larger merchants. To stay competitive, we may need to adjust our pricing or offer incentives to our clients to increase payments volume, enter new market segments, adapt to regulatory changes, and expand their use and acceptance of the Sezzle Platform. These include up-front cash payments, fee discounts, rebates, credits, performance-based incentives, marketing, and other support payments that impact our revenues and profitability. Market pressures on pricing, incentives, fee discounts, and rebates could moderate our growth. We have entered into merchant agreements that require us to make marketing, incentive or other payments to the merchant over the term of the agreement. In addition,

if we are unable to fulfill our obligations under these merchant agreements, including any payments we have agreed to make with merchants, the merchant may terminate such agreement or determine not to renew and remain on our platform.

Intellectual Property

Our business depends on our ability to commercially exploit our technology and intellectual property rights, including our technological systems and data processing algorithms. We rely on laws in the United States, Canada and other countries relating to trade secrets, copyright, and trademarks to assist in protecting our proprietary rights. Our core intellectual property asset is the Sezzle Platform and the accumulation of transaction data, rules and consumer insights generated from consumers using the Sezzle Platform, including the proprietary fraud and risk detection systems.

We developed our proprietary fraud and risk detection systems by creating valuable intellectual property that enables us to improve our products. The Sezzle Fraud Detection System was developed by the Company's data sciences team, which utilizes numerous data points from a transaction to identify the likelihood of a fraudulent attempt. Consumer interactions with the Sezzle Platform are recorded and analyzed along with data points on the consumer and order itself. This data passes through the Sezzle Fraud Detection System, which scores the likelihood of the transaction being fraudulent. The Sezzle Underwriting Engine then assigns a score to each new consumer that passes through the Sezzle Fraud Detection System. Based on data obtained from traditional and non-traditional sources, along with the order data and retailer data, we give some shoppers a higher initial limit than others. As consumers use the Sezzle Platform, Sezzle's system learns from the behavior of the individual consumers and adapts the consumer's limit to the appropriate level based on the consumer's success level within the Sezzle Platform.

We do not currently have any issued patents, but continue to consider the most effective methods of protecting our intellectual property. We currently hold registered trademarks in the United States, the UK, the European Union, and India, and we have pending trademark applications in Canada and Brazil. However, continued operations within our existing markets and expansion into new markets risks conflicts with unrelated companies who may own registered trademarks for and/or otherwise use a similar name. See "Item 1A. Risk Factors — Other Risks Related to Our Business – Our efforts to protect our intellectual property rights may not be sufficient."

Government Regulation

Overview

Various aspects of our business and services are subject to U.S. federal, state, and local regulation, as well as regulation outside the United States including Canada. Certain of our services also are subject to rules promulgated by various card networks and other authorities, as more fully described below. These descriptions are not exhaustive, and these laws, regulations and rules frequently change and are increasing in number.

BNPL and Consumer Protection Regulation

The BNPL segment of the point-of-sale financing market in which we operate is a developing field. There has recently been an increased focus and scrutiny by regulators in various jurisdictions, including the United States and Canada, with respect to BNPL arrangements. We may become subject to additional legal or regulatory requirements if laws or regulations or the interpretation of such laws and regulations change in the future or industry standards for BNPL arrangements change in the future.

United States

In the United States, we are required to comply with the applicable provisions of the Truth-in-Lending Act and Regulation Z promulgated thereunder, which require certain disclosures to consumers regarding the terms and conditions of their loans and credit transactions and impose requirements on credit accessed through credit cards, Section 5 of the FTCA, which prohibits unfair and

deceptive acts or practices ("UDAP") in or affecting commerce and analogous provisions in each state; the Consumer Financial Protections Act, which prohibits unfair, deceptive or abusive acts or practices ("UDAAP") in connection with consumer financial products and services; the Equal Credit Opportunity Act and Regulation B promulgated thereunder, which prohibit creditors from discriminating against credit applicants on the basis of race, color, sex, age, religion, national origin, marital status, the fact that all or part of the applicant's income derives from any public assistance program, or the fact that the applicant has in good faith exercised any right under the Federal Consumer Credit Protection Act or applicable state law; the Fair Credit Reporting Act ("FCRA"), which promotes the accuracy, fairness, and privacy of information in the files of consumer reporting agencies; the Fair Debt Collection Practices Act (the "FDCPA"), which provides guidelines and limitations concerning the conduct of third-party debt collectors in connection with the collection of consumer debts; and the and the Telephone Consumer Protection Act (the "TCPA"), which regulates the use of telephone and texting technology to contact customers.

We are also subject to the Holder in Due Course Rule of the Federal Trade Commission ("FTC"), and equivalent state laws, which requires any holder of a consumer credit contract to include a required notice and become subject to all claims and defenses that a borrower could assert against the seller of goods or services; the Electronic Fund Transfer Act, which provides disclosure requirements, guidelines, and restrictions on the electronic transfer of funds from consumers' bank accounts; the Electronic Signatures in Global and National Commerce Act and similar state laws, which authorize the creation of legally binding and enforceable agreements utilizing electronic records and signatures; the Military Lending Act and similar state laws, which provide obligations and prohibitions relating to loans made to servicemembers and their dependents; and the Servicemembers Civil Relief Act, which allows active duty military members to suspend or postpone certain civil obligations. In addition, we are subject to the requirements under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act relating to collection and credit reporting, though many of the implementing regulations under the CARES Act have not yet been issued.

We possess certain state lending licenses and we are currently in the process of applying for others, which subject us to supervisory oversight from these state license authorities and periodic examinations. We currently hold licenses in six U.S. states (California, North Dakota, South Dakota, Idaho, Montana and Missouri) to operate our business in those states, in particular to originate loans to consumers residing in those jurisdictions. The loans we may originate on our platform pursuant to these state licenses are subject to state licensing and interest rate fee restrictions, as well as numerous state requirements regarding consumer protection, interest rate, disclosure, prohibitions on certain activities, and loan term lengths. Our business may become subject to licensing requirements in states in which we currently do not hold licenses. For instance, in certain states we are currently not required to obtain a lending license because our extension of credit in those states is structured as retail installment transactions. We continue to monitor state licensing regulations and how they may apply to our business, and may be required in the future to apply for additional state licenses, including states in which our loans are structured as retail installment transactions.

Canada

In Canada, we are required to comply with the Canada Anti-Spam Law, which regulates the transmittal of commercial email messages, the Canadian Personal Information Protection and Electronic Documents Act and equivalent provincial privacy laws in the provinces of Alberta, British Columbia and Quebec, each of which includes requirements surrounding the use, disclosure, and other processing of certain personal information about Canadian residents. In addition, we are required to comply with the Canada federal and provincial human rights legislation which prohibits discriminatory practices to deny, deny access to, or to differentiate adversely in relation to any individual in respect of the provision of services customarily available to the general public on the basis of a certain prohibited grounds of discrimination. The Canadian provincial consumer protection and cost of credit disclosure laws prohibit late fees, impose limits on default charges, prohibit unfair practices, and include consumer contract disclosure and related process requirements, among other compliance requirements. We are also subject to Canadian provincial and territorial e-commerce laws.

We believe that we are appropriately licensed as a lender and/or have structured our business activities to avoid a licensing requirement in each of the Canadian provinces that require such licenses. In connection with our business activities, we are also generally subject to consumer protection legislation and other laws and, on that basis, our business is also generally subject to regulatory oversight and supervision from federal and/or provincial regulators in respect of those activities, regardless of whether we have a license. These regulators and enforcement agencies generally act on a complaints-basis and may receive consumer complaints about us. Investigations or enforcement actions may be costly and time consuming. Enforcement actions by such regulators and enforcement agencies could lead to fines, penalties, consumer restitution, the cessation of our business activities in whole or in part, or the assertion of private claims and lawsuits against us.

Payment Regulations

We are subject to the rules, codes of conduct and standards of Visa, Mastercard and other payment networks and their participants. In order to provide our payment processing services, we must be registered either indirectly or directly as service providers with the payment networks that we use. As such, we are subject to applicable card association and payment network rules, standards and regulations, which impose various requirements and could subject us to a variety of fines or penalties that may be levied by such associations or networks for certain acts or omissions. Card associations and payment networks and their member financial institutions regularly update and generally expand security expectations and requirements related to the security of consumer data and environments. Failure to comply with the networks' requirements, or to pay the fees or fines they may impose, could result in the suspension or termination of our registration with the relevant payment networks and therefore require us to limit, suspend or cease providing the relevant payment processing services. We are also subject to the Payment Card Industry Data Security Standard ("PCI DSS") with respect to the acceptance of payment cards, which provides for security standards relating to the processing of cardholder data and the systems that process such data. The failure of our products to comply with PCI DSS requirements may result in the loss of our status as a PCI DSS certified Service Provider and thereby impact our relationship with our merchant partners and their own ability to comply with PCI DSS.

In Canada, we are required to comply with the Payments Canada Rule H1- Pre-Authorized Debit Rules in respect of the acceptance of payments from Canadian bank accounts and the Quebec Charter of French Language laws which regulates the language of communication in commerce and business and applies to entities carrying on business in Quebec.

Data Privacy and Data Security Laws

We are subject to a variety of laws, rules, directives, and regulations, as well as contractual obligations, relating to the processing of personal information, including personally identifiable information. The regulatory framework for privacy and data protection worldwide is rapidly evolving and, as a result, implementation standards and enforcement practices are likely to continue to evolve for the foreseeable future. We publicly post policies and documentation regarding our practices concerning the processing of personal information. This publication of our privacy policy and other documentation that provide information about our privacy and security practices is required by applicable law and can subject us to proceedings and actions brought by data protection authorities, government entities, consumers (either individually or in a class action), or others if our policies are alleged to be deceptive, unfair, or misrepresentative of our actual practices.

We are subject to the Gramm-Leach-Bliley Act (the "GLBA") and implementing regulations and guidance thereunder, in addition to applicable privacy and data protection laws in the other jurisdictions in which we carry on business activities or process personal information. Among other requirements, the GLBA imposes certain limitations on the ability to share consumers' nonpublic personal information with nonaffiliated third parties and requires certain disclosures to consumers about information collection, sharing, and security practices and their right to "opt out" of the institution's disclosure of their nonpublic personal information to nonaffiliated third parties. Privacy requirements, including notice and opt out requirements, under the GLBA and the FCRA are enforced by the FTC and by the Consumer Financial Protection Bureau ("CFPB") through UDAAP claims, and are a standard component of CFPB examinations. State entities also may initiate actions for alleged violations of privacy or security compliance under state UDAAP claims, financial privacy, security and other laws.

Furthermore, an increasing number of state, federal, and international jurisdictions have enacted, or are considering enacting, privacy and data security laws, such as the California Consumer Privacy Act ("CCPA") which was based on the General Data Protection Regulation ("GDPR"), which regulates the collection, processing and use of personal information of data subjects in the European Union and the European Economic Area ("EEA"), and the Canadian Personal Information Protection and Electronics Document Act. The CCPA gives residents of California expanded rights to access and delete their personal information, opt out of certain personal information sharing, and receive detailed information about how their personal information is used, and also provides for civil penalties for violations and private rights of action for data breaches. Meanwhile, the GDPR provides data subjects with greater control over the processing of their personal information (such as the "right to be forgotten") and has specific requirements relating to cross-border transfers of personal information to certain jurisdictions outside the EEA, including to the United States, with fines for noncompliance of up to the greater of 20 million euros or up to 4% of the annual global revenue of the noncompliant company. From January 1, 2021, we may also have to comply in respect of certain of our activities with the UK GDPR, which, together with the amended UK Data Protection Act 2018, retains the GDPR in UK national law. In addition, on November 3, 2020, California voters approved a new privacy law, the California Privacy Rights Act ("CPRA"), which significantly modifies the CCPA, including by expanding consumers' rights with respect to certain personal information and creating a new state agency to oversee implementation and enforcement efforts. Many of the CPRA's provisions will become effective on January 1, 2023. Additionally, on March 2, 2021, the Virginia Consumer Data Protection Act ("CDPA") was signed into law and multiple other states are considering enacting similar legislation. The Virginia CDPA becomes effective beginning January 1, 2023, and contains similar provisions to the CCPA and CPRA. Other states have recently or may soon pass similar laws and promulgate related regulations, including the Colorado Privacy Act (CoPA) (signed into law in July 2021 with rulemaking currently in progress) and the Utah Consumer Privacy Act (UCPA) (signed into law March 24, 2022). Most states also have in place data security laws requiring companies to maintain certain safeguards with respect to the processing of personal information, and all states require companies to notify individuals or government regulators in the event of a data breach impacting such information. In addition, most industrialized countries have or are in the process of adopting similar privacy or data security laws enforced through data protection authorities.

Other Applicable Regulations

We are subject to regulations relating to our corporate conduct and the conduct of our business, including securities laws, trade regulations and anti-money laundering ("AML") laws and anti-corruption legislation. The United States and certain foreign jurisdictions have taken aggressive stances with respect to such matters and have implemented new initiatives and reforms.

We are required to comply with the U.S. Foreign Corrupt Practices Act, the Foreign Public Officials Act (Canada), the U.K. Bribery Act and similar anti-bribery laws in other jurisdictions, which prohibit companies and their intermediaries from making improper payments for the purpose of obtaining or retaining business. Recent years have seen a substantial increase in anti-bribery law enforcement activity with more frequent and aggressive investigations and enforcement proceedings by both the Department of Justice and the SEC, increased enforcement activity by non-U.S. regulators and increases in criminal and civil proceedings brought against companies and individuals.

AML laws and related KYC requirements generally require certain companies to conduct necessary due diligence to prevent and protect against money laundering. AML enforcement activity could result in criminal and civil proceedings brought against companies and individuals, which could have a material adverse effect on our business. Regulators and enforcement agencies may receive consumer complaints about us. In the United States, these regulators and agencies include the Financial Crimes Enforcement Network ("FinCEN"), which could subject us to burdensome rules and regulations that could increase costs and use of our resources in order to satisfy our compliance obligations. We are also subject to certain economic and trade sanctions programs including Canadian sanctions laws and the sanctions programs administered by the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC"), which prohibit or restrict transactions or dealings with specified countries, individuals, and entities.

Human Capital

As of December 31, 2021, we had approximately 540 employees across the operations, sales and marketing, and platform development teams. No employees are subject to any collective bargaining agreements at this time. We consider our relationships with our employees to be good and have not experienced any interruptions of operations due to labor disagreements.

Our success to date would not be possible without our dedicated people, who we believe are our greatest asset. Bringing together a team of highly-skilled engineering, product, marketing and business development professionals is imperative to executing on our strategy. We do this by creating an inclusive, team-centric culture in which doing the right thing is celebrated.

In light of our commitment to our employees, we upgraded our Human Resources Information Systems during 2021 to ensure state-of-the-art management, operation and oversight of our workforce. Our goals in this upgrade were to:

- ensure that People Operations is equipped with the tools, training and motivation to operate in the most efficient and effective manner;
- continue to promote and recruit the best-qualified people while embracing the value of diversity in the workplace;
- allow for more accurate measurement and accountability on the diversity front;
- provide a competitive salary and benefits package and develop the full potential of our workforce by providing training and development for career enhancement; and
- secure accurate and timely information relating to employee turnover, mobility, retention and the percentage of positions filled internally.

We also updated our Diversity Policy and Ethics Policy to renew and refine our commitment to derive strength from a diverse workforce. We have an active Diversity, Equity and Inclusion group to further ensure communication throughout the organization on issues impacting minorities. Employees are encouraged to participate in company and community activities to secure an improved quality of life for ourselves, our co-workers and the community.

We embrace change and the opportunity it brings. On March 10, 2022 we announced a workforce reduction aimed at positioning the business for long-term growth while establishing a path toward profitability and free cash flow. Combined with normal attrition since the beginning of 2022, the reduction impacts approximately 20% of our North American workforce. We continue to be focused on acting openly, equitably and consistently in our pursuit of uncompromising quality. To meet this goal, we remain committed to recruiting, developing, rewarding and retaining our global workforce.

Environmental, Social, and Governance (ESG)

We are focused on the environmental, social and governance concerns that are important to our consumers, merchant partners, employees and other stakeholders. We are committed to integrating consideration of these concerns into the decisions made across our business with a view to enhancing sustainability, promoting employee equity and wellness, and supporting the communities in which we operate.

Carbon Footprint and Land Regeneration

On July 15, 2021, through a combination of reduction efforts and carbon offsets, we officially became 100% carbon neutral. As a Climate Neutral Certified company, we reduce our carbon emissions by choosing to do business in a way that aids environmental conservation. By taking responsibility for decreasing climate-changing greenhouse gas emissions, we are taking action to affect climate

change. During 2020, we also partnered with Trees for the Future, helping the organization by planting one tree per new Sezzle user, contributing to their mission to end hunger and poverty by training farmers to regenerate their land.

Community Engagement

Sezzle Inc. is proud to make a positive difference in the communities that it serves.

In 2020, we launched Sezzle Up, an upgraded version of the core Sezzle experience which provides a credit-building solution for new-to-credit consumers, helping consumers adopt credit responsibly and build their credit history. We have also collaborated with the University of Minnesota to provide "full-ride" scholarships to underrepresented students pursuing degrees in technology. We also partner with nonprofits on initiatives such as Blacks in Technology, a global platform establishing standards for technical excellence and serving members through community, media and mentorship, to provide financial support, mentoring and free legal advice to their entrepreneurs.

Biennial Public Benefit Corporation Statement

Under Delaware law, a public benefit corporation is required to no less than biennially provide its stockholders with a statement as to the corporation's promotion of the public benefit or public benefits identified in the certificate of incorporation and of the best interests of those materially affected by the corporation's conduct. The following is intended to serve as the required statement to stockholders.

As a Delaware public benefit corporation, we have committed to pursuing opportunities for positive change in the community and the planet. Our management team and board of directors strongly believe that our long-standing commitment to financial education and helping young adults with their approach to personal finances, as well as creating alternative means for consumers to purchase items they need without incurring high-interest finance charges, benefit the community and serve as a public good.

When considering Environmental, Social and Governance (ESG) and Corporate Social Responsibility (CSR), Sezzle focuses on five primary areas: governance, impact on workers (human capital), environment, customers and the community ("Factors"). These Factors align with the targeted focus of the B Lab, BCorp Impact Assessment.

Each section focuses on a different area and opportunity to maximize value for ESG and CSR initiatives. The governance portion gauges the overall mission, ethics/transparency, and social/environmental impact; including Sezzle's ability to protect the mission and stakeholder considerations through corporate structure and/or governing documents.

The workers/human capital portion assesses Sezzle's contributions to its employees through various areas including financial security, health, safety, wellness, career development, engagement and satisfaction.

The community portion analyzes Sezzle's relationship with and impact on the community. Focus here includes diversity, equity and inclusion (DEI), impact on the economy, community engagement, charity, and supply chain management.

The environment portion evaluates Sezzle's management practices as they relate to air, climate, water, land, and biodiversity. This evaluation includes the direct impact of a company's operations and, when applicable, its supply chain channels.

The customer portion evaluates Sezzle's commitment to its customers through the quality of its services, ethical marketing, data privacy/security, and other customer/consumer factors. This initiative recognizes services that improve the social impact of the community.

Sezzle maintains annual Key Performance Indicators (KPIs) to measure its successful progress in achieving and promoting sustainable and meaningful commitment to ESG/CSR. The annual reporting occurs in June of each year. The KPIs are based on the identified

Factors derived from the B Lab Impact Assessment which offer the largest opportunity of improvement for Sezzle. The Board of Directors receives annual updates on progress made against such KPIs. Additionally, the Board ensures that social responsibility remains a factor in its decision making process.

Upon initial certification, Sezzle had a B Lab rating of 80.7. To date, Sezzle's metrics indicate an improvement of at least 8%. While figures may change over time due to new strategic initiatives, changes in operations and external factors, current metrics show a consistent improvement in Sezzle's commitment to ESG/CSR. We believe that the improvements in our B Lab rating during 2021, in conjunction with the activities described above under "Environmental, Social, and Governance (ESG)", support the conclusion that the Company has been successful in promoting our stated public benefits.

Available Information

Our website address is www.sezzle.com. Information found on, or accessible through, our website is not a part of, and is not incorporated into, this Form 10-K. Copies of our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are available, free of charge, on our website as soon as reasonably practicable after we file such material electronically with, or furnish it to, the Securities and Exchange Commission (the "SEC"). The SEC also maintains a website that contains our SEC filings. The address of the site is www.sec.gov.

ITEM 1A. RISK FACTORS

Risks Related to the Proposed Merger with Zip Co Limited

Certain conditions under the Zip Merger Agreement to our consummation of the merger with a wholly-owned subsidiary of Zip are beyond our control may not be satisfied (or waived) at all or in the anticipated timeframe.

Under the terms of the Zip Merger Agreement, the consummation of our merger with a wholly-owned subsidiary of Zip is subject to certain conditions. Satisfaction of certain of the conditions is not within our control, and difficulties in otherwise satisfying the conditions may prevent, delay or otherwise materially adversely affect the consummation of the transaction. It also is possible that a change, event, development, circumstance or occurrence since the date of the Zip Merger Agreement may have or reasonably be expected to have a material adverse effect on us, the non-occurrence of which is a condition to the consummation of the merger. We cannot predict with certainty whether and when any of the required conditions will be satisfied (including approvals relating to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and certain Australian approvals). If the merger does not receive, or timely receive, the required regulatory and shareholder approvals and clearances, or if another event occurs delaying or preventing the transaction, such delay or failure to complete the merger may create uncertainty or otherwise have negative consequences that may materially and adversely affect our income, financial condition and results of operations. Our share price may also fluctuate significantly based on announcements made by Zip and other third parties or us regarding the transaction with Zip or based on market perceptions of the likelihood of the satisfaction of the various conditions to closing. Such announcements may lead to perceptions in the market that the transaction may not be completed, which could cause our share price to fluctuate or decline. If we do not consummate the transaction with Zip, the price of our shares may decline (potentially significantly) from the current market price, which may reflect a market assumption that the transaction would be consummated. Any of these events could have a material adverse effect on our business, operating results and financial condition and could cause a decline in the price of our shares.

If the merger is not completed by November 28, 2022 (subject to a mutual right to extend the termination date until February 28, 2023 under certain circumstances), either we or Zip have the right to terminate the Zip Merger Agreement. We or Zip may also elect to terminate the Zip Merger Agreement in certain other circumstances. If the proposed acquisition is not completed, we would remain liable for significant transaction costs, including the potential payment of a termination fee to Zip under certain circumstances.

The merger consideration payable to holders of our shares will not be adjusted for change in our business, assets, liabilities, prospects, outlook, financial condition or results of operations. In addition, certain factors could affect the value of Zip's common stock, which would affect the value realized by our stockholders in connection with the proposed merger.

The consideration payable to our shareholders in connection with the transaction with Zip will not be adjusted for changes in our business, assets, liabilities, prospects, outlook, financial conditions or results of operations. Pursuant to the Zip Merger Agreement, upon the consummation of the proposed merger, our stockholders will be entitled to receive 0.98 Zip ordinary shares for each share of our common stock they hold. A variety of factors, including factors outside of our control, could affect the value of Zip's ordinary shares either before or after the consummation of the proposed merger. Additionally, if we experienced an improvement in our business, assets, liabilities, prospects, outlook, financial conditions or results of operations prior to the consummation of the transaction, there will be no adjustment to the amount of the consideration.

While the proposed merger is pending, we are subject to business uncertainties and contractual restrictions that could disrupt our business.

Whether or not the proposed merger is consummated, the proposed merger may disrupt our current plans and operations, which could have an adverse effect on our business and financial results. The pendency of the merger may also divert management's attention and our resources from ongoing business and operations and our employees and other key personnel may have uncertainties about the effect of the pending merger, and the uncertainties may impact our ability to retain, recruit and hire key personnel while the merger is pending or if it fails to close. We may incur unexpected costs, charges or expenses resulting from the merger. Furthermore, we cannot predict how our business partners and merchants will view or react to the merger upon consummation. If we are unable to reassure our partners and merchants to continue their relationships with us, our business, financial condition and results of operations may be adversely affected.

The preparations for integration between us and Zip have placed, and we expect will continue to place, a significant burden on many of our key employees and on our internal resources. If, despite our efforts, key employees depart because of these uncertainties and burdens, or because they do not wish to remain with the combined company, our business and results of operations may be adversely affected. In addition, whether or not the merger is consummated, while it is pending we will continue to incur costs, fees, expenses and charges related to the proposed merger, which may materially and adversely affect our financial condition and results of operations.

In addition, the Zip Merger Agreement generally requires us to operate our business in the ordinary course of business consistent with past practice pending consummation of the merger and also restricts us from taking certain actions without the consent of Zip. Such restrictions will be in place until either the merger is consummated or the Zip Merger Agreement is terminated. A breach of these covenants could result in termination of the Zip Merger Agreement. For these and other reasons, the pendency of the merger could adversely affect our business and results of operations.

In the event that the proposed merger with a wholly-owned subsidiary of Zip is not consummated, the trading price of shares of our common stock and our future business and results of operations may be negatively affected.

The conditions to the consummation of the proposed merger may not be satisfied as noted above. If the merger is not consummated, we generally would remain liable for significant transaction costs, and the focus of our management would have been diverted from seeking other potential strategic opportunities, in each case without realizing any benefits of the proposed merger. For these and other reasons, not consummating the merger could adversely affect our business and results of operations. Furthermore, if we do not consummate the merger, the price of shares of our common stock may decline (potentially significantly) from the current market price. Certain costs associated with the merger have already been incurred or may be payable even if the merger is not consummated. Further, a failed transaction may result in negative publicity and a negative impression of us in the investment community. Finally, any disruptions to our business resulting from the announcement and pendency of the merger, including any adverse changes in our relationships with our customers, partners, vendors and merchants or recruiting and retention efforts, could continue or accelerate in the event of a failed merger.

The Zip Merger Agreement contains provisions that could make it difficult for a third party to acquire us prior to the completion of the proposed merger.

The Zip Merger Agreement contains restrictions on our ability to obtain a third-party proposal for an acquisition of us. These provisions include our agreement not to solicit or engage in discussions with third parties regarding, enter into any agreement with respect to, or provide any confidential information in respect of, any Acquisition Proposal (as defined in the Zip Merger Agreement) or an IPO (as defined in the Merger Agreement), as well as restrictions on our ability to respond to such proposals, subject to certain expectations with respect to the fiduciary duties of our board of directors, among other conditions set forth in the Zip Merger Agreement. The Zip Merger Agreement also provides that under specified circumstances, including if the Merger Agreement is terminated by Zip because our board of directors changes its recommendation for approval of the merger, we may be required to pay to Zip a termination fee of A$7,800,000. These provisions might discourage an otherwise-interested third-party from considering or proposing an acquisition of us, even if it were prepared to pay consideration with a higher per share cash or market value than the market value proposed to be received or realized in the transaction. These provisions also might result in a potential third party acquirer proposing to pay a lower price to our shareholder than it might otherwise have proposed to pay due to the added expense of the A$7,800,000 termination fee than may become payable in certain circumstances. If the agreement is terminated and we determine to seek another business combination, we may not be able to negotiate a transaction with another party on terms comparable to, or better than, the terms of the transaction with Zip.

Shareholder litigation could prevent or delay the closing of the proposed acquisition by Zip or otherwise negatively impact our business, operating results and financial condition.

We may incur costs in connection with the defense or settlement of any future shareholder litigation in connection with the proposed transaction with Zip. Future shareholder litigation may adversely affect our ability to complete the proposed transaction with Zip. We could incur significant costs in connection with any such litigation lawsuits, including costs associated with the indemnification of obligations to our directors. Furthermore, one of the conditions to the closing of the transaction is the absence of any governmental order or law preventing the transaction or making the consummation of the transaction illegal. Consequently, if a plaintiff were to secure injunctive or other relief prohibiting, delaying or otherwise adversely affecting our ability to complete the proposed transaction, then such injunctive or other relief may prevent the proposed transaction from becoming effective within the expected time frame or at all.

Risks Related to Our Industry

The BNPL industry may become subject to increased regulatory scrutiny, and our failure to manage our business to comply with new regulations would materially and adversely affect our business, results of operations and financial condition.

There has recently been an increased focus and scrutiny by regulators in various jurisdictions with respect to BNPL arrangements, including in those jurisdictions in which we operate. There is potential that we may become subject to additional legal or regulatory requirements if laws or regulations change in the future, the interpretation of laws and regulations changes in the future, industry standards for BNPL arrangements change in the future, or regulators more heavily scrutinize BNPL arrangements. This increased risk may relate to state lending licensing or other state licensing or registration requirements, regulatory requirements concerning BNPL arrangements, consumer protection or consumer finance matters, or similar limitations on the conduct of our business. There is a risk that additional or changed legal, regulatory and industry compliance standards may make it economically unfeasible for us to continue to operate, or to expand in accordance with our strategy. This would likely have a material adverse effect on our business, results of operations and financial condition, including by preventing our business from reaching sufficient scale.

We operate in a highly competitive industry, and our inability to compete successfully would materially and adversely affect our business, results of operations, financial condition, and prospects.

We operate in a highly competitive and dynamic industry with a low barrier to entry, which makes increased competition more likely. Our technology platform faces competition from a variety of existing businesses and new market entrants, including competitors with BNPL products and those who enable transactions and commerce via digital payments.

Despite any competitive advantage we may have, there is always a risk of new entrants in the market, which may disrupt our business and decrease our market share. We expect competition to intensify in the future, both as emerging technologies continue to enter the marketplace and as large financial incumbents increasingly seek to innovate the services that they offer to compete with our products. Technological advances and the continued growth of e-commerce activities have increased consumers' accessibility to products and services and led to the expansion of competition in digital payment options such as pay-over-time solutions. We face competition in areas such as: flexibility on payment options; duration, simplicity, and transparency of payment terms; reliability and speed in processing applications; underwriting effectiveness; compliance and security; promotional offerings; fees; approval rates; ease-of-use; marketing expertise; service levels; products and services; technological capabilities and integration; customer service; brand and reputation; and consumer and merchant satisfaction. In addition, it may be become more difficult to distinguish our platform, and products and services, from those of our competitors.

Some of our competitors are substantially larger than we are, which gives those competitors advantages we do not have, such as a more diversified product, a broader consumer and merchant base, the ability to reach more consumers, the ability to cross sell their products, operational efficiencies, the ability to cross-subsidize their offerings through their other business lines, more versatile technology platforms, the ability to acquire competitors, broad-based local distribution capabilities, and lower-cost funding. Our competitors may also have longer operating histories, more extensive and broader consumer and merchant relationships, and greater brand recognition and brand loyalty than we have. For example, more established companies that possess large, existing consumer and merchant bases, substantial financial resources, and established distribution channels could enter the market. Further, consumers' increased usage of BNPL platforms in recent years may encourage more of such competitors that may be in a better position, due to financial and other resources, to attract merchants and customers to their platforms.

Increased competition, particularly for large, well-known merchants, has in the past resulted and will result in the need for us to alter the pricing we offer to merchants. If we are unable to successfully compete, the demand for our platform and products could stagnate or

substantially decline, and we could fail to retain or grow the number of consumers or merchants using our platform, which would reduce the attractiveness of our platform to other consumers and merchants, and which would materially and adversely affect our business, results of operations, financial condition, and prospects.

Economic conditions may adversely impact consumer demand for the merchandise and products on our platform, which could adversely impact our business, results of operations and financial condition.

Our business depends on consumers transacting with merchants, which in turn can be affected by changes in general economic conditions. For example, the retail sector is affected by economic conditions such as unemployment, consumer confidence, economic recessions, consumer debt, the availability of consumer credit, inflation and deflation, currency exchange rates, taxation, fuel and energy prices and interest rates, downturns or extended periods of uncertainty or volatility, all of which may influence consumer spending. In weaker economic environments, consumers may have less disposable income to spend and so may be less likely to purchase merchandise by utilizing our services. Alternatively, consumers may purchase merchandise but become unable to repay loans, which would result in an increase of loans that will not be paid on time or at all. Furthermore, the COVID-19 pandemic has had, and continues to have, a significant impact on the U.S. and global economy and the communities in which we operate. While the COVID-19 pandemic's effect on the macroeconomic environment has yet to be fully determined and could continue for months or years, any prolonged economic downturn with sustained high unemployment rates would lead to decreased retail consumption and may materially decrease our transaction volume or increase defaults and delinquencies.

Some of our merchants have experienced a decrease in sales, supply chain disruptions, inventory shortages, and other adverse effects as a result of the COVID-19 pandemic, and the future impact of the COVID-19 pandemic remains uncertain. Such effects, if they continue for a prolonged period, may continue to have an adverse effect on our merchants, and would have a material adverse effect on our business, results of operations, financial condition, and prospects. In the short term, however, we have seen increased Sezzle Income since the outbreak of the COVID-19 pandemic. These results may not be indicative of results for future periods. Some of the increased demand could be due to consumers being required or encouraged to stay at home, school closures and employers requiring employees to work remotely, which increase their propensity to purchase goods over the internet. Our increased Sezzle Income during the COVID-19 pandemic could also be attributable to the timing of tax refunds in the United States and COVID-related stimulus payments. Much is unknown, including the duration and severity of the COVID-19 outbreak, the amount of time it will take for normal economic activity to resume if at all, and future government actions that may be taken, and accordingly the situation remains dynamic and subject to rapid and possibly material change, including but not limited to changes that may materially affect the operations of our merchants and partners, which ultimately could result in material adverse effects on our business, results of operations and financial condition.

Negative publicity about us or our industry could adversely affect our business, results of operations, financial condition, and prospects.

Negative publicity about us or our industry, including the transparency, fairness, user experience, quality, and reliability of our platform or point-of-sale lending platforms in general, the effectiveness of our risk model, the setting and charging of merchant and consumer fees, our ability to effectively manage and resolve complaints, our privacy and security practices, litigation, regulatory activity, misconduct by our employees, funding sources, originating bank partners, service providers, or others in our industry, the experience of consumers and investors with our platform or services or point-of-sale lending platforms in general, or use of loan proceeds by consumers that have obtained loans facilitated through our platform or other point-of-sale lending platforms for illegal purposes, even if inaccurate, could adversely affect our reputation and the confidence in, and the use of, our platform. Any such reputational harm could further affect the behavior of consumers, including their willingness to obtain loans facilitated through our platform or to make payments on their loans. As a result, our business, results of operations, financial condition, and prospects would be materially and adversely affected.

Risks Related to Our Strategy and Growth

We are an early-stage financial technology company with a limited operating history and a history of operating losses, and we may not achieve profitability in the future.

We are an early stage financial technology company with a limited operating history. Since launching the Sezzle Platform in August 2017, our activities have principally involved raising money to develop our software, products and services (including the Sezzle Platform), as well as adding merchants to the Sezzle Platform and expanding our service offerings to an increasing base of consumers. Similar to many early stage companies, we have incurred losses since our inception. We anticipate that our operating expenses will increase in the foreseeable future as we seek to continue to grow our business, attract new consumers, merchants, funding sources, and additional originating bank partners, and further enhance and develop our products and platform. As we expand our offerings to additional markets, our offerings in these markets may be less profitable than the markets in which we currently operate. These efforts may prove more expensive than we currently anticipate, and we may not succeed in increasing Sezzle Income sufficiently to offset these higher expenses. We expect to incur additional net losses in the future and may not achieve profitability on a quarterly or annual basis.

Our business depends on our ability to retain and increase our merchant base, our base of consumers and UMS, and any failure to do so may have a material adverse effect on our business and results of operations.

We generate Sezzle Income when consumers pay with Sezzle at checkout in e-commerce transactions with our merchants. If we are not able to continue to retain and grow our merchant network, our base of consumers or volume of transactions, which we measure as UMS, we will not be able to sustain our business. Our continued success is dependent on our ability to expand our merchant base and to grow our merchants' revenue, or UMS, on our platform. We derive Sezzle Income primarily from merchant fees earned from our merchant partners in the form of Merchant Discount Rate, which is generally charged as a percentage of the transaction volume on our platform. If we are not able to continue to retain and grow our consumer base, we will not be able to increase transaction volumes.

Our ability to retain and grow our consumer relationships depends on the willingness of consumers to use our platform and products. The attractiveness of our platform to consumers depends upon, among other things, the number and variety of merchants and the mix of products available through our platform, our brand and reputation, consumer experience and satisfaction, consumer trust and perception of our solutions, technological innovation, and the type and quality of services and products offered by us and by our competitors.

We will not be able to continue to attract new consumers or grow our business unless we are able to attract additional merchants and to expand revenue and volume of transactions from existing merchants. The attractiveness of our platform to merchants depends upon, among other things: the size of our consumer base; our brand and reputation; the amount of merchant fees that we charge; the promotional marketing incentives we may offer; our ability to sustain our value proposition to merchants for consumer acquisition by demonstrating higher conversion at checkout and increased AOV; the attractiveness to merchants of our technology and data-driven platform; services and products offered by competitors; our availability and prominence as a payment method on e-commerce platforms such as Shopify, WooCommerce, BigCommerce and Wix.com; and our ability to perform under our merchant agreements.

If we fail to maintain our relationships with existing consumers and merchant partners, or if we do not attract a diverse mix of merchant partners or new consumers to our platform, then our business, results of operations, financial condition, and prospects likely would be materially and adversely affected.

If we fail to retain existing merchants or acquire new merchants in a cost-effective manner, our business, financial condition, and results of operations could be adversely affected.

We believe that growth of our business is dependent on our ability to continue to cost-effectively grow our platform by retaining our existing merchants and attracting new merchants. In particular, our partnerships with larger merchants and merchants with a high degree of brand recognition are a key component of our strategy to provide a wide and attractive selection for consumers. If we fail to retain our existing merchants, especially our most popular and larger merchants, or acquire new larger merchants, the value of our platform would be negatively impacted.

We face intense competitive pressure on the fees we charge our merchants, particularly our larger merchants. In order to stay competitive, we may need to adjust our pricing or offer incentives to our clients to increase payments volume, enter new market segments, adapt to regulatory changes, and expand their use and acceptance of the Sezzle Platform. These include up-front cash payments, fee discounts, rebates, credits, performance-based incentives, marketing, and other support payments that impact our revenues and profitability. Market pressures on pricing, incentives, fee discounts, and rebates could moderate our growth. We expect to continue to incur substantial expenses to acquire additional merchants, particularly larger merchants that we believe will make our platform more attractive to consumers. These merchant partnership cost structures may not be cost-effective for us and we cannot assure you that the revenue we generate from the merchants we acquire will ultimately exceed the cost of adding them to our platform. We have entered into merchant agreements that require us to make marketing, incentive or other payments to the merchant over the terms of the agreement, which are typically one to three years. Certain agreements also contain provisions that may require payments by us and are contingent on us and/or the merchant meeting specified criteria, such as achieving volume targets and implementation benchmarks. If we are not able to implement cost savings and productivity initiatives in other areas of our business or increase our volumes in other ways to offset or absorb the financial impact of these incentives, fee discounts, and rebates, we may be prevented from reaching profitability.

In addition if we are unable to fulfill our obligations under these merchant agreements, including any payments we have agreed to make with merchants, the merchant may terminate such agreement or determine not to renew and remain on our platform, which could have a negative impact on our business, results of operations and financial condition.

We may not be able to sustain Sezzle Income growth rate, or our growth rate of related key operating metrics, in the future, and failure to effectively manage growth may adversely affect our financial results.

Although we have experienced a period of strong growth in Sezzle Income, UMS, employee numbers and consumers, there can be no assurances that such growth will continue at our current rate or at all. Many factors may contribute to a decline in Sezzle Income growth rate, including increased competition, slowing demand for our products from existing and new consumers, changes in transaction volumes and mix (particularly with our significant merchant partners), lower sales by our merchants (particularly those with whom we have significant relationships), general economic conditions, a failure by us to continue capitalizing on growth opportunities, changes in the regulatory environment and the maturation of our business, among others. You should not rely on the Sezzle Income or key operating metrics for any prior quarterly or annual period as an indication of our future performance. If Sezzle Income growth rate declines, our results of operations and financial condition could be materially and adversely affected.

In addition, a continuation of this growth in the future could place additional pressures on current management, as well as corporate, operational and finance other resources within our business, and on the infrastructure supporting the Sezzle Platform. Failure to appropriately manage growth could result in failure to retain existing consumers and attract new consumers, as well as contract with new merchants, which could adversely affect our operating results and financial condition.

If we fail to promote, protect, and maintain our brand in a cost-effective manner, we may lose market share and our results of operations and financial condition may be negatively impacted.

We believe that developing, protecting, and maintaining awareness of our brand in a cost-effective manner is critical to attracting new and retaining existing merchants and consumers to our platform. As competition intensifies, we believe that positive consumer recognition is an important factor in our financial performance. We cannot guarantee that our brand development strategies will accelerate the recognition of our brand or increase Sezzle Income. Successful promotion of our brand will depend largely on the effectiveness of our marketing efforts and incentives and the experience of merchants and consumers. Our brand promotion activities may not result in increased Sezzle Income and, even if they do, any increases may not offset the expenses incurred. Additionally, the

successful protection and maintenance of our brand will depend on our ability to obtain, maintain, protect, and enforce trademark and other intellectual property protection for our brand. If we fail to successfully promote, protect, and maintain our brand or if we incur substantial expenses in an unsuccessful attempt to promote, protect, and maintain our brand, we may lose our existing merchants and consumers to our competitors or be unable to attract new merchants and consumers. Any such loss of existing merchants or consumers, or inability to attract new merchants or consumers, would have a material adverse effect on our business and results of operations.

In recent years, there has been a marked increase in the use of social media platforms, including blogs, chat platforms, social media websites, and other forms of internet-based communications that allow individuals access to a broad audience of consumers and other persons. The rising popularity of social media and other consumer-oriented technologies has increased the speed and accessibility of information dissemination and given users the ability to more effectively organize collective actions such as boycotts and other brand-damaging behaviors. The dissemination of information via social media could harm our brand or our business, regardless of the information's accuracy. This could include negative publicity related to our products or services or negative publicity related to actions taken (or not taken) by us or our executives, team members, employees, partner merchants, or other individuals or entities that may be perceived as being associated with us. Such negative publicity may relate to actions taken (or not taken) with respect to social, environmental, and community outreach issues and initiatives, including in connection with our status as a public benefit corporation and our certification as a B Corporation. Our inability or failure to recognize, respond to, and effectively manage the accelerated impact of social media could adversely impact our business. In addition, we use social media and other internet-based communications methods to communicate with our end-users, customers, partners and the public in general. Failure to use social media or other internet-based communication methods effectively could lead to a decline in our reputation. Further, laws and regulations, including associated enforcement priorities, rapidly evolve to govern social media platforms and other internet-based communications. Any failure by us or third parties acting at our direction to abide by applicable laws and regulations in the use of social media or internet-based communications could adversely impact our reputation or financial performance or subject us to fines or other penalties. Other risks associated with the use of social media and internet based-communication include improper disclosure of proprietary information, negative comments about our brand, products, or services, exposure of personally identifiable information, fraud, hoaxes, or malicious dissemination of false information.

Moreover, because our brand is directly associated with the brands of so many other companies by virtue of our business model and the integration of our platform with those of our partner merchants, there is a risk that we could be adversely affected by negative publicity that our partner merchants experience and that is beyond our control. The negative publicity could involve any manner of conduct and relate to any number of subjects, and even the mere perception of our involvement could dilute or tarnish or otherwise adversely affect our reputation, and could contribute to diminished financial performance.

There are a number of risks associated with our international operations that could materially and adversely affect our business.

We primarily operate in the United States and have operations in Canada, India, Brazil, and certain countries in Europe. We are currently evaluating our future plans in international markets and may determine to exit markets outside of North America. Our international markets could be adversely affected by a number of factors in the future, including:

- the ongoing impact of corporate and government response to the COVID-19 pandemic;
- currency controls, new currency adoptions and repatriation issues;
- changes in political and economic conditions and potential instability in certain regions, including in particular the recent civil unrest, terrorism, political turmoil and economic uncertainty in Africa, the Middle East, Eastern Europe and other regions;
- possible fraud or theft losses, and lack of compliance by international representatives in foreign legal jurisdictions where collection and legal enforcement may be difficult or costly;
- reduced or no protection of our intellectual property rights;
- unfavorable tax rules or trade barriers;
- inability to secure, train or monitor international agents;
- conformity of our platform with applicable business customs, including translation into foreign languages and associated expenses;
- potential changes to our established business model;
- the need to support and integrate with local vendors and service providers;

- protection of our platform from cybersecurity threats and data privacy breaches;
- competition with vendors and service providers that have greater experience in the local markets than we do or that have pre-existing relationships with potential consumers, merchants and investors in those markets; and
- difficulties in staffing and managing foreign operations in an environment of diverse culture, laws, and consumers and merchants, and the increased travel, infrastructure, and legal and compliance costs associated with international operations.

In addition, international operations may continue to expose us to numerous regulatory risks. We are subject to regulations relating to our corporate conduct and the conduct of our business, including securities laws, consumer protection laws, trade regulations, advertising regulations, privacy and cybersecurity laws, wage and hour regulations, anti-money laundering ("AML") laws and anti-corruption legislation. Certain jurisdictions have taken aggressive stances with respect to such matters and have implemented new initiatives and reforms, including more stringent regulations, disclosure and compliance requirements. Any violations of these regulations and requirements would likely have a material and adverse impact on our business and results of operations.

We may require additional capital.

We may require additional funding to support the provision of installments plans to consumers and working capital. There can be no assurance that such goals can be met without further financing and whether such financing, if necessary, can be obtained on favorable terms or at all.

If we require additional capital to grow our business, we may rely on a combination of funding options including equity and our existing and new revolving credit facilities. An inability to raise capital through the issuance of equity securities or secure funding through new credit facilities, or any increase in the cost of such funding, may adversely impact our ability to grow our business. Failure by us to meet financial covenants under the credit agreement governing our existing revolving credit facility, or the occurrence of other specified events, may lead to an event of default. If an event of default were to occur, we may be required to make repayments under the credit facility in advance of the relevant maturity dates and/or termination of the credit facility, which would likely have an adverse impact on our business, results of operations and financial condition.

Our existing revolving credit facility is secured by our consumer notes receivable we choose to pledge and is subject to covenants. Fifty percent of the total available funding facility ($125,000,000) is committed while the remaining fifty percent is available to us for expanding our funding capacity. Thus, a significant portion of our funding capacity is in part dependent on our accounts receivable, which can be volatile and, at times, at levels low enough to result in our inability to draw down on this part of the credit facility. Any material decrease in our accounts receivable could negatively impact our liquidity, which would have an adverse effect on our business, results of operations, and financial condition. In addition, it is possible that our transaction volume will outpace our ability to finance transactions if we do not have sufficient borrowing capacity under our credit facility, which in turn could result in a material adverse effect on our results of operations and financial condition.

We may not realize any or all of our estimated costs savings or benefits from our recently announced workforce reduction plan.

On March 10, 2022, we announced a reduction of our workforce that, when considered with normal attrition during the beginning of 2022, impacted approximately 20% of our North American workforce. We may not realize all or any of the anticipated costs savings and benefits from the workforce reduction. In addition, any cost savings that we realize may be offset by reductions in revenues or through increases in other expenses. If we are unable to achieve the expected efficiency and cost savings from the workforce reduction, or if we need to consider further reductions in workforce, our business and results of operations may be adversely affected.

Risks Related to Our Financing Program

Consumers may not view or treat their BNPL product loans as having the same significance as other obligations, and the loans facilitated through our platform are not secured, guaranteed, or insured and involve a high degree of financial risk.

Consumers may not view the BNPL product loans facilitated through our platform as having the same significance as a loan or other credit obligation arising under more traditional circumstances. If a consumer neglects his or her payment obligations on a BNPL product

loan facilitated through our platform or chooses not to repay his or her loan entirely, it will have an adverse effect on our business, results of operations, financial condition, prospects, and cash flows.

Personal loans facilitated through our platform are not secured by any collateral, not guaranteed or insured by any third-party, and not backed by any governmental authority in any way. Therefore, we are limited in our ability to collect on these loans if a consumer is unwilling or unable to repay them. A consumer's ability to repay their loans can be negatively impacted by increases in their payment obligations to other lenders under mortgage, credit card, and other debt obligations resulting from increases in base lending rates or structured increases in payment obligations. If a consumer defaults on a loan, we may be unsuccessful in our efforts to collect the amount of the loan. We may also be required to pay credit card processing costs for transactions that we fail to collect loans on from our consumers. Our originating bank partners could decide to originate fewer BNPL product loans through our platform. An increase in defaults precipitated by these risks and uncertainties could have a material adverse effect on our business, results of operations, financial condition, and prospects.

If our merchants fail to fulfill their obligations to consumers or comply with applicable law, we may incur costs.

Although our merchants are obligated to fulfill their contractual commitments to consumers and to comply with applicable law from time to time, they might not, or a consumer might allege that they did not. This, in turn, can result in claims or defenses against us or any subsequent holder of our installment agreements. One such claim or defense could be pursuant to a term included in our installment agreement, which we refer to as our user agreement, that is pursuant to the Federal Trade Commission's Holder in Due Course Rule. The term provides that the holder of the consumer credit contract, in our case the user agreement, is subject to all claims and defenses which the debtor could assert against the seller of goods or services that were obtained with the proceeds of the consumer credit contract. If merchants fail to fulfill their contractual or legal obligations to consumers, it may also negatively affect our reputation with consumers thereby negatively affecting our business. Federal and state regulatory authorities may also bring claims against us, including unfair and deceptive acts or practices ("UDAP") or unfair, deceptive or abusive acts or practices ("UDAAP") claims, if we fail to provide consumer protections relating to potential merchants actions or disputes.

Internet-based loan origination processes may give rise to greater risks than paper-based processes.

We use the internet to obtain application information and distribute certain legally required notices to applicants for loans, and to obtain electronically signed loan documents in lieu of paper documents with tangible consumer signatures. These processes entail additional risks relative to paper-based loan underwriting processes and procedures, including risks regarding the sufficiency of notice for compliance with consumer protection laws, risks that consumers may challenge the authenticity of loan documents or the validity of electronic signatures and records, and risks that, despite internal controls, unauthorized changes are made to the electronic loan documents.

Exposure to consumer bad debts and insolvency of merchants may adversely impact our financial success.

Our ability to generate profits depends on our ability to put in place and optimize our systems and processes to make predominantly accurate, real-time decisions in connection with the consumer transaction approval process. We do not ordinarily perform credit checks on consumers in connection with the application process, unless consumers join our "Sezzle Up" platform to build their credit and boost their spending power. Consumer non-payment is a major component of our expenses at present, and we are exposed to consumer bad debts as a normal part of our operations because we absorb the costs of all uncollectible notes receivables from our consumers. We calculate our provision for uncollectible accounts on notes receivable on an expected loss basis. Any amounts delinquent after 90 days are charged-off with an offsetting reversal of the allowance for doubtful accounts through the provision for uncollectible accounts. Our ability to collect on loans is dependent on the consumer's continuing financial stability, and consequently, collections can be adversely affected by a number of factors, including job loss, divorce, death, illness, or personal bankruptcy. It is possible that a higher percentage of consumers will seek protection under bankruptcy or debtor relief laws as a result of financial and economic disruptions related to the COVID-19 pandemic than is reflected in our historical experience. Excessive exposure to bad debts as a result of consumers failing to repay outstanding amounts owed to us may materially and adversely impact our results of operations and financial position.

We also have exposure to the potential insolvency of merchants to which we have advanced funds. Exposure occurs in the period of time between the advance of funds to a merchant for a consumer's purchase of goods, and the retail merchant shipping the goods to the consumer (at which point we are entitled to payment from the consumer). While this period of risk is typically only a short period of time, it is still a period that we are exposed to the risk that merchants will be unable to repay the funds we have advanced to them. As the merchants on our platform continue to grow, so does the amount of funds that may be advanced by us. The failure by merchants to repay these funds may result in a material adverse effect to our results of operations and financial position.

If we fail to comply with the applicable requirements of Visa or other payment processors, those payment processors could seek to fine us, suspend us or terminate our registrations, which could have a material adverse effect on our business, results of operations, financial condition, and prospects.

We partially rely on card issuers or payment processors, and must pay a fee for this service. From time to time, payment processors such as Visa may increase the interchange fees that they charge for each transaction using one of their cards. The payment processors routinely update and modify their requirements. Changes in the requirements, including changes to risk management and collateral requirements, may impact our ongoing cost of doing business and we may not, in every circumstance, be able to pass through such costs to our merchants or associated participants. Furthermore, if we do not comply with the payment processors' requirements (e.g., their rules, bylaws, and charter documentation), the payment processors could seek to fine us, suspend us or terminate our registrations that allow us to process transactions on their networks. Some payment processors may also choose not to support BNPL solutions and the credit cards they issue therefore cannot be linked to pay for purchases made through BNPL entities, including Sezzle. The termination of our registration due to failure to comply with the applicable requirements of Visa or other payment processors, or any changes in the payment processors' rules that would impair our registration, could require us to stop providing payment services to Visa or other payment processors, which could have a material adverse effect on our business, results of operations, financial condition, and prospects. We are also subject to the Payment Card Industry Data Security Standard ("PCI DSS") with respect to the acceptance of payment cards. PCI DSS sets forth security standards relating to the processing of cardholder data and the systems that process such data, and a failure to adhere to these standards can result in fines, limitations on our ability to process payment cards, and impact to our relationship with our merchant partners and their own ability to comply with PCI DSS.

Risks Related to Our Technology and the Sezzle Platform

Our results depend on integration, support, and prominent presentation of our platform by our merchants.

We use and rely on integration with third-party systems and platforms, particularly websites and other systems of our merchants. The success of our services, and our ability to attract additional consumers and merchants, depends on the ability of our technology and systems to integrate into, and operate with, these various third-party systems and platforms. In addition, as these systems and platform are regularly updated, it is possible that when such updates occur it could cause our services to operate inefficiently. This will likely require us to change the way we operate our systems and platform, which may take time and expense to remedy.

We also depend on our merchants, which generally accept most major credit cards and other forms of payment, to present our platform as a payment option, such as by prominently featuring our platform on their websites or in their stores and not just as an option at website checkout. We do not have any recourse against merchants when they do not prominently present our platform as a payment option. The failure by our merchants to effectively integrate, support, and present our platform would likely have a material adverse effect on our business, results of operations and financial condition.

Unanticipated surges or increases in transaction volumes may adversely impact our financial performance.

Continued increases in transaction volumes may require us to expand and adapt our network infrastructure to avoid interruptions to our systems and technology. Any unanticipated surges or increases in transaction volumes may cause interruptions to our systems and technology, reduce the number of completed transactions, increase expenses, and reduce the level of customer service, and these factors could adversely impact our reputation and, thus, diminish consumer confidence in our systems, which may result in a material adverse effect on our business, results of operations and financial condition.

Data security breaches, cyberattacks, employee or other internal misconduct, malware, phishing or ransomware, physical security breaches, natural disasters, or similar disruptions could occur and would materially adversely impact our business or ability to protect the confidential information in our possession or control.

Through the ordinary course of business, we collect, store, process, transfer, and use (collectively, "process") a wide range of confidential information, including personally identifiable information, for various purposes, including to follow government regulations and to provide services to our users and merchants. The information we collect may be sensitive in nature and subject to a variety of privacy, data protection, cybersecurity, and other laws and regulations. Due to the sensitivity and nature of the information we process, we and our third-party service providers are the target of, defend against and must regularly respond to cyberattacks, including from malware, phishing or ransomware, physical security breaches, or similar attacks or disruptions. Cyberattacks and similar disruptions may compromise or breach the Sezzle Platform and the protections we use to try to protect confidential information in our possession or control. Breaches of the Sezzle Platform or other Sezzle systems could result in the criminal or unauthorized use of confidential information and could negatively affect our users and merchants and, because the techniques for conducting cyberattacks are constantly evolving and may be supported by significant financial and technological resources (e.g., state-sponsored actors), we may be unable to anticipate these techniques, react in a timely manner, or implement adequate preventative or remedial measures. These risks also reside with third party service providers and partners with whom we conduct business. Our business could be materially and adversely impacted by security breaches of the data and information of merchants' and consumers' data and information, either by unauthorized access, theft, destruction, loss of information or misappropriation or release of confidential data.

These events may cause significant disruption to our business and operations or expose us to reputational damage, loss of consumer confidence, legal claims, civil and criminal liability, constraints on our ability to continue operation, reduced demand for our products and services, termination of our contracts with merchants or third party service providers, and regulatory scrutiny and fines, any of which could materially adversely impact our financial performance and prospects. Any security or data issues experienced by other software companies or third party service providers with whom we conduct business could diminish our customers' trust in providing us access to their personal data generally. Merchants and consumers that lose confidence in our security measures may be less willing to make payments on their loans or participate in the Sezzle Platform.

In addition, our partners include credit bureaus, collection agencies and banking parties, each of whom operate in a highly regulated environment, and many laws and regulations that apply directly to them may apply directly or indirectly to us through our contractual arrangements with these partners. Federal, state and international laws or regulators, as well as our contractual partners, may require notice in event of a security breach that involves personally identifiable information, and these disclosures may result in negative publicity, loss of confidence in our security measures, regulatory or other investigations, the triggering of indemnification and other contractual obligations, and other adverse effects to our partner ecosystem and operations. We may also incur significant costs and loss of operational resources in connection with remediating, investigating, mitigating, or eliminating the causes of security breaches, cyberattacks, or similar disruptions after they have occurred, and particularly given the evolving nature of these risks, our incident response, disaster recovery, and business continuity planning may not sufficiently address all of these eventualities. The retention and coverage limits in our insurance policies may not be sufficient to reimburse the full cost of responding to and remediating the effects of a security breach, cyberattack, or similar disruption, and we may not be able to collect fully, if at all, under these insurance policies or to ensure that the insurer will not deny coverage as to any future claim.

Real or perceived software errors, failures, bugs, defects, or outages could adversely affect our business, results of operations, financial condition, and prospects.

Our platform and our internal systems rely on software that is highly technical and complex. In addition, our platform and our internal systems depend on the ability of such software to store, retrieve, process, and manage immense amounts of data. As a result, undetected

vulnerabilities, errors, failures, bugs, or defects may be present in such software or occur in the future in such software, including open source software and other software we license in from third parties, especially when updates or new products or services are released.

Any real or perceived vulnerabilities, errors, failures, bugs, or defects in the software may not be found until our consumers use our platform and could result in outages or degraded quality of service on our platform that could adversely impact our business (including through causing us not to meet contractually required service levels), as well as negative publicity, loss of or delay in market acceptance of our products and services, and harm to our brand or weakening of our competitive position. In such an event, we may be required, or may choose, to expend significant additional resources in order to correct the problem. Any real or perceived errors, failures, bugs, or defects in the software we rely on could also subject us to liability claims, impair our ability to attract new consumers, retain existing consumers, or expand their use of our products and services, which would adversely affect our business, results of operations, financial condition, and prospects.

We also rely on online payment gateways, banking and financial institutions for the validation of bank cards, settlement and collection of payments. 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 our control, 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.

Any significant disruption in, or errors in, service on our platform or relating to vendors could prevent us from processing transactions on our platform or posting payments.

We use vendors, such as our cloud computing web services provider, virtual card processing companies, and third-party software providers, in the operation of our platform. The satisfactory performance, reliability, and availability of our technology and our underlying network and infrastructure are critical to our operations and reputation and the ability of our platform to attract new and retain existing merchants and consumers. We rely on these vendors to protect their systems and facilities against damage or service interruptions from natural disasters, power or telecommunications failures, air quality issues, environmental conditions, computer viruses or attempts to harm these systems, criminal acts, and similar events. If our arrangement with a vendor is terminated or if there is a lapse of service or damage to its systems or facilities, we could experience interruptions in our ability to operate our platform. We also may experience increased costs and difficulties in replacing that vendor and replacement services may not be available on commercially reasonable terms, on a timely basis, or at all. Any interruptions or delays in our platform availability, whether as a result of a failure to perform on the part of a vendor, any damage to one of our vendor's systems or facilities, the termination of any of our third-party vendor agreement, software failures, our or our vendor's error, natural disasters, terrorism, other man-made problems, security breaches, whether accidental or willful, or other factors, could harm our relationships with our merchants and consumers and also harm our reputation.

In addition, we source certain information from third parties. In the event that any third-party from which we source information experiences a service disruption, whether as a result of maintenance, natural disasters, terrorism, or security breaches, whether accidental or willful, or other factors, the ability to score and decision loan applications through our platform may be adversely impacted. Additionally, there may be errors contained in the information provided by third parties. This may result in the inability to approve otherwise qualified applicants through our platform, which may adversely impact our business by negatively impacting our reputation and reducing our transaction volume.

To the extent we use or are dependent on any particular third-party data, technology, or software, we may also be harmed if such data, technology, or software becomes non-compliant with existing regulations or industry standards, becomes subject to third-party claims of intellectual property infringement misappropriation, or other violation, or malfunctions or functions in a way we did not anticipate. Any loss of the right to use any of this data, technology, or software could result in delays in the provisioning of our products and services until equivalent or replacement data, technology, or software is either developed by us, or, if available, is identified, obtained, and integrated, and there is no guarantee that we would be successful in developing, identifying, obtaining, or integrating equivalent or similar data, technology, or software, which could result in the loss or limiting of our products, services, or features available in our products or services.

These factors could prevent us from processing transactions or posting payments on our platform, damage our brand and reputation, divert the attention of our employees, reduce Sezzle Income, subject us to liability, and cause consumers or merchants to abandon our platform, any of which could have a material and adverse effect on our business, results of operations, financial condition, and prospects.

Fraudulent activities may result in us suffering losses, causing a materially adverse impact to our reputation and results of operations.

We are exposed to risks imposed by fraudulent conduct, including the risks associated with consumers attempting to circumvent our system and repayment capability assessments. There is a risk that we may be unsuccessful in defeating fraud attempts, resulting in a higher than budgeted costs of fraud and consumer non-payment.

We guarantee payment to merchants and accept the responsibility associated with minimizing fraudulent activity and bear all costs associated with such fraudulent activity. Fraudulent activity is likely to result in us suffering losses, which may have a material adverse impact on our reputation and cause us to bear increased costs to rectify and safeguard business operations and our systems against such fraudulent activity. Significant amounts of fraudulent cancellations or chargebacks could adversely affect our business, results of operations or financial condition. High profile or significant increases in fraudulent activity could also lead to regulatory intervention, negative publicity, and the erosion of trust from our consumers and merchants, which could result in a material adverse effect on our business, results of operations and financial condition.

Other Risks Related to Our Business

Our vendor relationships subject us to a variety of risks, and the failure of third parties to comply with legal or regulatory requirements or to provide various services that are important to our operations could have an adverse effect on our business, results of operations and financial condition.

We have significant vendors that, among other things, provide us with financial, technology, and other services to support our products and other activities, including, for example, cloud-based data storage and other IT solutions, and payment processing, and we could be adversely impacted to the extent our vendors fail to comply with the legal requirements applicable to the particular products or services being offered. For example, the Consumer Financial Protection Bureau ("CFPB") has issued guidance stating that institutions under its supervision may be held responsible for the actions of the companies with which they contract.

In some cases, we may be reliant on one or a limited number of vendors for critical services. Most of our vendor agreements are terminable by the vendor on little or no notice, and if our current vendors were to terminate their agreements with us or otherwise stop providing services to us on acceptable terms, we may be unable to procure alternatives from other vendors in a timely and efficient manner and on acceptable terms or at all. If any vendor fails to provide the services we require, fails to meet contractual requirements (including compliance with applicable laws and regulations), fails to maintain adequate data privacy controls and electronic security systems, or suffers a cyber-attack or other security breach, we could be subject to regulatory enforcement actions, claims from third parties, including our consumers, suffer operational outages, and suffer economic and reputational harm that could have an adverse effect on our business. Further, we may incur significant costs to resolve any such disruptions in service, which could adversely affect our business.

The loss of key partners and merchant relationships would adversely affect our business.

We depend on continued relationships with our current significant merchants and partners that assist in obtaining and maintaining our relationships with merchants. There can be no guarantee that these relationships will continue or, if they do continue, that these relationships will continue to be successful. Our contracts with merchants can be terminated for convenience on relatively short notice by either party, and so we do not have long-term contracted income. There is a risk that we may lose merchants for a variety of reasons, including a failure to meet key contractual or commercial requirements, or merchants shifting to in-house solutions (including providing a service competitive to us), competitor service providers. Similarly, there is a risk that e-commerce platforms with which we partner (such as Shopify, WooCommerce, BigCommerce and Wix.com) may limit or prevent Sezzle from being offered as a payment option at checkout. We also face the risk that our key partners could become competitors of our business after our key partners determine how we have implemented our model to provide our services.

Although no one merchant accounted for more than 10% of Sezzle Income for the year ended December 31, 2021, our business is still in a relatively early stage and merchant income is not as diversified as it might be for a more mature business. The loss of even a small number of our key merchants may have a material adverse effect on our results of operations and financial condition, and may be further

exacerbated by an increase in marketing expenses to sign up new merchants to replace those lost, including incentive arrangements spent on lost merchants and new incentive commitments. There is also a risk that key terms with new merchants may be less favorable to us, including terms of pricing, due to unanticipated changes in our market. In addition, the loss of a key merchant may also have a negative impact on our reputation with other merchants and with consumers.

We rely on the accuracy of third-party data, and inaccuracies in such data will lead to reduced Sezzle Income.

We purchase data from third parties that is critical to our assessment of the creditworthiness of consumers before they are either approved or denied funding for their purchase from a merchant. We are reliant on these third parties to ensure that the data they provide is accurate. Inaccurate data could cause us to not approve transactions that otherwise would have been approved, or instead, we may either lose Sezzle Income, or earn Sezzle Income that may lead to a higher incidence of bad debts. Our inability to collect on certain amounts from consumers due to poor creditworthiness or otherwise would likely have a material adverse effect on our results of operations and financial condition.

Changes in market interest rates and the replacement of LIBOR could have an adverse effect on our business.

We offer our merchants an interest bearing program whereby merchants may defer payment from us in exchange for interest. Deferred payments retained in the program bear interest at the LIBOR daily (3 month) rate plus three percent (3.0%) on an annual basis, compounding daily. The weighted average annual percentage yield for the year ended December 31, 2021 was 3.22%. Interest expense associated with the program totaled approximately $2.3 million and $1.5 million for the years ended December 31, 2021 and 2020, respectively. In addition, the interest paid on borrowings under our receivable facility were tied to the LIBOR rate during the years ended December 31, 2021 and 2020. The facility carried an interest rate of LIBOR plus 3.375% and LIBOR plus 10.689% (depending on the lender making the borrowings under the facility). Increased interest rates may adversely impact the amounts we may be required to pay under the merchant interest bearing program and our receivables facility, which as a result could negatively impact our results of operations and financial condition.

In July 2017, the United Kingdom's Financial Conduct Authority, which regulates LIBOR, announced that, after 2021, it will stop compelling banks to submit rates for the calculation of LIBOR. Effective January 1, 2022, we amended our receivables facility agreement to replace references to LIBOR with the U.S. Federal Reserve's Secured Overnight Financing Rate ("SOFR"). We believe the change in the reference rate to SOFR from LIBOR will not have a material impact on our consolidated financial statements. We are still contemplating a mechanism for replacing LIBOR with a new benchmark rate for outstanding debt under our interest bearing program. We cannot reasonably predict the potential effect of the discontinuation or replacement of LIBOR on our interest bearing program, other reforms or the establishment of alternative reference rates on our business. The discontinuation, reform, or replacement of LIBOR on our interest bearing program could result in interest rate increases on the funding arrangement, which could adversely affect our operating results and financial condition.

We are exposed to exchange rate fluctuations in the international markets in which we operate.

There are instances in which our costs and revenues related to international operations are not able to be exactly matched with respect to currency denomination. Currency fluctuations cause the U.S. dollar value of our international results of operations and net assets to vary with exchange rate fluctuations. A decrease in the value of any of these currencies relative to the U.S. dollar could have a negative impact on our business, results of operations and financial condition. We may experience economic loss and a negative impact on earnings or net assets solely as a result of foreign currency exchange rate fluctuations. In the future, we may utilize derivative instruments to manage the risk of fluctuations in foreign currency exchange rates that could potentially impact our future earnings and forecasted cash flows. However, the markets in which we operate could restrict the removal or conversion of the local or foreign currency, resulting in our inability to hedge against some or all of these risks and/or increase our cost of conversion of local currency to U.S. dollar.

Our ability to use certain net operating loss carryforwards and certain other tax attributes may be limited.

Under U.S. federal income tax principles set forth in Sections 382 and 383 of the Internal Revenue Code, if a corporation undergoes an "ownership change," the corporation's ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes to offset its post-change income and taxes may be limited. In general, an "ownership change" occurs if there is a cumulative change in ownership of the relevant corporation by "5% shareholders" (as defined under U.S. income tax laws), which includes Charles Youakim (our Chief Executive Officer), that exceeds 50 percentage points over a rolling three-year period. Similar rules apply under state tax laws. Our ability to utilize a portion of our net operating loss carryforwards to offset future taxable income for U.S. federal income tax purposes may be subject to certain limitations under Section 382 of the Code. Such limitations on the ability to use net operating loss carryforwards and other tax assets could adversely impact our business, financial condition, results of operations, and cash flows.

Our efforts to protect our intellectual property rights may not be sufficient.

Our business depends on our ability to commercially exploit our technology and intellectual property rights, including our technological systems and data processing algorithms. We rely on laws relating to trade secrets, copyright, and trademarks to assist in protecting our proprietary rights. However, there is a risk that unauthorized use or copying of our software, data, specialized technology, trademarks or platforms will occur. In addition, there is a risk that the validity, ownership, registration or authorized use of intellectual property rights relevant to our business may be successfully challenged by third parties. This could involve significant expense and potentially the inability to use the intellectual property rights in question. If an alternative cost-effective solution were not available, there may be a material adverse impact on our financial position and performance. Such disputes may also temporarily adversely impact our performance or ability to integrate new systems, which may adversely impact our income and financial position.

There is a risk that we will be unable to register or otherwise protect new intellectual property rights we develop in the future, or which are developed on our behalf by contractors. In addition, competitors may be able to work around any of our intellectual property rights, or independently develop technologies, or competing payment products or services that are not protected by our intellectual property rights. Our competitors may then be able to offer identical or very similar services or services that are otherwise competitive against those we provide, which could adversely affect our business. We also face risks in connection with our international expansion, including in countries that may have less protection for our intellectual property rights than the United States. We currently hold registered trademarks in the United States, the United Kingdom ("UK"), the European Union and India, and we have pending trademark applications in Canada and Brazil. There is a risk that our trademarks and other intellectual property rights may not be adequate to protect our brand or proprietary technology or may conflict with the registered trademarks or other intellectual property rights of other companies, both domestically and abroad, which may require us to rebrand our product and service offerings, obtain costly licenses, defend against third-party claims, or substantially change our product or service offerings. Should such risks manifest, we may be required to expend considerable resources and divert the attention of our management, which could have an adverse effect on our business and results of operations.

Our ability to protect our trademarks and other intellectual property may be adversely affected by the COVID-19 pandemic. As a result of the COVID-19 pandemic, certain domestic and foreign intellectual property offices have amended their filing requirements and other procedures, including, but not limited to, extending deadlines and waiving fees. These accommodations have not been applied uniformly across all intellectual property offices globally, and the effectiveness and duration of existing action is unclear. Further, the ongoing COVID-19 pandemic has created uncertainty with respect to the uninterrupted operation of domestic and foreign intellectual property offices, which, amongst other things, may cause delayed processing of renewal and application filings. Our inability to establish and maintain current and future trademarks or other intellectual property rights may have an adverse effect on the growth and reputation of our business. Further, the constantly evolving nature of the COVID-19 pandemic may change its effect on our brand and our other intellectual property rights over time in ways that cannot be reasonably anticipated or mitigated. This could have an adverse effect on our business, results of operations, and financial condition.

We may be sued by third parties for alleged infringement, misappropriation, or other violation of their intellectual property or other proprietary rights.

Our success depends, in part, on our ability to develop and commercialize our products and services without infringing, misappropriating, or otherwise violating the intellectual property or other proprietary rights of third parties. Third parties have alleged in the past, and there is a risk that third parties may in the future allege or claim, that our solutions or intellectual property infringe, misappropriate, or otherwise violate third-party intellectual property or other proprietary rights, and we may become involved in disputes, including actual or threatened litigation, from time to time concerning these rights. Relatedly, competitors or other third parties may raise claims alleging that service providers or other third parties retained or indemnified by us, infringe on, misappropriate, or

otherwise violate such competitors' or other third parties' intellectual property or other proprietary rights. These claims of infringement, misappropriation, or other violation may be extremely broad, and it may not be possible for us to conduct our operations in such a way as to avoid all such alleged violations of such intellectual property or other proprietary rights. We also may be unaware of third-party intellectual property or other proprietary rights that cover or otherwise relate to some or all of our products and services.

Given the complex, rapidly changing, and competitive technological and business environment in which we operate, and the potential risks and uncertainties of intellectual property-related litigation, a claim of infringement, misappropriation, or other violation against us may require us to spend significant amounts of time and other resources to defend against the claim (even if we ultimately prevail), pay significant money damages, lose significant revenues, be prohibited from using the relevant systems, processes, technologies, or other intellectual property (temporarily or permanently), cease offering certain products or services, obtain a license, which may not be available on commercially reasonable terms or at all, or redesign our products or services or functionality therein, which could be costly, time-consuming, or impossible. Moreover, the volume of intellectual-property-related claims, and the mere specter of threatened litigation, could distract our management from the day-to-day operations of our business. The direct and indirect costs of addressing these actual and threatened disputes may have an adverse impact on our operations, reputation, and financial performance. Some of the aforementioned risks of infringement, misappropriation, or other violation, in particular with respect to patents, are potentially increased due to the nature of our business, industry, and intellectual property portfolio. In addition, our insurance may not cover potential claims of this type adequately or at all, and we may be required to pay monetary damages, which may be significant and result in a material adverse effect on our results of operations and financial condition.

Some aspects of our products and services incorporate open source software, and our use of open source software could negatively affect our business, results of operations, financial condition, and prospects.

Some of our systems incorporate and are dependent on the use and development of open source software. Open source software is software licensed under an open source license, which may include a requirement that we make available, or grant licenses to, any modifications or derivative works created using the open source software, make our proprietary source code publicly available, or make our products or services available for free or for nominal amounts. If an author or other third party that uses or distributes such open source software were to allege that we had not complied with the legal terms and conditions of one or more of these open source licenses, we could incur significant legal expenses defending against such allegations, could be subject to significant damages, and could be required to comply with these open source licenses in ways that cause substantial competitive harm to our business.

The terms of various open source licenses have not been interpreted by U.S. and international courts, and there is a risk that such licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our products or services. In such an event, we could be required to re-engineer all or a portion of our technologies, seek licenses from third parties in order to continue offering our products and services, discontinue the use of our platform in the event re-engineering cannot be accomplished, or otherwise be limited in the licensing of our technologies, each of which could reduce or eliminate the value of our technologies and loan products and services. If portions of our proprietary software are determined to be subject to an open source license, we could also be required to, under certain circumstances, publicly release or license, at no cost, our products or services that incorporate the open source software or the affected portions of our source code, which could allow our competitors or other third parties to create similar products and services with lower development effort, time, and costs, and could ultimately result in a loss of transaction volume for us. We cannot ensure that we have not incorporated open source software in our software in a manner that is inconsistent with the terms of the applicable license or our current policies, and we or our third party contractors or suppliers may inadvertently use open source in a manner that we do not intend or that could expose us to claims for breach of contract or intellectual property infringement, misappropriation, or other violation. If we fail to comply, or are alleged to have failed to comply, with the terms and conditions of our open source licenses, we could be required to incur significant legal expenses defending such allegations, be subject to significant damages, be enjoined from the sale of our products and services, and be required to comply with onerous conditions or restrictions on our products and services, any of which could be materially disruptive to our business.

In addition to risks related to license requirements, usage of open source software can lead to greater risks than use of third-party commercial software because open source licensors generally do not provide warranties or other contractual protections regarding infringement, misappropriation, or other violations, the quality of code, or the origin of the software. Many of the risks associated with

the use of open source software cannot be eliminated and could adversely affect our business, results of operations, financial condition, and prospects. For instance, open source software is often developed by different groups of programmers outside of our control that collaborate with each other on projects. As a result, open source software may have security vulnerabilities, defects, or errors of which we are not aware. Even if we become aware of any security vulnerabilities, defects, or errors, it may take a significant amount of time for either us or the programmers who developed the open source software to address such vulnerabilities, defects, or errors, which could negatively impact our products and services, including by adversely affecting the market's perception of our products and services, impairing the functionality of our products and services, delaying the launch of new products and services, or resulting in the failure of our products and services, any of which could result in liability to us, our vendors, and our service providers. Further, our adoption of certain policies with respect to the use of open source software may affect our ability to hire and retain employees, including engineers.

Any loss of licenses or any quality issues with third-party technology that support our business operations or are integrated with our products or services could have an adverse impact on our reputation and business.

In addition to open source software, we rely on certain technology that we license from third parties, which we may use to support our business operations and incorporate into our products or services. This third-party technology may currently or could, in the future, infringe, misappropriate, or violate the intellectual property rights of third parties, or the licensors of such technology may not have sufficient rights to the technology they license us in all jurisdictions in which we may offer our products or services. We engage third parties to provide a variety of technology to support our business infrastructure. Any failure on the part of our third-party providers or of our business infrastructure to operate effectively, stemming from maintenance problems, upgrading or transitioning to new platforms, a breach in security, or other unanticipated problems could result in interruptions to or delays in to our operations or our products or services. The licensors of third-party technology we use may discontinue their offerings or change the terms under which their technology is licensed. If we are unable to continue to license any of this technology on terms we find acceptable, or if there are quality, security, or other substantive issues with any of this technology, we may face delays in releases of our solutions or we may be required to find alternative vendors or remove functionality from our solutions or internal business infrastructure. In addition, our inability to obtain certain licenses or other rights might require us to engage in litigation regarding these matters. Any of the foregoing could have a material adverse effect on our business, financial condition, and results of operations.

Misconduct and errors by our employees, vendors, and service providers could harm our business and reputation.

We are exposed to many types of operational risk, including the risk of misconduct and errors by our employees, vendors, and other service providers. Our business depends on our employees, vendors, and service providers to process a large number of increasingly complex transactions, including transactions that involve significant dollar amounts and loan transactions that involve the use and disclosure of personal and business information. We could be materially and adversely affected if transactions were redirected, misappropriated, or otherwise improperly executed, personal and business information was disclosed to unintended recipients, or an operational breakdown or failure in the processing of other transactions occurred, whether as a result of human error, a purposeful sabotage or a fraudulent manipulation of our operations or systems. If any of our employees, vendors, or service providers take, convert, or misuse funds, documents, or data, or fail to follow protocol when interacting with consumers and merchants, we could be liable for damages and subject to regulatory actions and penalties. We could also be perceived to have facilitated or participated in the illegal misappropriation of funds, documents, or data, or the failure to follow protocol, and therefore be subject to civil or criminal liability. It is not always possible to identify and deter misconduct or errors by employees, vendors, or service providers, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses. Any of these occurrences could result in our diminished ability to operate our business, potential liability to consumers and merchants, inability to attract future consumers and merchants, reputational damage, regulatory intervention, and financial harm, which could negatively impact our business, results of operations, financial condition, and prospects.

Negative publicity that is accelerated by social media or emergent forms of communication and our inability or failure to recognize, respond to and effectively manage the accelerated impact of social media could materially adversely impact our brand and business.

There has been a marked increase in the use of social media platforms, including weblogs (blogs), social media websites (such as Facebook, Twitter, LinkedIn and Instagram) and other forms of internet-based communications that allow individuals access to a broad audience of consumers and other interested persons. The rising popularity of social media and other consumer-oriented technologies has increased the speed and accessibility of information dissemination and given users the ability to organize collective actions more effectively, such as boycotts and other brand-damaging events. Many, if not all, social media platforms immediately publish their participants' posts, often without filters or checks on the accuracy of the content posted. Any failure to respond quickly and effectively to negative or potentially damaging social media content (especially if it goes "viral"), regardless of the content's accuracy, could

damage our reputation, which in turn could harm our business, prospects, financial condition and results of operations. The harm may be immediate without affording us an opportunity for redress or correction.

Other risks associated with the use of social media include improper disclosure of proprietary information, negative comments about our business, exposure of personally identifiable information, out-of-date information, fraud, hoaxes, or malicious dissemination of false information and negative comments relating to actions taken (or not taken) with respect to social, environmental and community outreach issues and initiatives. Furthermore, the use of social media by our customers, employees, vendors, merchant partners or other individuals and entities associated with our brand in a negative or damaging way could increase our costs, lead to litigation or result in negative publicity that could damage our reputation and brand and adversely and negatively impact our financial condition and results of operations. This adverse impact may occur whether or not we are directly related to, or otherwise control, the subject matter of the social media attention. Even the mere perception of our involvement could dilute or tarnish or otherwise adversely affect our reputation and brand and could contribute to diminished financial performance.

Our business is subject to the risks of fires, floods, and other natural catastrophic events and to interruption by man-made issues such as strikes.

Our systems and operations are vulnerable to damage or interruption from fires, floods, power losses, telecommunications failures, strikes, health pandemics, and similar events. A significant natural disaster in locations in which we have offices or facilities could have a material adverse effect on our business, results of operations, financial condition, and prospects, and our insurance coverage may be insufficient to compensate us for losses that may occur. In addition, strikes, wars, terrorism, and other geopolitical unrest could cause disruptions in our business and lead to interruptions, delays, or loss of critical data. We may not have sufficient protection or an effective recovery plan in certain circumstances, and our business interruption insurance may be insufficient or inadequate to recoup losses that we incur from these occurrences.

The COVID-19 pandemic has impacted our working environment and diverted personnel resources and any prolonged effects of the COVID-19 pandemic may adversely impact our business and operations.

We have had to expend, and expect to continue to expend, personnel resources to respond to the COVID-19 pandemic, including to develop and implement internal policies and procedures and track changes in laws. Any prolonged diversion of personnel resources may have an adverse effect on our operations. In addition, as a result of the COVID-19 pandemic, in March 2020, we transitioned our entire staff to a remote working environment and conducting our operations remotely may decrease the cohesiveness of our teams and our ability to maintain our culture, both of which are critical to our success. Additionally, a remote working environment may impede our ability to undertake new business projects, to foster a creative environment, to hire new team members, and to retain existing team members. Such effects may adversely affect the productivity of our team members and overall operations, which could have a material adverse effect on our business, results of operations, financial condition, and prospects.

We may not have adequate insurance to cover losses and liabilities.

We maintain insurance we consider appropriate for our business needs. However, we may not be insured against all risks, either because appropriate coverage is not available or because we consider the applicable premiums to be excessive in relation to the perceived benefits that would accrue. Accordingly, we may not be insured at all or fully insured against all losses and liabilities that could unintentionally arise from our operations. The incurrence of uninsured or partially insured losses or liabilities could have a material adverse effect on our business, results of operations and financial condition.

Any inability to retain our employees or recruit additional employees could adversely impact our financial position.

Our ability to effectively execute our growth strategy depends upon the performance and expertise of our employees. We rely on experienced managerial and highly qualified technical employees to develop and operate our technology and to direct operational employees to manage the operational, sales, compliance and other functions of our business.

There is a risk that we may not be able to attract and retain key employees or be able to find effective replacements in a timely manner. The loss of employees, or any delay in their replacement, could impact our ability to operate our business and achieve our growth strategies, including through the development of new systems and technology. There is a risk that we may not be able to recruit suitably qualified and talented employees in a timeframe that meets our growth objectives. This may result in delays in the integration of new systems, development of technology and general business expansion. There is also a risk that we will be unable to retain existing employees, or recruit new employees, on terms of retention that are as attractive to us as past agreements. Our inability to retain our key employees or recruit additional employees, in particular key employees, would likely have a material adverse effect on our business, results of operation and financial condition.

Risks Related to Our Regulatory Environment

The BNPL industry is subject to various state and federal laws in the United States and federal, provincial and territorial laws in Canada concerning consumer finance, and the costs to maintain compliance with such laws and regulations may be significant.

We are subject to a range of state and federal laws and regulations concerning consumer finance that change periodically. These laws and regulations include state lending licensing or other state licensing or registration laws, consumer credit disclosure laws such as the Truth in Lending Act ("TILA"), the Fair Credit Reporting Act ("FCRA") and other laws concerning credit reports and credit reporting, the Electronic Fund Transfer Act AML laws, the TCPA and other laws concerning initiating phone calls or text messages, the Electronic Signatures in Global and National Commerce Act, debt collection laws, laws governing short-term consumer loans and general consumer protection laws, such as laws that prohibit UDAP or UDAAP. There is also the potential that we may become subject to additional legal or regulatory requirements if our business operations, strategy or geographic reach expand in the future. These laws and regulations may also change in the future, and they may be applied to us and our products in a manner that we do not currently anticipate. For example, we believe that the virtual card we offer is not a credit card under applicable laws, but the application of those laws could change. While we have developed policies and procedures designed to assist in compliance with laws and regulations applicable to our business, no assurance is given that our compliance policies and procedures will be effective. We may not always have been, and may not always be, in compliance with these laws and regulations and such non-compliance could have a material adverse effect on our business, results of operations and financial condition.

In Canada, we are subject to a range of federal and provincial laws and regulations including, but not limited to, provincial and territorial consumer finance legislation (including prohibition on late fees, limits on default charges, debt collection laws and requirements), consumer lender licensing or registration laws, consumer contract and credit disclosure laws, credit advertising requirements, e-commerce laws and unfair practices regulation, Canadian sanctions laws, federal and provincial-level private sector privacy laws, federal Canadian anti-spam legislation, federal and provincial human rights legislation, Quebec Charter of French language laws and requirements, and regulation under Payments Canada Rule H1- Pre-Authorized Debit Rules in respect of the acceptance of payments from Canadian bank accounts. There is also the potential that we may become subject to additional legal or regulatory requirements if our business operations, strategy or geographic reach expand in the future.

New laws or regulations, or laws and regulations in new markets, could also require us to incur significant expenses and devote significant management attention to ensure compliance. In addition, our failure to comply with these new laws or regulations, or laws and regulations in new markets, may result in litigation or enforcement actions, the penalties for which could include: revocation of licenses, fines and other monetary penalties, civil and criminal liability, substantially reduced payments by borrowers, modification of the original terms of loans, permanent forgiveness of debt, or inability to, directly or indirectly and collect all or a part of the principal of or interest on loans. Further, we may not be able to respond quickly or effectively to regulatory, legislative, and other developments, and these changes may in turn impair our ability to offer our existing or planned features, products, and services and/or increase our cost of doing business.

In the United States, we have certain state lending licenses and other licenses, which subject us to supervisory oversight from these license authorities and periodic examinations. Our business is also generally subject to investigation by regulators and enforcement agencies, regardless of whether we have a license from such authorities. These regulators and enforcement agencies may receive consumer complaints about us. Investigations or enforcement actions may be costly and time consuming. Enforcement actions by such regulators and enforcement agencies could lead to fines, penalties, consumer restitution, the cessation of our business activities in whole or in part, or the assertion of private claims and lawsuits against us. In the United States, these regulators and agencies at the state level include state licensing agencies, financial regulatory agencies, and attorney general offices. At the federal level in the United States, these regulators and agencies include the Federal Trade Commission ("FTC"), the CFPB, and Financial Crimes Enforcement Network

("FinCEN"), any or all of which could subject us to burdensome rules and regulations that could increase costs and use of our resources in order to satisfy our compliance obligations.

In Canada, we are appropriately licensed as a lender and/or have structured our business activities to avoid a licensing requirement in each of the Canadian provinces that require such licenses. In connection with our business activities, we are also generally subject to consumer protection legislation and other laws and, on that basis, our business is also generally subject to regulatory oversight and supervision from federal and/or provincial regulators in respect of those activities, regardless of whether we have a license. These regulators and enforcement agencies generally act on a complaints-basis and may receive consumer complaints about us. Investigations or enforcement actions may be costly and time consuming. Enforcement actions by such regulators and enforcement agencies could lead to fines, penalties, consumer restitution, the cessation of our business activities in whole or in part, or the assertion of private claims and lawsuits against us.

Compliance with these laws and regulations is costly, time-consuming, and limits our operational flexibility. There is also a risk that if we fail to comply with these laws, regulations, and any related industry compliance standards, such failure may result in significantly increased compliance costs, cessation of certain business activities or the ability to conduct business, litigation, regulatory inquiries or investigations, and significant reputational damage.

We are subject to various U.S. federal and state and, in Canada, provincial and territorial consumer protection laws.

We must comply with various regulatory regimes, including those applicable to the protection of consumers in connection with credit transactions. The laws to which we are or may be subject include U.S. federal and state, Canadian provincial and territorial laws and regulations that impose requirements related to financial services, such as loan and consumer contract disclosures and terms, data privacy, credit discrimination, credit reporting, money; and transmission, recordkeeping, debt servicing and collection, and unfair or deceptive business practices.

In addition, in the United States the laws and regulations to which we are subject include:

- TILA and Regulation Z promulgated thereunder, which require certain disclosures to consumers regarding the terms and conditions of their loans and credit transactions, and impose additional requirements for any credit that is accessible by a credit card;
- Section 5 of the Federal Trade Commission Act ("FTCA"), which prohibits UDAP in or affecting commerce, and Section 1031 of the Dodd-Frank Act, which prohibits UDAAP in connection with any consumer financial product or service;
- the Equal Credit Opportunity Act ("ECOA") and Regulation B promulgated thereunder, which prohibit creditors from discriminating against credit applicants on the basis of race, color, sex, age, religion, national origin, marital status, the fact that all or part of the applicant's income derives from any public assistance program, or the fact that the applicant has in good faith exercised any right under the Federal Consumer Credit Protection Act or any applicable state law;
- the FCRA, which promotes the accuracy, fairness, and privacy of information in the files of consumer reporting agencies;
- the Fair Debt Collection Practices Act, which provides guidelines and limitations concerning the conduct of third-party debt collectors in connection with the collection of consumer debts;
- the Telephone Consumer Protection Act, which regulates the use of telephone and texting to communicate with customers;
- the CAN-SPAM Act, which regulates the transmittal of commercial email messages;
- the Federal Trade Commission's Holder in Due Course Rule, and equivalent state laws, which make any holder of a consumer credit contract include the required notice and become subject to all claims and defenses that a borrower could assert against the seller of goods or services;
- the CFPB's Small Dollar Lending Rule, which requires disclosures related to payments and imposes other requirements for certain consumer loans;
- the Electronic Fund Transfer Act and Regulation E promulgated thereunder, which provide disclosure requirements, guidelines, and restrictions on the electronic transfer of funds from consumers' bank accounts;
- the Electronic Signatures in Global and National Commerce Act and similar state laws, particularly the Uniform Electronic Transactions Act, which authorize the creation of legally binding and enforceable agreements utilizing electronic records and signatures, including applicable Canadian provincial and territorial e-commerce laws;
- the Military Lending Act and similar state laws, which provide disclosure requirements, substantive conduct obligations, and prohibitions on certain behavior relating to loans made to covered borrowers, which include both servicemembers and their dependents;
- the Servicemembers Civil Relief Act, which allows active duty military members to suspend or postpone certain civil obligations so that the military member can devote his or her full attention to military duties;

- new requirements pursuant to the CARES Act, including requirements relating to collection and credit reporting, though many of the implementing regulations under the CARES Act have not yet been issued;
- the Gramm-Leach-Bliley Act (the "GLBA"), which includes limitations on use and disclosure of nonpublic personal information about a consumer by a financial institution; and
- state privacy and data security laws including, but not limited to, the California Consumer Privacy Act ("CCPA"), as amended by the California Privacy Rights Act ("CPRA"), the Virginia Consumer Data Protection Act ("CDPA") which include limitations and requirements surrounding the use, disclosure, and other processing of certain personal information, the Colorado Privacy Act ("CoPA") and the Utah Consumer Privacy Act ("UCPA").

In Canada, the laws and regulations to which we are subject include:

- the Canadian Personal Information Protection and Electronic Documents Act and equivalent provincial privacy laws in the provinces of Alberta, British Columbia and Quebec, each of which includes requirements surrounding the use, disclosure, and other processing of certain personal information about Canadian residents;
- the Canadian Anti-Spam Law, which regulates the transmittal of commercial electronic messages;
- Canada federal and provincial human rights legislation which prohibits discriminatory practices to deny, deny access to, or to differentiate adversely in relation to any individual in respect of the provision of services customarily available to the general public on the basis of a certain prohibited grounds of discrimination (including, but not limited to, race, national or ethnic origin, color, religion, age, sex, sexual orientation, gender identity or expression, marital status, family status, genetic characteristics, among others);
- Canadian provincial consumer protection and cost of credit disclosure laws which include prohibition of late fees, limits on default charges, prohibition of unfair practices, as well as consumer contract disclosure and related process requirements, among other requirements;
- Canadian sanctions laws and related regulations which impose economic or financial sanctions that are administered or enforced from time to time by the Canadian government and prohibit the provision of financial services to certain designated persons with whom dealings are generally prohibited;
- Payments Canada Rule H1- Pre-Authorized Debit Rules in respect of the acceptance of payments from Canadian bank accounts; and
- the Quebec Charter of French Language laws which regulates the language of communication in commerce and business and applies to entities carrying on business in Quebec.

While we have developed policies and procedures designed to assist in compliance with these consumer protection laws and regulations, no assurance is given that our compliance policies and procedures will be effective. Failure to comply with these laws and with regulatory requirements applicable to our business could render the loans we make to consumers void or unenforceable and subject us to damages, revocation of licenses, class action lawsuits, administrative enforcement actions, and civil and criminal liability, which may harm our business.

Litigation, regulatory actions, and compliance issues could subject us to fines, penalties, judgments, remediation costs, and requirements resulting in increased expenses.

Our business is subject to increased risks of litigation and regulatory actions as a result of a number of factors and from various sources, including as a result of the highly regulated nature of the financial services industry and the focus of state and federal enforcement agencies on the financial services industry in general and consumer financial services in particular.

In the ordinary course of business, we have been named as a defendant in various legal actions, including arbitrations and other litigation. From time to time, we may also be involved in, or the subject of, reviews, requests for information, investigations, and proceedings (both formal and informal) by state and federal governmental agencies, including banking regulators, the FTC, and the CFPB, regarding our business activities and our qualifications to conduct our business in certain jurisdictions, which could subject us to fines, penalties, obligations to change our business practices, and other requirements resulting in increased expenses and diminished earnings. Our involvement in any such matter also could cause harm to our reputation and divert management attention from the operation of our business, even if the matters are ultimately determined in our favor. Moreover, any settlement, or any consent order or adverse judgment, in connection with any formal or informal proceeding or investigation by a government agency, may prompt litigation or additional investigations or proceedings as other litigants or other government agencies begin independent reviews of the same or similar activities.

In addition, a number of participants in the consumer finance industry have been and are the subject of putative class action lawsuits; state attorney general actions and other state regulatory actions; federal regulatory enforcement actions, including actions relating to alleged UDAAP; violations of state licensing and lending laws, including state interest rate limits; actions alleging discrimination on the basis of race, ethnicity, gender, or other prohibited bases; and allegations of noncompliance with various state and federal laws and regulations relating to originating and servicing consumer finance loans. Recently, some of our competitors in the BNPL space are subject to ongoing class action litigation, including allegations of unfair business and deceptive practices, and we may become subject to similar types of litigation in the future. The current regulatory environment, increased regulatory compliance efforts, and enhanced regulatory enforcement have resulted in significant operational and compliance costs and may prevent us from providing certain products and services. There is no assurance that these regulatory matters or other factors will not, in the future, affect how we conduct our business and, in turn, have an adverse effect on our business. In particular, legal proceedings brought under state consumer protection statutes or under several of the various federal consumer financial services statutes subject to the jurisdiction of the CFPB and FTC may result in a separate fine for each violation of the statute, which, particularly in the case of class action lawsuits, could result in damages in excess of the amounts we earned from the underlying activities.

Stringent and changing laws and regulations relating to privacy and data protection could result in claims, harm our results of operations, financial condition, and prospects, or otherwise harm our business.

We are subject to a variety of laws, rules, directives, and regulations, as well as contractual obligations, relating to the processing of personal information, including personally identifiable information. The regulatory framework for privacy and data protection worldwide is rapidly evolving and, as a result, implementation standards and enforcement practices are likely to continue to evolve for the foreseeable future. Legislators and regulators are increasingly adopting or revising privacy and data protection laws, rules, directives, and regulations that could have a significant impact on our current and planned privacy and data protection-related practices; our processing of personal information; our current or planned business activities; and our ability to transfer data internationally. We also use artificial intelligence and machine learning ("AI/ML"), including for fraud detection and credit risk analysis. If the AI/ML models are incorrectly designed, the data we use to train them is incomplete, inadequate, or biased in some way, or we do not have sufficient rights to use the data on which our AI/ML models rely, the performance of our products, services, and business, as well as our reputation, could suffer or we could incur liability through the violation of laws, third-party privacy, or other rights, or contracts to which we are a party. In addition, future privacy and data protection laws, rules, directives, and regulations may complicate or limit efforts to use data in connection with AI/ML.

Compliance with current or future privacy and data protection laws (including those regarding security breach notification) affecting personal information to which we are subject could result in higher compliance and technology costs and could restrict our ability to provide certain products and services (such as products or services that involve us sharing personal information with third parties or storing personal information), which could materially and adversely affect our financial position and could reduce income from certain business initiatives.

We publicly post policies and documentation regarding our practices concerning the processing of personal information. This publication of our privacy policy and other documentation that provide information about our privacy and security practices is required by applicable law and can subject us to proceedings and actions brought by data protection authorities, government entities, or others (including, potentially, in class action proceedings brought by individuals) if our policies are alleged to be deceptive, unfair, or misrepresentative of our actual practices. Although we endeavor to comply with our published policies and documentation consistent with applicable law, we may at times fail to do so or be alleged to have failed to do so.

We are subject to the GLBA and implementing regulations and guidance thereunder, in addition to applicable privacy and data protection laws in the other jurisdictions in which we carry on business activities or process personal information. Among other things,

the GLBA (i) imposes certain limitations on the ability to share consumers' nonpublic personal information with nonaffiliated third parties; and (ii) requires certain disclosures to consumers about information collection, sharing, and security practices and their right to "opt out" of the institution's disclosure of their nonpublic personal information to nonaffiliated third parties (with certain exceptions). Privacy requirements, including notice and opt out requirements, under the GLBA and the FCRA are enforced by the FTC and by the CFPB through UDAAP laws and regulations, and are a standard component of CFPB examinations. State entities also may initiate actions for alleged violations of privacy or security requirements under state UDAAP, financial privacy, security and other laws.

Furthermore, an increasing number of state, federal, and international jurisdictions have enacted, or are considering enacting, privacy laws, such as the CCPA, the Canadian Personal Information Protection and Electronic Documents Act, and the General Data Protection Regulation ("GDPR"), which regulates the collection and use of personal information of data subjects in the European Union and the European Economic Area ("EEA"). The CCPA gives residents of California expanded rights to access and delete their personal information, opt out of certain types of personal information sharing, and receive detailed information about how their personal information is used. The CCPA also provides for civil penalties for violations and private rights of action for data breaches affecting personal information. Meanwhile, the GDPR provides data subjects with greater control over the processing of their personal information (such as the "right to be forgotten") and has specific requirements relating to cross-border transfers of personal information to certain jurisdictions outside the EEA, including to the United States, with fines for noncompliance of up to the greater of 20 million euros or up to 4% of the annual global revenue of the noncompliant company. From January 1, 2021, we may also have to comply in respect of certain of our activities with the UK GDPR, which, together with the amended UK Data Protection Act 2018, retains the GDPR in UK national law. Enforcement of the GDPR is designed to be harmonized across the EU, and the UK's data protection regulator, the Information Commissioner's Office, has indicated that it will continue to enforce the DPA and the UK GDPR in line with the GDPR. However, the UK government recently announced its intention to adopt a more flexible approach to the regulation of data, and as a result there remains a risk of future divergence between the EU and UK data protection regimes. In addition, on November 3, 2020, California voters approved a new privacy law, the CPRA, which significantly modifies the CCPA, including by expanding consumers' rights with respect to certain personal information and creating a new state agency to oversee implementation and enforcement efforts. Many of the CPRA's provisions will become effective on January 1, 2023. Additionally, on March 2, 2021, the Virginia CDPA was signed into law. The CDPA becomes effective beginning January 1, 2023, and contains similar provisions to the CCPA and CPRA. Other states have recently or may soon pass similar laws and promulgate related regulations, including the Colorado Privacy Act (CoPA) (signed into law in July 2021 with rulemaking currently in progress) and the Utah Consumer Privacy Act (UCPA) (signed into law March 24, 2022). Most states also have in place data security laws requiring companies to maintain certain safeguards with respect to the processing of personal information, and all states require companies to notify individuals or government regulators in the event of a data breach impacting such information. In addition, most industrialized countries have or are in the process of adopting similar data protection laws enforced through data protection authorities. The CCPA, CPRA, CDPA, CoPA, UCPA, GDPR, UK GDPR, and any other applicable state, federal, and international privacy laws, may increase our compliance costs and potential liability and may inhibit our operations to the extent that such requirements do not allow international transfers of personal information or otherwise restrict our processing of personal information or the availability of personal information to us. For example, the Court of Justice of the European Union in July 2020 issued a ruling on the validity of the European Commission's standard contractual clauses ("SCCs"), which unexpectedly increased the compliance obligations on parties using the SCCs to transfer or receive personal data from the EU and the UK. Certain regulators in the EU have recently begun to enforce non-compliance with such requirements in the context of website analytics, but it unclear whether, and if so when and how, regulators and courts will do so outside of that context.

Our failure, or the failure of any third party with whom we conduct business, to comply with privacy and data protection laws could result in potentially significant regulatory investigations and government actions, litigation, fines, or sanctions, consumer, funding source, bank partner, or merchant actions, and damage to our reputation and brand, all of which could have a material adverse effect on our business. Complying with privacy and data protection laws and regulations may cause us to incur substantial operational costs or require us to change our business or privacy and security practices. We may not be successful in our efforts to achieve compliance either due to internal or external factors, such as resource allocation limitations or a lack of cooperation from third parties. We have in the past, and may in the future, receive complaints or notifications from third parties, including individuals, alleging that we have violated applicable privacy and data protection laws and regulations.

Non-compliance could result in proceedings against us by governmental entities, consumers, data subjects, or others. We may also experience difficulty retaining or obtaining new consumers in these jurisdictions due to the legal requirements, compliance cost,

potential risk exposure, and uncertainty for these entities, and we may experience significantly increased liability with respect to these consumers pursuant to the terms set forth in our agreements with them.

As we continue to expand our operations internationally and develop new products and features, we may become subject to additional foreign privacy and data protection laws and regulations both in the United States and internationally, which may in some cases be more stringent than the requirements to which we are currently subject or which may inhibit international transfers of data. For example, as we continue to establish our presence in Brazil, we will need to comply with the Brazilian General Data Protection Law. Because the interpretation and application of many privacy and data protection laws are uncertain, it is possible that these laws may be interpreted and applied in a manner that is inconsistent with our existing data management practices or the features of our products and services. If so, in addition to the possibility of fines, lawsuits, regulatory investigations, and other claims and penalties, we could be required to change our business activities and practices or modify our products or services, any of which could have an adverse effect on our business. Any claims regarding our inability to adequately address privacy and data protection concerns, even if unfounded, or to comply with applicable privacy and data protection laws, regulations, contractual requirements, and policies, could result in additional cost and liability to us, damage our reputation, and adversely affect our business. Privacy and data protection concerns, whether valid or not, may inhibit market adoption of our products and services, particularly in certain industries and jurisdictions. If we are not able to quickly adjust to changing laws, regulations, and standards related to the internet, our business may be harmed.

If we were found to be operating without having obtained necessary licenses, it could adversely affect our business, results of operations, financial condition, and prospects.

Certain states have adopted laws regulating and requiring licensing, registration, notice filing, or other approval by parties that engage in certain activity regarding consumer finance transactions. Furthermore, certain states and localities have also adopted laws requiring licensing, registration, notice filing, or other approval for consumer debt collection or servicing, and/or purchasing or selling consumer loans. The application of some consumer financial licensing laws to our platform and the related activities it performs is unclear. In addition, state licensing requirements may evolve over time. If we were found to be in violation of applicable state licensing requirements by a court or a state, federal, or local enforcement agency, or agree to resolve such concerns by voluntary agreement, we could be subject to or agree to pay fines, damages, injunctive relief (including required modification or discontinuation of our business in certain areas), criminal penalties, and other penalties or consequences, and the loans facilitated through our platform could be rendered void or unenforceable in whole or in part, any of which could have an adverse effect on the enforceability or collectability of the loans facilitated through our platform. In January 2020, we agreed to a consent order with the California Department of Business Oversight (now the California Department of Financial Protection and Innovation) for activities in the state that the Department viewed as requiring a lending license. Pursuant to the consent order, we agreed to pay $282,000 in customer restitution, pay a penalty of $28,200, and obtain a license in order to operate in the state (which we have since obtained). The fine and resources expanded to secure state licenses, including the California license, could negatively impact our primary focus of managing our business and operations.

If loans made by us under our state lending licenses are found to violate applicable state lending and other laws, it could adversely affect our business, results of operations, financial condition, and prospects.

We have obtained lending licenses in certain states such as California, North Dakota, South Dakota, Idaho, Montana and Missouri. The loans we may originate on our platform pursuant to these state licenses are subject to state licensing and interest rate restrictions, as well as numerous state requirements regarding consumer protection, interest rate, disclosure, prohibitions on certain activities, and loan term lengths. If the loans we originate pursuant to our state licenses were deemed subject to and in violation of certain state consumer finance or other laws, we could be subject to fines, damages, injunctive relief (including required modification or discontinuation of our business in certain areas), and other penalties or consequences, and the loans could be rendered void or unenforceable in whole or in part, any of which could have an adverse effect on our business, results of operations, financial condition, and prospects. We cannot assure you that we will be successful in obtaining state licenses in other states or that we have not yet been required to apply for.

Risks Related to Shares of Our Common Stock

Our existing major stockholders own a large percentage of our stock and can exert significant influence over us.

Our existing major stockholders, particularly Charles Youakim and to a lesser extent, Paul Paradis, together hold approximately 48.1% of all shares of our common stock outstanding as of February 28, 2022 (including shares represented by CHESS Depositary Interests, CDIs), and can exert significant influence over us, including in relation to the election of directors, the appointment of new management and the potential outcome of matters submitted to the vote of stockholders. As a result, other stockholders will have minimal control and influence over any matters submitted to our stockholders. There is a risk that the interests of these existing major stockholders may be different from those of other stockholders.

We are an "emerging growth company," and the reduced U.S. public company reporting requirements applicable to emerging growth companies may make shares of our common stock less attractive to investors.

We qualify as an "emerging growth company," as defined in the JOBS Act. For so long as we remain an emerging growth company, we are permitted and plan to rely on exemptions from certain disclosure requirements that are applicable to other public companies that are not emerging growth companies. These provisions include, but are not limited to: being permitted to have only two years of audited financial statements and only two years of related management's discussion and analysis of financial condition and results of operations disclosure; an exemption from compliance with the auditor attestation requirement in the assessment of our internal control over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act; not being required to comply with any requirement that may be adopted by the PCAOB regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements; reduced disclosure obligations regarding executive compensation arrangements in our periodic reports, registration statements and proxy statements; and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved by stockholders. In addition, the JOBS Act permits emerging growth companies to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. We intend to take advantage of the exemptions discussed above. As a result, the information we provide will be different than the information that is available with respect to other public companies. In this Form 10-K, we have not included all of the executive compensation-related information that would be required if we were not an emerging growth company. We cannot predict whether investors will find shares of our common stock less attractive if we rely on these exemptions. If some investors find shares of our common stock less attractive as a result, there may be a less active trading market for shares of our common stock, and the market price of shares of our common stock may be more volatile.

We will remain an emerging growth company until the earliest of (i) the last day of our fiscal year following the fifth anniversary of the date of our first sale of shares of our common stock pursuant to an effective registration statement under the Securities Act, (ii) the first fiscal year after our annual gross revenues exceed $1.07 billion, (iii) the date on which we have, during the immediately preceding three-year period, issued more than $1.00 billion in non-convertible debt securities or (iv) the end of any fiscal year in which the market value of shares of our common stock held by non-affiliates exceeds $700 million as of the end of the second quarter of that fiscal year.

Our failure to timely file the registration statement on Form 10 could result in an SEC enforcement proceeding, which could materially and adversely affect our financial condition and results of operations.

As of December 31, 2019, we may have exceeded $10 million in total assets and 2,000 holders of record of our securities. Therefore, we were required to file a registration statement on Form 10 pursuant to Section 12(g) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), by April 29, 2020. However, we failed to file the registration statement on Form 10 on a timely basis. While we commenced preparation of the registration statement on Form 10 in June 2020, the filing of such registration statement was further delayed primarily as a result of delays in our ability to complete the audit of our financial statements in compliance with the auditing standards of the PCAOB. We completed our initial Form 10 filing on April 13, 2021. We subsequently filed amendments to our Form 10 on June 10, 2021 and October 25, 2021. Our failure to timely file the registration statement on Form 10 could subject us to a regulatory enforcement proceeding by the SEC, which could result in distractions of our management's time and attention as well as monetary penalties. There can be no assurance that a regulatory enforcement proceeding, if commenced, would not have a material adverse effect on our financial condition or results of operations.

We will incur significant costs and are subject to additional regulations and requirements as a public company in both Australia and the United States, including compliance with the reporting requirements of the Exchange Act, the requirements of the Sarbanes-Oxley Act and the listing standards of ASX. In addition, key members of our management team have limited experience managing a public company.

As a U.S. public company, we will incur significant legal, accounting and other expenses that are not incurred by companies listed solely on the ASX, including costs associated with U.S. public company reporting requirements. Compliance with these requirements will place a strain on our management, systems and resources. The Exchange Act requires us to file annual, quarterly and current reports with respect to our business and financial condition within specified time periods and to prepare a proxy statement with respect to our annual meeting of stockholders. We also have incurred and will continue to incur costs associated with the Sarbanes-Oxley Act and rules implemented by the SEC and the ASX. The Sarbanes-Oxley Act requires that we maintain effective disclosure controls and procedures, and internal controls over financial reporting. The ASX requires that we comply with various corporate governance requirements. The expenses generally incurred by U.S. public companies for reporting and corporate governance purposes have been increasing. We expect these rules and regulations to increase our legal and financial compliance costs and to make some activities more time-consuming and costly, although we are currently unable to estimate these costs with any degree of certainty. These laws and regulations also could make it more difficult or costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. These laws and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, on our board committees or as our executive officers. Advocacy efforts by stockholders and third parties may also prompt even more changes in governance and reporting requirements. Furthermore, if we are unable to satisfy our obligations as a listed company, we could be subject to delisting of our common stock on the ASX, as well as fines, sanctions and other regulatory action and civil litigation.

Many members of our management team have limited experience managing a publicly traded company, interacting with public company investors and complying with the increasingly complex laws pertaining to public companies. Our management team may not successfully or efficiently manage our transition to being a public company in the United States, being subject to significant regulatory oversight and reporting obligations under the federal securities laws and the continuous scrutiny of securities analysts and investors, as well as the interaction of such oversight and reporting obligations with those applicable under ASX listing and regulatory requirements. These new obligations and constituents may require us to employ additional specialized staff and seek advice from third party service provides. They will also require significant attention from our senior management and could divert their attention away from the day-to-day management of our business, which could adversely affect our business, results of operations and financial condition.

If we discover a material weakness in our internal control over financial reporting that we are unable to remedy or otherwise fail to maintain effective internal control over financial reporting or disclosure controls and procedures, our ability to report our financial results on a timely and accurate basis may be adversely affected.

We are required to comply with the SEC's rules implementing Sections 302 and 404 of the Sarbanes-Oxley Act, which require management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of internal controls over financial reporting. As an emerging growth company, our independent registered public accounting firm will not be required to formally attest to the effectiveness of our internal control over financial reporting pursuant to Section 404(b) until the later of (i) the year following our first annual report required to be filed with the SEC or (ii) the date we are no longer an emerging growth company. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our controls are documented, designed or operating.

To comply with the requirements of being a U.S. public company, we have undertaken various actions, and will need to take additional actions, such as implementing numerous internal controls and procedures and hiring additional accounting or internal audit staff or consultants. Testing and maintaining internal control can divert our management's attention from other matters that are important to the operation of our business. Additionally, when evaluating our internal control over financial reporting, we may identify material weaknesses that we may not be able to remediate in time to meet the applicable deadline imposed upon us for compliance with the requirements of Section 404.

During the quarters ended June 30, 2021 and September 30, 2021, management identified certain deficiencies in the design and implementation of our disclosure controls and procedures. The deficiencies primarily relate to inadequate design of information technology general and application controls that prevent the information system from providing complete and accurate information consistent with financial reporting objectives and current needs. These deficiencies meant that it was possible that our business process controls that depend on data and information from the affected information technology systems could have been adversely affected. Because of the deficiencies in our reporting system, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective in the quarters ended as of June 30, 2021 and September 30, 2021. For actions taken during the quarter ended December 31, 2021 in response to the identified deficiencies, see Item 9A of this Form 10-K.

To comply with Section 404 on an ongoing basis, we expect to incur substantial cost, expend significant management time on compliance-related issues and hire and retain accounting, financial, and internal audit staff with appropriate public company experience and technical accounting knowledge. Moreover, if we are not able to comply with the requirements of Section 404 in a timely manner, if we or our independent registered public accounting firm identify continued deficiencies in our disclosure controls and procedures, or deficiencies in our internal control over financial reporting that are deemed to be material weaknesses, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal control over financial reporting once we are no longer an emerging growth company, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock could be negatively affected. We could also become subject to investigations by the SEC, the Australian Securities and Investments Commission, the ASX, and other regulatory authorities, which could require additional financial and management resources. In addition, if we fail to remedy any material weakness, our financial statements could be inaccurate and we could face restricted access to capital markets.

If we are not able to maintain sufficient cash funds, we may cease trading on the ASX.

If we are not able to maintain sufficient funds to fund our activities or if ASX considers that our financial position is not adequate to warrant the continued quotation of our CDIs on ASX, ASX may suspend our CDIs from quotation. This would limit our liquidity and, in particular, could harm the ability of CDI holders to liquidate their position in our company. In addition, the value of our company could decline if we are not able to maintain our listing on ASX.

If the Zip transaction is not consummated, some provisions of our charter documents may have anti-takeover effects that could discourage an acquisition of us by others, even if an acquisition would be beneficial to our stockholders, and may prevent attempts by our stockholders to replace or remove our current management.

Provisions in our Fourth Amended and Restated Certificate of Incorporation (the "Amended Charter") and our Third Amended and Restated Bylaws ("Amended Bylaws") could make it more difficult for a third party to acquire us or increase the cost of acquiring us, even if doing so would benefit our stockholders, including transactions in which stockholders might otherwise receive a premium for their shares. These provisions include:

- advance notice procedures apply for stockholders to nominate candidates for election as directors or to bring matters before an annual meeting of stockholders;
- our stockholders will only be able to take action at a meeting of stockholders and not by written consent;
- only our chairman of the board of directors, our chief executive officer, our president, or a majority of the board of directors are authorized to call a special meeting of stockholders;
- no provision in our Amended Charter or Amended Bylaws provides for cumulative voting, which limits the ability of minority stockholders to elect director candidates;

- our Amended Charter authorizes undesignated preferred stock, the terms of which may be established and shares of which may be issued, without the approval of the holders of our capital stock; and
- certain litigation against us can only be brought in Delaware.

These anti-takeover defenses could discourage, delay or prevent a transaction involving a change in control of our company. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and cause us to take corporate actions other than those you desire.

Our Amended Charter designates the Court of Chancery of the State of Delaware as the exclusive forum for substantially all disputes between us and our stockholders and the federal district courts as the exclusive forum for Securities Act claims, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us.

Our Amended Charter provides that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed to us or our stockholders by any of our directors, officers, employees or stockholders, (iii) any action asserting a claim against us arising under the Delaware General Corporation Law ("DGCL"), our Amended Charter or our Amended Bylaws, (iv) any action to interpret, apply, enforce, or determine the validity of our Amended Charter or our Amended Bylaws, (v) any action governed by the internal affairs doctrine; provided that, the exclusive forum provision will not apply to suits brought to enforce any liability or duty created by the Exchange Act, or to any claim for which the federal courts have exclusive jurisdiction. Our Amended Charter also provides that, unless we consent in writing to the selection of an alternative forum, the U.S. federal district courts shall be the exclusive forum for the resolution of any claims arising under the Securities Act. Under the Securities Act, federal and state courts have concurrent jurisdiction over all suits brought to enforce any duty or liability created by the Securities Act, and investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. Accordingly, there is uncertainty as to whether a court would enforce such a forum selection provision as written in connection with claims arising under the Securities Act. By becoming a stockholder in our company, you will be deemed to have notice of and have consented to the provisions of our Amended Charter related to choice of forum. The choice of forum provisions in our Amended Charter may limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or may make such lawsuits more costly for stockholders. Additionally, the enforceability of choice of forum provisions in other companies' governing documents has been challenged in legal proceedings, and it is possible that, in connection with any applicable action brought against us, a court could find the choice of forum provisions contained in our Amended Charter to be inapplicable or unenforceable in such action. If so, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, results of operations, and financial condition.

Risks Related to Our Existence as a Public Benefit Corporation and a Certified B Corporation

We operate as a Delaware public benefit corporation. As a public benefit corporation, we cannot provide any assurance that we will achieve our public benefit purpose.

As a public benefit corporation, we are required to produce a public benefit or benefits and to operate in a responsible and sustainable manner, balancing our stockholders' pecuniary interests, the best interests of those materially affected by our conduct, and the public benefit or benefits identified by our Amended Charter. There is no assurance that we will achieve our public benefit purpose or that the expected positive impact from being a public benefit corporation will be realized, which could have a material adverse effect on our reputation, which in turn may have a material adverse effect on our business, results of operations and financial condition.

As a public benefit corporation, we are required to publicly disclose a report at least biennially on our overall public benefit performance and on our assessment of our success in achieving our specific public benefit purpose. As we changed our Company charter to become a public benefit corporation in June 2020, the information under "Biennial Public Benefit Corporation Statement" on this Form 10-K includes our first such report. If we are not timely or are unable to provide such reports, or if these reports are not viewed favorably by our investors, parties doing business with us or regulators or others reviewing our credentials, our reputation and status as a public benefit corporation may be harmed.

As a public benefit corporation, our focus on a specific public benefit purpose and producing a positive effect for society may negatively impact our financial condition.

Unlike traditional corporations, which have a fiduciary duty to focus exclusively on maximizing stockholder value, our directors have a fiduciary duty to consider not only the stockholders' interests, but also our specific public benefit and the interests of other stakeholders affected by our actions. Therefore, we may take actions that we believe will be in the best interests of those stakeholders materially affected by our specific benefit purpose, even if those actions do not maximize our financial results, and we may be restricted from pursuing certain growth opportunities to the extent not consistent with our public benefit corporation (or B Corporation) status. While we intend for this public benefit designation and obligation to provide an overall net benefit to us and our customers, it could instead cause us to make decisions and take actions without seeking to maximize the income generated from our business, and hence available for distribution to our stockholders. Our pursuit of longer-term or non-pecuniary benefits may not materialize within the timeframe we expect, or at all, yet may have an immediate negative effect on any amounts available for distribution to our stockholders. Accordingly, being a public benefit corporation and complying with our related obligations could have a material adverse effect on our business, results of operations and financial condition. To the extent the market ties our stock price to the results of our business, operations and financial results, such material adverse effects would likely cause our stock price to decline.

As a public benefit corporation, we may be less attractive as a takeover target than a traditional company because our directors have a fiduciary duty to consider not only the stockholders' financial interests, but also our specific public benefit and the interests of other stakeholders affected by our actions and, therefore, our stockholders' ability to realize a return on their investments through an acquisition may be limited. Additionally, public benefit corporations may also not be attractive targets for activists or hedge fund investors because new directors would still have to consider and give appropriate weight to the public benefit along with shareholder value, and stockholders committed to the public benefit can enforce this through derivative suits. Further, by requiring that board of directors of public benefit corporations consider additional constituencies other than maximizing shareholder value, Delaware public benefit corporation law could potentially make it easier for a board to reject a hostile bid, even where the takeover would provide the greatest short-term financial yield to investors.

Our directors have a fiduciary duty to consider not only our stockholders' interests, but also our specific public benefit and the interests of other stakeholders affected by our actions. If a conflict between such interests arises, there is no guarantee such a conflict would be resolved in favor of our stockholders.

While directors of traditional corporations are required to make decisions they believe to be in the best interests of their stockholders, directors of a public benefit corporation have a fiduciary duty to consider not only the stockholders' interests, but also the company's specific public benefit and the interests of other stakeholders affected by the company's actions. Under Delaware law, directors are shielded from liability for breach of these obligations if they make informed and disinterested decisions that serve a rational purpose. Thus, unlike traditional corporations which must focus exclusively on stockholder value, our directors are not merely permitted, but obligated, to consider our specific public benefit and the interests of other stakeholders. In the event of a conflict between the interests of our stockholders and the interests of our specific public benefit or our other stakeholders, our directors must only make informed and disinterested decisions that serve a rational purpose; thus, there is no guarantee such a conflict would be resolved in favor of our stockholders, which could have a material adverse effect on our business, results of operations and financial condition, which in turn could cause our stock price to decline.

As a Delaware public benefit corporation, we may be subject to increased derivative litigation concerning our duty to balance stockholder and public benefit interest, the occurrence of which may have an adverse impact on our financial condition and results of operations.

Stockholders of a Delaware public benefit corporation (if they, individually or collectively, own at least two percent of the company's outstanding shares) are entitled to file a derivative lawsuit claiming the directors failed to balance stockholder and public benefit interests. This potential liability does not exist for traditional corporations. Therefore, we may be subject to the possibility of increased derivative litigation, which would require the attention our management, and, as a result, may adversely impact our management's ability to effectively execute our strategy. Additionally, any such derivative litigation may be costly, which may have an adverse impact on our financial condition and results of operations.

If we lose our certification as a B Corporation or our publicly reported B Corporation score declines, our reputation could be harmed and our business could be adversely affected.

Our business model and brand could be harmed if we were to lose our certification as a B Corporation or if state or federal regulators impede or otherwise delay or restrict our ability to make charitable contributions. Certified B Corporation status is a certification by a third-party, B Lab, which requires us to consider the impact of our decisions on our workers, customers, suppliers, community and the environment. We believe that certified B Corporation status has allowed us to build credibility and trust among our customers. Whether due to our choice or our failure to meet B Lab's certification requirements or our failure to satisfy the re-certification requirements when applying for renewal every three years, any change in our status could create a perception that we are more focused on financial performance and no longer as committed to the values shared by certified B Corporations. Further, once certified, we must publish our assessment score on our website. Our reputation could be harmed if our publicly reported B Corporation score declines and there is a perception that we are no longer committed to the certified B Corporation standards. Similarly, our reputation could be harmed if we take actions that are perceived to be misaligned with B Lab's values.

Following the closing of the transaction described in the Zip Merger Agreement, we will have a window of approximately 90 days to commit to recertify as a Certified B Corporation and within one year of the closing of the transaction we must recertify as a Certified B Corporation. If we are not able to successfully meet the conditions or timeline required for this transfer, we may lose our certified B Corporation status. Alternatively, there can be no guarantee that the purchaser under the Zip Merger Agreement would be able to obtain its own B Corporation certification. In either of these scenarios, our current or prospective merchants or customers may decide to reduce or completely forego their business with us, which may have an adverse impact on our financial condition and results of operations.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

Our corporate headquarters are currently located in Minneapolis, Minnesota, where we lease approximately 14,740 square feet of office space pursuant to a lease agreement that expires in June 2023. We also lease a small amount of office space and co-working space outside of the United States to support our international operations. We believe that these premises are suitable and adequate for our needs now and for the foreseeable future. If required, we believe that suitable additional or alternative space would be available in the future on commercially reasonable terms.

ITEM 3. LEGAL PROCEEDINGS

We are not currently involved in any material legal proceedings, other than ordinary routine litigation incidental to the business, to which we or any of our subsidiaries is a party or of which any of their property is subject. While the outcome of these matters cannot be predicted with certainty, we do not believe that the outcome of any of these matters, individually or in the aggregate, will have a material adverse effect on our consolidated balance sheets, operations and comprehensive loss, or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information for Shares of Common Stock

Our CDIs, each representing one share of our common stock, par value $0.00001 per share, have been listed on the Australian Securities Exchange under the symbol "SZL" since July 30, 2019. Prior to that time, there was no public market for our stock. There is no principal market in the United States for our CDIs or shares of our common stock.

CDIs are units of beneficial ownership in shares of our common stock that are held in trust for CDI holders by CHESS Depositary Nominees Pty Limited, or CDN, a subsidiary of ASX Limited, the company that operates the ASX. The CDIs entitle holders to dividends, if any, and other rights economically equivalent to shares of our common stock on a 1-for-1 basis, including the right to attend stockholders' meetings. The CDIs are also convertible at the option of the holders into shares of our common stock on a 1-for-1 basis, such that for every CDI converted, a holder will receive one share of common stock. CDN, as the stockholder of record, will vote the underlying shares in accordance with the directions of the CDI holders from time to time.

Holders of Record

As of February 28, 2022, there were 14,360 stockholders of record of our common stock (including shares of common stock represented by CDIs), and the closing price of our shares of common stock was A$1.78 per share as reported on the Australian Securities Exchange. Because many of our shares of common stock are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of stockholders represented by these record holders.

Dividend Policy

We have never proposed, declared, or issued dividends on our shares of common stock. We currently intend to retain any future earnings to finance the operation and growth of our business, and do not expect to propose, declare, or issue and dividends in the foreseeable future.

Securities Authorized for Issuance Under Equity Compensation Plans

The information required by this item is incorporated by reference from the section entitled "Equity Compensation Plan Information" included in Part III. Item 12 of this Form 10-K.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Throughout the three months ended December 31, 2021, we repurchased shares of common stock from employees to cover minimum statutory tax obligations owed for vested restricted stock issued under our equity incentive plans. The table below presents information with respect to common stock purchases made by us during the three months ended December 31, 2021, as follows:

Period	Total Number of Shares Purchased[1]	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs	Dollar Value of Shares that May Yet Be Purchased Under Publicly Announced Programs
October 1, 2021 through October 31, 2021	131,707	$ 4.61	—	$ —
November 1, 2021 through November 30, 2021	25,023	3.37	—	—
December 1, 2021 through December 31, 2021	27,066	2.42	—	—
Total	**183,796**	**$ 4.12**	**—**	**$ —**

(1) All 183,796 shares were surrendered to satisfy minimum statutory tax obligations under our equity incentive plans.

Recent Sale of Unregistered Securities

Issuance of Options to Purchase Shares of Common Stock and Restricted Stock Units

During the year ended December 31, 2021, we granted under our various stock plans options to purchase a total of 1,922,480 shares of our common stock and 4,733,804 restricted stock units to be settled in shares of our common stock. All such grants were issued pursuant to our equity plans which are registered on Form S-8 (File No. 333-257366) as of June 24, 2021. See Note 13. Equity Based Compensation for more information.

To the extent that any grants of stock options or restricted stock units in the year ended December 31, 2021 are not covered by such registration statement, we believe the foregoing transactions were exempt from registration under the Securities Act in reliance upon Section 4(a)(2) of the Securities Act, or Regulation D promulgated thereunder, or Regulation S under the Securities Act, in each case as transactions by an issuer not involving any public offering or pursuant to benefit plans and contracts relating to compensation in accordance with Rule 701.

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read together with our consolidated financial statements and related notes appearing elsewhere in this Annual Report on Form 10-K ("Form 10-K"). This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. You should review the "Forward-Looking Statements", "Factors Affecting Results from Operations", and "Risk Factors" sections of this Form 10-K for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements described in the following discussion and analysis.

Overview

We are a purpose-driven payments company that is on a mission to financially empower the next generation. Launched in 2017, we have built a digital payments platform that allows merchants to offer their consumers a flexible alternative to traditional credit. As of December 31, 2021, our platform has supported the business growth of 47,000 Active Merchants while serving 3.4 million Active Consumers. Through our payments products we aim to enable consumers to take control over their spending, be more responsible, and gain access to financial freedom. Our vision is to create a digital ecosystem benefiting all our stakeholders—merchant partners, consumers, employees, communities, and investors—while continuing to drive ethical growth.

The Sezzle Platform connects consumers with merchants via our core proprietary, digital payments platform that instantly extends credit at the point-of-sale. Our core product is differentiated from traditional lenders through our credit-and-capital-light approach, and we believe that it is mutually beneficial for our merchants and consumers given the network effects inherent in our platform. We enable consumers to acquire merchandise upfront and spread payments over four equal, interest-free installments over six weeks. We realize high repeat usage rates by many of our consumers, with the top 10% of our consumers measured by Underlying Merchant Sales (UMS, as defined below) transacting an average of 49 times per year based on the transaction activity during the rolling twelve months ended December 31, 2021, although historical transaction activity is not an indication of future results.

Our core product offering is completely free for consumers who pay on time; instead, we generate a substantial majority of our revenues by charging our merchants fees in the form of a Merchant Discount Rate. We also offer Sezzle Up, an upgraded version of the core Sezzle experience which provides a credit-building solution for new-to-credit consumers, helping consumers adopt credit responsibly and build their credit history. Additionally, we have expanded our product suite to provide consumers with access to a long-term installment lending option through partnerships, of which is still in an early pilot stage.

A critical component of our business model is the ability to effectively manage the repayment risk inherent in allowing consumers to pay over time. To that end, a team of Sezzle engineers and risk specialists oversee our proprietary systems, identify transactions with elevated risk of fraud, assess the credit risk of the consumer and assign spending limits, and manage the ultimate receipt of funds. Further, we believe repayment risk is more limited relative to other traditional forms of unsecured credit because consumers primarily settle 25% of the purchase value upfront. Additionally, ongoing user interactions allow us to continuously refine and enhance the effectiveness of these platform tools through machine learning.

Proposed Merger with Wholly-Owned Subsidiary of Zip

On February 28, 2022, we entered into the Zip Merger Agreement, pursuant to which, upon the terms and subject to the conditions thereof, Merger Sub will be merged with and into Sezzle Inc., with Sezzle Inc. surviving the merger as a wholly-owned subsidiary of Zip. Subject to the terms and conditions of the Zip Merger Agreement, each share of our common stock (including each share of our common stock in respect of which a Company CDI (as defined in the Zip Merger Agreement) has been issued) issued and outstanding immediately prior to the Effective Time (other than shares of our common stock that are held by us (or any of our subsidiaries), Zip (or any of its subsidiaries) or Merger Sub) shall be cancelled and converted into the right to receive, at the election of our stockholders (subject to the immediately following sentence), (a) a number of Zip ordinary shares equal to 0.98 (the "Exchange Ratio") or (b) a number of Zip American depositary receipts ("Zip ADRs") representing a number of Zip ordinary shares equal to the Exchange Ratio. Any person who is an Australian Stockholder (as defined in the Zip Merger Agreement) will only be entitled to consideration in the form of Zip ordinary shares.

The Zip Merger Agreement includes customary representations, warranties and covenants by us, Zip and Merger Sub. Subject to the terms of the Zip Merger Agreement and certain exceptions, we and Zip have agreed to operate our respective businesses in the ordinary course consistent with past practice and use commercially reasonable efforts to maintain their respective business organizations and advantageous business relationships until the closing of the transaction. Concurrently with the execution and delivery of the Zip Merger Agreement, certain significant stockholders of both us (Charles Youakim and Paul Paradis) and Zip (Larry Diamond and Peter Gray) entered into support agreements pursuant to which, among other things, they agreed to vote all of their stock or ordinary shares of common stock, as applicable in favor of the transaction.

Subject to the terms and conditions of the Zip Merger Agreement, unvested and outstanding options and RSUs will be converted into Zip options and performance rights with similar terms and conditions as existing options and RSUs, provided, that each company option that is subject to a Company total shareholder return performance-based vesting condition ("Company TSR") shall, immediately prior to the Effective Time, become earned, if at all, by using the Closing Date (as defined in the Zip Merger Agreement) as the end of the applicable performance period for purposes of measuring performance based vesting with the resulting option, if any, subject to service-based vesting through the end of the original performance period , and vested options and RSUs will be cancelled and converted into the right to receive merger consideration.

The consummation of the transaction is subject to certain closing conditions, including, but not limited to (i) the declaration by the SEC of the effectiveness of the registration statements on Form F-4 and Form F-6 (and the absence of any stop order or proceedings suspending such effectiveness), (ii) the Zip ADRs being authorized for listing on a United States Exchange (as defined in the Zip Merger Agreement) and the Zip Ordinary Shares issuable pursuant to the Zip Merger Agreement being authorized for listing on the ASX, (iii) the Australian Prospectus (to the extent required by applicable Law (as defined in the Zip Merger Agreement)) being lodged with the Australian Securities and Investments Commission (the "ASIC") and the exposure period prescribed by section 727(3) of the Corporations Act will have elapsed (if applicable) and no stop order is issued by ASIC in relation to the Australian Prospectus and remains in effect (or waivers from the requirement to lodge the Australian Prospectus have been received from ASIC), (iv) receipt of required waivers from the ASX and the ASIC, (v) the expiration or termination of any applicable waiting period under the U.S. Hart-Scott-Rodino Antitrust Improvements Act of 1976, (vi) no governmental order or law prohibiting the consummation of the Contemplated Transactions or making the consummation of the Contemplated Transactions illegal and (vii) the required Australian approvals having been obtained and the condition described in the preceding clause (v) being satisfied without the imposition of a Burdensome Condition (as defined in the Zip Merger Agreement). If the Zip Merger Agreement is terminated under certain circumstances, the Company may be required to pay Zip a termination fee of A$7,800,000 or Zip may be required to pay the Company a termination fee of A$31,400,000.

Factors Affecting Results of Operations

We have set out below a discussion of the key factors that have affected our financial performance and that are expected to impact our performance going forward.

Adoption of the Sezzle Platform

Our ability to profitably scale our business is reliant on adoption of the Sezzle Platform by both consumers and merchants. Changes in our Active Merchant and Active Consumer bases (as such terms are defined below) have had, and will continue to have, an impact on our results of operations. It is costly for us to recruit (and in some cases retain) Active Merchants. Turnover in our merchant base could result in higher than anticipated overhead costs.

We believe that we have built a sustainable, transparent business model in which our success is aligned with the financial success of our merchants and consumers. We earn fees from our merchants predominately based on a percentage of the UMS value plus a fixed fee per transaction, or the Merchant Discount Rate. We pay our merchants for transaction value upfront net of the merchant fees owed to us and assume all costs associated with the consumer payment processing, fraud and payment default. Merchant-related fees comprised approximately 82% and 81% of our Total Income for the years ended December 31, 2021 and 2020, respectively.

Growth and Diversification of Merchants offered on the Sezzle Platform

We depend on continued relationships with our current merchants or merchant partners and on the acquisition of new merchants to maintain and grow our business. We added 20 thousand Active Merchants during the year ended December 31, 2021, totaling 47 thousand Active Merchants on the platform at the end of the same period. Although for the year ended December 31, 2021, we did not depend on any one merchant for more than 10% of Merchant-related fees, our business is still at a relatively early stage and our merchant revenue is not as diversified as it might be for a more mature business.

Our integration into scaled e-commerce platforms is expected to give more merchants the opportunity to offer Sezzle as a payment option at checkout, and we expect that our partnerships with larger retailers will familiarize more consumers with the Sezzle Platform.

In addition, investment in sales, co-marketing, and offering of competitively priced merchant fee rates and incentives are critical for us to onboard new and retain existing merchants and grow utilization of the Sezzle Platform. We currently provide our merchants with a toolkit to grow their businesses. Our merchants gain access to our marketing efforts that begin with a launch campaign to introduce new brands to Sezzle consumers. We face intense competitive pressure to bring new larger merchants on to our platform. In order to stay competitive, we have and may continue to need to adjust our pricing or offer incentives to larger merchants to increase payments volume. These pricing structures with merchants include up-front cash payments, fee discounts, rebates, credits, performance-based incentives, marketing, and other support payments that impact our revenues and profitability. We expect to continue to incur substantial costs to acquire these larger merchants. Certain agreements contain provisions that may require us to make payments to certain merchants and are contingent on us and/or the merchants meeting specified criteria, such as achieving volume targets and implementation benchmarks. If we are not able to increase our volumes as predicted, the financial impact of these incentives, fee discounts, and rebates, these arrangements with certain merchants will impact our results of operations and financial performance.

There is a risk that we may lose merchants for a variety of reasons, including a failure to meet key contractual or commercial requirements, or merchants shifting to other service providers, including competitors or in-house offerings. We also face the risk that our key partners could become competitors of our business if such partners are able to determine how we have designed and implemented our model to provide our services.

New Products

Our expanding product suite enables us to further promote our mission of financial empowerment, and the adoption of these products by our consumers is expected to drive operating and financial performance. In partnership with TransUnion, we engineered Sezzle Up, an upgraded version of the core Sezzle experience that supports consumers in building their credit scores by permitting us to report their payment histories to credit bureaus. As these consumers pay on time, their credit scores and spending limits on the Sezzle Platform can increase, which is likely to result in larger purchases that will generate an increase in merchant fees. Other parts of our product suite and proprietary merchant interface are specifically designed to streamline the merchant experience. For example, we believe that our Sezzle Virtual Card bolsters our omnichannel offering and provides a rapid-installation, point-of-sale option for brick-and-mortar retailers through its compatibility with Apple Pay and Google Pay. With the Sezzle Virtual Card, consumers can enjoy in-store shopping with the convenience of immediately tapping into the Sezzle Platform with the "swipe" of their card at the point-of-sale. In addition, we work with other lending partners to offer consumers at participating merchants longer-term, monthly fixed-rate installment-loan products, which will support consumer purchases for big ticket items and earn us a fee on such transactions. We continue to seek out new partners to adopt our existing products and strategize on new products to complement our platform and core products, which we believe will have an impact on continued growth of our business.

Growth of our Consumer Base

To continue to grow our business, we need to maintain and increase our existing Active Consumer base and introduce new consumers to our platform. We rely heavily on our growing merchant base to offer our core product to new consumers at the point of sale for online transactions. We have developed new offerings such as Sezzle Spend to enable our merchants to offer rewards and promotions to new consumers. We have consistently added Active Consumers each quarter since our inception, while the number of transactions per Active Consumer has typically increased each quarter as well. We added 1.2 million Active Consumers during the year ended December 31, 2021, totaling 3.4 million Active Consumers on the platform at the end of the same period. We realize high repeat usage rates as a result of our differentiated offering, with the top 10% of our consumers measured by UMS transacting 49 times per year based on the transaction activity during the rolling twelve months ended December 31, 2021, although historical transaction activity is not an indication of future results.

Managing Credit Risk

A critical component of our business model is the ability to effectively manage the repayment risk inherent in allowing consumers to pay over time. To that end, a team of Sezzle engineers and risk specialists oversee our proprietary systems, identify transactions with elevated risk of fraud, assess the credit risk of the consumer and assign spending limits, and manage the ultimate receipt of funds. Because consumers primarily settle 25% of the purchase value upfront at the point of sale, we believe repayment risk is more limited relative to other traditional forms of unsecured consumer credit. Further, ongoing user interactions allow us to continuously refine and enhance the effectiveness of these platform tools through machine learning.

We absorb the costs of all core product uncollectible receivables from our consumers. The provision for uncollectible accounts is a significant component of our operating expenses, and excessive exposure to consumer repayment failure may impact our results of operations. We believe our systems and processes are highly effective and allow for predominantly accurate, real-time decisions in connection with the consumer transaction approval process. As our consumer base grows, the availability of data on consumer repayment behavior will also better optimize our systems and ability to make real-time consumers repayment capability decisions on a go forward basis. Optimizing repayment capacity decisions of our current and future consumer base may reduce our provision for uncollectible accounts and related charge-offs by providing optimal credit limits to qualified consumers.

Maintaining our Capital-Light Strategy

Maintaining our funding strategy and our low cost of capital is important to our ability to grow our business. We have created an efficient funding strategy which, in our view, has allowed us to scale our business and drive rapid growth. The speed with which we are able to recycle capital due to the short-term nature of our products has a multiplier effect on our committed capital.

Our funding helps drive our low cost of capital. We rely on more efficient revolving credit facilities with high advance rates to fund our receivables over time and also use merchant account payables as an alternative low-cost funding source.

General Economic Conditions and Regulatory Climate

Our business depends on consumers transacting with merchants, which in turn can be affected by changes in general economic conditions. For example, the retail sector is affected by such macro-economic 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. This may subsequently impact our 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 utilizing our services and bad debts may increase as a result of consumers' failure to repay the loans originated on the Sezzle Platform. Our industry is also impacted by numerous consumer finance and protection regulations, both domestic and international, and the prospects of new regulations, and the cost to comply with such regulations, have an ongoing impact on our results of operations and financial performance.

International Operations

We primarily operate in the United States and have operations in Canada, India, Brazil and certain countries in Europe. We are currently evaluating our business opportunities in international markets and may determine to exit markets outside of North America.

Seasonality

We experience seasonality as a result of spending patterns of our Active Consumers. Sezzle Income and UMS in the fourth quarter have historically been strongest for us, in line with consumer spending habits during the holiday shopping season, which has typically been accompanied by increased charge-offs when compared to the prior three quarters. This is most evident in merchant fees as these are recognized over the duration of the note with the consumer once the terms of the executed merchant agreement have been fulfilled and the merchant successfully confirms the transaction.

Impact of COVID-19

The COVID-19 pandemic has had, and continues to have, a significant impact on the U.S. economy and the markets in which we operate. We believe that our performance during this period demonstrates the value and effectiveness of our platform, the resilience of our business model, and the capabilities of our risk management and underwriting approach.

We experienced improved collections of notes receivables during 2020 through the first quarter of 2021 as a result of consumers having improved ability for repayment due to stimulus checks offered through the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") of 2020 and the American Rescue Plan Act of 2021. Also during 2020, we enacted an expansion of fee forgiveness and payment flexibility programs offered to consumers as a response to the COVID-19 pandemic.

In March 2020, we rolled out a work-from-home program for our employees, which has continued throughout 2021. In addition, we implemented restrictions in travel and attendance of group events, including industry-related conferences, during the onset of the COVID-19 pandemic. During 2020, these COVID-19 related measures resulted in lower than anticipated operating expenses. Beginning in 2021, we began to incur additional travel-related expenses for our sales and marketing teams to attend group events and industry-related conferences where it was safe to do so. We expect future operating expenses to continue to increase in future periods as a result of planned efforts to begin working from the office under a hybrid part-time, in-person model and the rolling back of our travel restrictions.

Key Operating Metrics

Underlying Merchant Sales

	For the years ended December 31,		Change	
	2021	2020	$	%
	(in thousands)			
Underlying Merchant Sales ("UMS")	$ 1,807,846	$ 856,382	$ 951,464	111.1 %

UMS is defined as the total value of sales made by merchants based on the purchase price of each confirmed sale where a consumer has selected the Sezzle Platform as the applicable payment option. UMS does not represent revenue earned by us, is not a component of our income, nor is included within our financial results prepared in accordance with GAAP. However, we believe that UMS is a useful operating metric to both us and our investors in assessing the volume of transactions that take place on the Sezzle Platform, which is an indicator of the success of our merchants and the strength of the Sezzle Platform.

For the years ended December 31, 2021 and 2020, UMS totaled $1.8 billion and $0.9 billion, respectively, which was an increase of 111.1%.

Active Merchants and Active Consumers

	As of December 31,		Change	
	2021	2020	#	%
	(in thousands)			
Active Merchants	47	27	20	76.0 %
Active Consumers	3,400	2,231	1,169	52.4 %

Active Merchants is defined as merchants who have had transactions with us in the last twelve months. As of December 31, 2021, we had 47 thousand Active Merchants, an increase of 76.0% when compared to the 27 thousand Active Merchants as of December 31, 2020. There is no minimum required number of transactions to meet the Active Merchant criteria.

Active Consumers is defined as unique end users who have placed an order with us within the last twelve months. As of December 31, 2021, we had 3.4 million Active Consumers, an increase of 52.4% when compared to our 2.2 million Active Consumers as of December 31, 2020.

Components of Results of Operations

Total Income

We refer to our primary component of total income as "Sezzle Income". Sezzle Income is comprised primarily from fees paid by merchants in exchange for our payment processing services. These fees are applied to the underlying sales to consumers passing through our platform and are predominantly based on a percentage of the consumer order value plus a fixed fee per transaction. Consumer installment payment plans typically consist of four installments, with the first payment of 25% of the consumer order value made at the time of purchase and subsequent payments coming due every two weeks thereafter. Additionally, consumers may reschedule their initial installment plan by delaying payment for up to two weeks, for which we generally earn a rescheduled payment fee. The total of merchant fees and rescheduled payment fees, less note origination costs (underwriting costs incurred that result in a successful transaction with the consumer), are collectively referred to as Sezzle Income within the consolidated statements of operations and comprehensive loss. Sezzle Income is then recognized over the average duration of the note using the effective interest rate method.

We also earn income from consumers in the form of account reactivation fees, recorded within "Account reactivation fee income" (a component of Total Income) on the consolidated statements of operations and comprehensive loss. When a consumer's payment fails in the automated payment process the consumer must pay a fee, which we refer to as an Account Reactivation Fee, before the consumer is able to use the Sezzle Platform again. We allow, at a minimum and subject to state jurisdiction regulation, a 48-hour waiver period where fees are dismissed if the installment is paid by the consumer. Account reactivation fees are recognized at the time the fee is charged to the consumer, less an allowance for uncollectible amounts.

Personnel

Personnel primarily comprises all wages and salaries paid to employees, contractor payments, employer-paid payroll taxes and employee benefits, and stock and incentive–based compensation.

Transaction Expense

Transaction expense primarily comprises processing fees paid to third parties to process debit, credit and ACH payments received from consumers, merchant affiliate program and partnership fees, and consumer communication costs. We incur merchant affiliate program and partnership fees when consumers make purchases with merchants who either were referred by another merchant or are associated with partner platforms with which we have a contractual agreement. We incur customer communication costs when we notify the consumer about the transaction status and upcoming payments. Communications are primarily made via text message directly to the consumer.

Third-Party Technology and Data

Third-party technology and data primarily comprises costs related to fraud prevention, other cloud-based computing services, and costs of failed loan applications. Underwriting costs incurred that result in successfully originated loans are an element of Sezzle Income and recognized as a reduction of the overall income and, therefore, are not included in third-party technology and data.

Marketing, Advertising, and Tradeshows

Marketing, advertising, and tradeshows primarily comprises costs related to marketing, sponsorships, advertising, attending tradeshows, promotions, and co-marketing the Sezzle brand with our merchants.

General and Administrative

General and administrative primarily comprises legal, compliance, audit, tax, and other consultation costs; third-party implementation fees; and charitable contributions.

Provision for Uncollectible Accounts

We calculate our provision for uncollectible accounts on notes receivable on an expected-loss basis. We maintain an allowance for uncollectible accounts at a level necessary to absorb estimated probable losses on principal and reschedule fee receivables from consumers. Any amounts delinquent after 90 days are charged-off with an offsetting reversal of the allowance through the provision for uncollectible accounts. Additionally, amounts identified as no longer collectible—such as when a consumer becomes deceased or bankrupt—are charged off immediately. We use our judgment to evaluate the allowance for uncollectible accounts based on current economic conditions and historical performance of consumer payments.

Net Interest Expense

We incur interest expense on a continuous basis as a result of draws on our revolving line of credit to fund consumer notes receivable as well as our Merchant Interest Program, whereby merchants may defer their payments owed by us in exchange for interest. The interest paid on borrowings under our revolving credit facility and Merchant Interest Program are based on LIBOR. Effective January 1, 2022, we amended our line of credit agreement to replace references to LIBOR with the U.S. Federal Reserve's Secured Overnight Financing Rate (SOFR).

Income Tax Expense

Income tax expense consists of income taxes in various jurisdictions, primarily U.S. Federal and state income taxes, and also the other foreign jurisdictions in which we operate. Tax effects of transactions reported in the consolidated financial statements consist of taxes currently due. Additionally, we record deferred taxes related primarily to differences between the basis of receivables, property and equipment, equity based compensation, and accrued liabilities for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Given our history of losses, a full valuation allowance is recorded against our deferred tax assets.

Other Comprehensive Income

Other comprehensive income is comprised of foreign currency translation adjustments.

Results of Operations

Total Income

	For the years ended December 31,		Change	
	2021	2020	$	%
Sezzle income	$ 98,200,184	$ 49,659,042	$ 48,541,142	97.7 %
Account reactivation fee income	16,616,451	9,129,231	7,487,220	82.0 %
Total income	**$ 114,816,635**	**$ 58,788,273**	**$ 56,028,362**	**95.3 %**

Total income is comprised of Sezzle income and account reactivation fees. Sezzle income for the years ended December 31, 2021 and 2020 totaled $98.2 million and $49.7 million, respectively, which was an increase of 97.7%. The increase compared to the prior year was driven by growth in our Active Merchants and Active Consumers, as well as increased repeat usage.

Account reactivation fee income recognized totaled $16.6 million and $9.1 million for the years ended December 31, 2021 and 2020, respectively. Account reactivation fees as a percentage of total income was 14.5% and 15.5% for the years ended December 31, 2021 and 2020, respectively. The decrease in this metric during the year ended December 31, 2021 when compared to the year ended December 31, 2020 was due to changes in our account reactivation fees assessment policy.

The breakout of Sezzle income for the years ended December 31, 2021 and 2020 is as follows:

	For the years ended December 31,		Change	
	2021	2020	$	%
Merchant fees	$ 94,374,892	$ 47,745,048	$ 46,629,844	97.7 %
Consumer reschedule fees	4,487,401	2,512,470	1,974,931	78.6 %
Direct note origination costs	(662,109)	(598,476)	(63,633)	10.6 %
Sezzle income	**$ 98,200,184**	**$ 49,659,042**	**$ 48,541,142**	**97.7 %**

Merchant fees totaled $94.4 million and $47.7 million for the years ended December 31, 2021 and 2020, respectively. Merchant fees as a percentage of Sezzle income remained consistent year-over-year at 96.1%. Despite a greater share of transactions taking place with enterprise merchants who have a lower Merchant Discount Rate in the current year, we maintained this percentage by realizing lower consumer reschedule fees and direct note origination costs relative to Sezzle income.

Consumer reschedule fees totaled $4.5 million and $2.5 million for the years ended December 31, 2021 and 2020, respectively. Consumer reschedule fee income as a percentage of Sezzle income was 4.6% and 5.1% for the years ended December 31, 2021 and 2020, respectively. The decrease in this metric was due to changes in our consumer reschedule fee policy.

Personnel

	For the years ended December 31,		Change	
	2021	2020	$	%
Personnel	$ 56,831,368	$ 30,689,462	$ 26,141,906	85.2 %

Personnel costs increased by 85.2% to $56.8 million for the year ended December 31, 2021, from $30.7 million for the year ended December 31, 2020. The increase in personnel costs was primarily a result of hiring more employees to support our operations.

Recorded within personnel, equity and incentive–based compensation totaled $18.1 million and $13.6 million for the years ended December 31, 2021 and 2020, respectively, which was a 32.6% increase. The increase in equity and incentive–based compensation was a result of expenses related to stock options and the vesting of restricted stock units under our equity incentive plans and our long-term incentive program. Long-term incentive plan expenses were $6.7 million and $5.9 million for the years ended December 31, 2021 and 2020, respectively.

Transaction Expense

	For the years ended December 31,		Change	
	2021	2020	$	%
Payment processing costs	$ 33,302,891	$ 17,400,352	$ 15,902,539	91.4 %
Affiliate and partner fees	5,789,966	3,539,157	2,250,809	63.6 %
Other transaction expense	4,383,286	1,550,117	2,833,169	182.8 %
Transaction expense	**$ 43,476,143**	**$ 22,489,626**	**$ 20,986,517**	**93.3 %**

Transaction expenses were $43.5 million and $22.5 million for the years ended December 31, 2021 and 2020, respectively.

Payment processing costs were $33.3 million and $17.4 million for the years ended December 31, 2021 and 2020, respectively. The 91.4% increase in costs year-over-year were primarily driven by the increase in volume of orders transacted by consumers and the related processing of payments associated with those orders.

Merchant affiliate program and partnership fees are incurred by us when consumers make purchases with merchants who either were referred by another merchant, or are associated with a partner platforms with which we have contractual agreements. Such costs were $5.8 million and $3.5 million for the years ended December 31, 2021 and 2020, respectively. The increase in costs was related to our increased volume of orders originating from merchants that were referred or are associated with our partnered platforms.

Other costs included in transaction expense were $4.4 million and $1.6 million for the years ended December 31, 2021 and 2020, respectively. Such costs are comprised of consumer communication costs and consumer and merchant service adjustments. The increase in costs were a result of increased Active Consumers and Active Merchants on the Sezzle Platform, as well as our efforts to improve recoveries of past due receivables.

Third-Party Technology and Data

	For the years ended December 31,		Change	
	2021	2020	$	%
Third-party technology and data	$ 5,549,844	$ 2,464,113	$ 3,085,731	125.2 %

Third-party technology and data costs totaled $5.5 million and $2.5 million for the years ended December 31, 2021 and 2020, respectively. The increase in expense was primarily related to our growth in Active Consumers and Underlying Merchant Sales and includes cloud-based infrastructure, fraud prevention, obtaining underwriting data that resulted in failed loan applications, and connecting consumer bank accounts to the Sezzle Platform. Additionally, the increase in costs year-over-year was due to the implementation and expanded use of key cloud-based systems to support the growth of our operations.

Marketing, Advertising, and Tradeshows

	For the years ended December 31,		Change	
	2021	2020	$	%
Marketing, advertising, and tradeshows	$ 9,251,854	$ 4,274,929	$ 4,976,925	116.4 %

Marketing, advertising, and tradeshow costs increased to $9.3 million for the year ended December 31, 2021, compared to $4.3 million for the year ended December 31, 2020. The increase in costs were primarily a result of increased initiatives to co-market the Sezzle brand with our merchants. Costs related to Sezzle Spend promotions and digital advertising also contributed to increased expenses year-over-year.

General and Administrative

	For the years ended December 31,		Change	
	2021	2020	$	%
General and administrative	$ 15,768,583	$ 7,214,535	$ 8,554,048	118.6 %

General and administrative costs increased to $15.8 million for the year ended December 31, 2021, compared to $7.2 million for the year ended December 31, 2020. The increase in expense was primarily related to professional fees, implementation incentives with merchants, recruiting new employees, and charitable contributions. Professional fees include legal, compliance, audit, tax, and consulting services to support the growth of our company.

Provision for Uncollectible Accounts

	For the years ended December 31,		Change	
	2021	2020	$	%
Provision for uncollectible accounts	$ 52,621,682	$ 19,587,918	$ 33,033,764	168.6 %

The total provision for uncollectible accounts was $52.6 million for the year ended December 31, 2021, compared to $19.6 million for the year ended December 31, 2020. As a percentage of Sezzle income, the provision for uncollectible accounts was 53.6% and 39.4% for the years ended December 31, 2021 and 2020, respectively.

During the year ended December 31, 2020, our provision expense in the first half of the year as a percentage of Sezzle income was relatively lower due to both our tightening of credit to consumers as an initial response to COVID-19 and overall improved collections driven in part by the U.S. government stimulus checks offered to many of our consumers through the CARES Act. This lower provision was offset by increased losses associated with testing various credit underwriting strategies with enterprise merchants, which began in the third quarter of 2020.

During the year ended December 31, 2021, our provision increased year-over-year primarily as a result of increases in UMS and Active Consumers. Additionally, the provision, and our provision as a percentage of Sezzle income, increased year-over-year as a result of several factors. Most significantly, our non-integrated product offerings with enterprise merchants drove adverse selection, resulting in higher provision expense. Compounding this negative impact on total portfolio performance, enterprise merchant volume grew as a percentage of our total volume throughout the year. Additionally, we experienced higher loss rates associated with first payments made via ACH.

To mitigate these higher losses, we have implemented and are continuing to implement processes to reduce loss rates. During the third quarter we improved our recoveries process. Additionally, in September 2021 we began requiring a debit or credit card on file to make the initial installment payment when selecting to pay via ACH, which substantially reduced our first payment loss rates. Finally, we are continuing to work with enterprise merchants to integrate our product, which will further reduce our loss rates.

Net Interest Expense

	For the years ended December 31,		Change	
	2021	2020	$	%
Net interest expense	$ 5,269,284	$ 4,303,175	$ 966,109	22.5 %

Net interest expense was $5.3 million and $4.3 million for the years ended December 31, 2021 and 2020, respectively. The increase in expense was driven by higher costs in the current year related to our Merchant Interest Program, unused line of credit fees, and amortization of debt issuance costs related to our line of credit. These higher costs were offset with a lower interest expense on our new line of credit that went into effect in February 2021, which carries a lower interest rate than our previous line of credit facility.

Income Taxes

Income tax expense for the years ended December 31, 2021 and 2020 was $58,416 and $30,964, respectively. Our effective income tax rate for the year ended December 31, 2021 was 0.1%, consistent with the prior year, was minimal due to a full valuation allowance, and is comprised of minimum income taxes owed to state and local jurisdictions. Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. A significant piece of objective negative evidence evaluated was the cumulative loss incurred over the three-year period ended December 31, 2021. Such objective evidence limits the ability to consider other subjective evidence, such as our projections for future growth. On the basis of this evaluation, a full valuation allowance is recorded against our net deferred tax assets as of December 31, 2021 and December 31, 2020.

Other Comprehensive Income

We had $69,406 and $494,505 of foreign currency translation adjustments recorded within other comprehensive income for the years ended December 31, 2021 and 2020, respectively. Foreign currency translation adjustments are a result of the financial statements of our non-U.S. subsidiaries being translated into U.S. dollars in accordance with ASC 830, “Foreign Currency Matters”. We expect to record foreign currency translation adjustments in future years and changes will be dependent on fluctuations in foreign currencies of countries in which we have operations.

Liquidity and Capital Resources

We have incurred net losses since inception, incurring a net loss of $75.2 million and $32.4 million for the years ended December 31, 2021 and 2020, respectively. We have historically financed our operating and capital needs primarily through private sales of equity, our initial public offering on the Australian Securities Exchange, and our revolving line of credit. As of December 31, 2021, our principal sources of liquidity were cash, cash equivalents, restricted cash, the unused borrowing capacity on our line of credit, and certain cash flows from operations.

As of December 31, 2021, we had cash, cash equivalents, and restricted cash of $78.9 million, compared to $89.1 million as of December 31, 2020. Our cash and cash equivalents were held primarily for working capital requirements and the continued investment in our business. Substantially all of our restricted cash is made available for use within 2-3 business days.

As of December 31, 2021 and 2020, we had working capital of $113.7 million and $104.6 million, respectively. Additionally, as of December 31, 2021 we had an unused borrowing capacity on our line of credit of $29.8 million, compared to $23.9 million as of December 31, 2020.

We meet our liquidity requirements primarily through proceeds from our line of credit, which is subject to various covenants. If our net losses continue at the same level in future periods, it would result in the breach of one or more of such line of credit covenants. Our line of credit is a significant component of our working capital management.

On February 25, 2022 we amended our existing line of credit covenants as disclosed in Note 17. Subsequent Events within the accompanying notes to consolidated financial statements. Additionally, on March 10, 2022 we undertook a workforce reduction to provide us with additional annualized cost savings of approximately $10 million. We will undertake further cost cutting measures if the actions taken during the first quarter of 2022 do not fully mitigate the risk of breaching one or more of our line of credit covenants.

We believe that the implementation of these plans, along with our existing cash, cash equivalents, restricted cash, our unused borrowing capacity on our line of credit, and certain cash flows from operations will be sufficient to meet our working capital and investment requirements beyond the next 12 months.

Cash Flows

The following table summarizes our cash flows for the years ended December 31, 2021 and 2020:

	For the years ended	
	December 31, 2021	**December 31, 2020**
Net Cash Used for Operating Activities	$ (72,132,050)	$ (24,808,861)
Net Cash Used for Investing Activities	(1,420,027)	(732,911)
Net Cash Provided from Financing Activities	63,239,966	77,565,841
Effect of exchange rate changes on cash	98,376	455,216
Net (decrease) increase in cash, cash equivalents, and restricted cash	$ (10,312,111)	$ 52,024,069

Operating Activities

Net cash used for operating activities was $72.1 million and $24.8 million for the years ended December 31, 2021 and 2020, respectively.

During the year ended December 31, 2021, receipts from consumers totaled $1.656 billion compared with cash payments to merchants of $1.615 billion. Cash receipts from consumers exceeded payments to merchants primarily due to the deferral of payments to merchants under the Merchant Interest Program. Additionally, the Company incurred cash outflows of $37.0 million for personnel related expenses, $40.7 million for transaction expenses (primarily payment processing costs), $8.8 million for advertising, marketing and tradeshow related expenses, $4.8 million of interest expense payments, and $21.8 million of cash outflows for third-party technology and other general and administrative expenses.

During the year ended December 31, 2020, receipts from consumers totaled $773.4 million compared with cash payments to merchants of $743.3 million. Cash receipts from consumers exceeded payments to merchants primarily due to the deferral of payments to merchants under the Merchant Interest Program. Additionally, the Company incurred cash outflows of $14.9 million for personnel related expenses, $22.5 million for transaction expenses (primarily payment processing costs), $4.0 million for advertising, marketing and tradeshow related expenses, $3.8 million of interest expense payments, and $9.7 million of cash outflows for third-party technology and data, along with various general and administrative expenses.

The net cash provided from consumers (to merchants) for the years ended December 31, 2021 and 2020 was $40.9 million and $30.1 million, respectively. Beginning in the third quarter of the current year, payments to merchants began growing at a faster rate than receipts from consumers due to a higher proportion of our merchants being enterprise-level. Large enterprise merchants typically do not participate in the Merchant Interest Program, and as a result do not defer their payments. The increase in personnel cash outflows, year over year, are driven by an increase in employee headcount. The increase in cash outflows for transaction and interest related expenses are driven by the overall increase in UMS. Other increases in cash outflows, year over year, are due to overall growth in the Company's operations.

Investing Activities

Net cash used for investing activities during the year ended December 31, 2021 was $1.4 million, compared to $0.7 million during the year ended December 31, 2020. Cash outflows for investing activities were primarily used for purchasing computer equipment, as well as payments of salaries to employees who create capitalized internal-use software.

Financing Activities

Net cash provided from financing activities during the year ended December 31, 2021 was $63.2 million, compared to $77.6 million during the year ended December 31, 2020.

Significant financing cash inflows during the year ended December 31, 2021 included net proceeds from our line of credit totaling $38.8 million, net proceeds from the issuance of shares of common stock to Discover Financial Services LLC totaling $30.0 million, and proceeds from stock option exercises totaling $1.0 million.

Significant financing cash outflows during the year ended December 31, 2021 included payments of debt issuance and extinguishment costs totaling $2.7 million related to the closing of our new line of credit, repayment of the principal on our Paycheck Protection

Program (PPP) loan of $1.2 million, and the repurchase of shares of common stock from employees to cover minimum statutory tax obligations totaling $2.7 million.

Line of Credit

Refer to Note 11. Line of Credit on the accompanying notes to our consolidated financial statements for discussion about our line of credit.

Paycheck Protection Plan Loan

Refer to Note 12. Long Term Debt on the accompanying notes to our consolidated financial statements for discussion about our Paycheck Protection Plan loan.

Equity Financing

Refer to Note 9. Stockholders' Equity on the accompanying notes to our consolidated financial statements for discussion about our issuances of shares of common stock.

Merchant Contract Obligations

Refer to Note 7. Commitments and Contingencies on the accompanying notes to our consolidated financial statements for discussion about our merchant contract obligations.

Recent Amendment to Credit Agreement and Guaranty

Refer to Note 17. Subsequent Events on the accompanying notes to our consolidated financial statements for discussion about our recent amendment to our credit agreement and guaranty. The full copy of the Amendment to our credit agreement and guaranty is incorporated herein as Exhibit 10.8.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. These principles require us to make certain estimates and judgments that affect the amounts reported in our consolidated financial statements. We base our estimates on historical experience and on various other assumptions that management believes to be reasonable. Our actual results may differ materially from our estimates because of certain accounting policies requiring significant judgment. To the extent that there are material differences between our estimates and actual results, our future consolidated financial statements will be affected.

We evaluate our significant estimates on an ongoing basis, including, but not limited to, estimates related to our allowance for uncollectible accounts, equity-based compensation, income taxes, and internally developed intangible assets. We believe these estimates have the greatest risk of affecting our consolidated financial statements; therefore, we consider these to be our critical accounting policies and estimates.

Receivables and Credit Policy

Notes receivable represent amounts from uncollateralized consumer receivables generated from the purchase of merchandise. The original terms of the notes for our core product are to be paid back in equal installments every two weeks over a six-week period. We do not charge interest on the notes to consumers. We defer direct note origination costs over the average life of the notes receivable using the effective interest rate method. These net deferred costs are recorded within notes receivable, net on the consolidated balance sheets. Notes receivable are recorded at net realizable value and are recorded as current assets. We evaluate the collectability of the balances based on historical performance, current economic conditions, and specific circumstances of individual notes, with an allowance for uncollectible accounts being provided as necessary.

Other receivables represent the net realizable value of consumer account reactivation fees receivable, merchant accounts receivable, and merchant processing fees receivable. Consumer account reactivation fees receivable, less an allowance for uncollectible accounts, represent the amount of account reactivation fees we reasonably expect to receive from consumers. Receivables from merchants represent amounts merchants owe us relating to transactions placed by consumers on their sites. All notes receivable from consumers, as well as related fees, outstanding greater than 90 days past due are charged off as uncollectible. It is our practice to continue collection efforts after the charge-off date.

Sezzle Income

We receive our income primarily from fees paid by merchants in exchange for our payment processing services. These fees are applied to the underlying sales to consumers passing through our platform and are predominantly based on a percentage of the consumer order value plus a fixed fee per transaction. Consumer installment payment plans typically consist of four installments, with the first payment made at the time of purchase and subsequent payments coming due every two weeks thereafter. Additionally, consumers may reschedule their initial installment plan by delaying payment for up to two weeks, for which we generally earn a rescheduled payment fee. The total of merchant fees and rescheduled payment fees, less note origination costs, are collectively referred to as Sezzle income within the consolidated statements of operations and comprehensive loss. Sezzle income is initially recorded as a reduction to notes receivable, net within the consolidated balance sheets. Sezzle income is then recognized over the average duration of the note using the effective interest rate method.

Equity Based Compensation

We maintain stock compensation plans that offer incentives in the form of non-statutory stock options and restricted stock to employees, directors, and advisors of the Company. Equity based compensation expense reflects the fair value of awards measured at the grant date and recognized over the relevant vesting period. We estimate the fair value of stock options without a market condition on the measurement date using the Black-Scholes option valuation model. The fair value of stock options with a market condition is estimated, at the date of grant, using the Monte Carlo Simulation model. The Black-Scholes and Monte Carlo Simulation models incorporate assumptions about stock price volatility, the expected life of the options, risk-free interest rate, and dividend yield. For valuing our stock option grants, significant judgment is required for determining the expected volatility of our shares of common stock and is based on the historical volatility of both its shares of common stock and its defined peer group. The fair value of restricted stock awards and restricted stock units that vest based on service conditions is based on the fair market value of our shares of common stock on the date of grant. The expense associated with equity-based compensation is recognized over the requisite service period using the straight-line method. We issue new shares of common stock upon the exercise of stock options and vesting of restricted stock units.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the consolidated financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of receivables, property and equipment, and accrued liabilities for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. A full valuation allowance is recorded against our deferred tax assets.

We evaluate our tax positions that have been taken or are expected to be taken on income tax returns to determine if an accrual is necessary for uncertain tax positions. To date we have not recorded any liabilities for uncertain tax positions.

Recent Accounting Pronouncements

Refer to Note 1. Principal Business Activity and Significant Accounting Policies on the accompanying notes to our consolidated financial statements for discussion about recent accounting pronouncements.

Off Balance Sheet Arrangements

We do not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, that would have been established for the purpose of facilitating off balance sheet arrangements (as that term is defined in Item 303(a)(4)(ii) of Regulation S-K) or other contractually narrow or limited purposes. As such, we are not exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in those types of relationships. We enter into guarantees in the ordinary course of business related to the guarantee of our performance and the performance of our subsidiaries.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks during our ordinary course of business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices, interest rates, and foreign currency exchange rates. Our primary risk exposure is the result of fluctuations in interest rates and foreign currency exchange rates.

Interest Rate Risk

Our cash, cash equivalents, and restricted cash are primarily held in checking, savings, and money market accounts. As of December 31, 2021 and 2020, we had approximately $6.4 million and $10.0 million of cash equivalents invested in money market funds. The fair value of our cash and cash equivalents would not be materially affected by either an increase or decrease in interest rates due to the short-term nature of these investments.

Our line of credit accrued interest at a floating rate based on a formula tied to the London Inter-Bank Offered Rate (LIBOR). A 0.1 percentage point increase or decrease in LIBOR would not have had a material affect on our accrued interest due to a LIBOR floor clause stipulated in the agreement. In 2017, the United Kingdom's Financial Conduct Authority announced the intent to phase out LIBOR by the end of 2021. Effective January 1, 2022, we amended our line of credit agreement to replace references to LIBOR with the U.S. Federal Reserve's Secured Overnight Financing Rate (SOFR). Changing the floating interest rate to reference SOFR instead of LIBOR will have no material impact on our financial statements, liquidity, or access to capital markets.

Foreign Currency Risk

During the ordinary course of business, we enter into transactions denominated in foreign currencies. We have experienced and will continue to experience fluctuations in our net income as a result of transaction gains or losses related to revaluing monetary assets and liabilities that are denominated in currencies other than the functional currency of the entities in which they are recorded. If a hypothetical 10% foreign currency exchange rate change was applied to total monetary assets and liabilities denominated in currencies other than the functional currency of the entities in which they were recorded at the balance sheet date, it would not have a material impact on our financial results. At this time, we have not entered into derivatives or other financial instrument transactions in an attempt to hedge our foreign currency exchange risk due to its immaterial nature. In the future, we may enter into such transactions should our exposure become more substantial.

We are also subject to foreign currency exchange risk related to translation, as a number of our subsidiaries have functional currencies other than the U.S. Dollar. Translation from these foreign currencies to the U.S. Dollar is performed for balance sheet accounts using exchange rates in effect at the balance sheet date and for revenue and expense accounts using an average exchange rate for the period. Resulting translation adjustments are reported as a component of accumulated other comprehensive income on the consolidated balance sheets. A hypothetical 10% change in our subsidiaries' functional currencies against the U.S. Dollar compared to the exchange rate as of December 31, 2021 would result in a foreign currency translation adjustment of approximately $0.3 million.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

To the shareholders and the board of directors of Sezzle Inc. and Subsidiaries:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Sezzle Inc. and Subsidiaries (the "Company") as of December 31, 2021 and 2020, the related consolidated statements of operations and comprehensive loss, stockholders' equity and cash flows for the years ended December 31, 2021 and 2020, and the related notes (collectively referred to as the "financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years ended December 31, 2021 and 2020, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Baker Tilly US, LLP

We have served as the Company's auditor since 2019.

Minneapolis, Minnesota
March 30, 2022

Table of Contents

Consolidated Balance Sheets

	As of	
	December 31, 2021	December 31, 2020
Assets		
Current Assets		
Cash and cash equivalents	$ 76,983,728	$ 84,285,383
Restricted cash, current	1,886,440	4,798,520
Notes receivable, net	133,986,583	80,807,300
Other receivables, net	5,084,099	1,403,306
Prepaid expenses and other current assets	3,350,053	1,705,919
Total current assets	221,290,903	173,000,428
Non-Current Assets		
Internally developed intangible assets, net	910,584	537,046
Property and equipment, net	662,472	375,186
Operating right-of-use assets	285,865	145,576
Restricted cash, non-current	20,000	20,000
Other assets	233,752	32,537
Total Assets	**$ 223,403,576**	**$ 174,110,773**
Liabilities and Stockholders' Equity		
Current Liabilities		
Merchant accounts payable	$ 96,516,668	$ 60,933,272
Operating lease liabilities	171,959	142,743
Accrued liabilities	7,996,772	6,680,870
Other payables	2,874,046	615,839
Total current liabilities	107,559,445	68,372,724
Long Term Liabilities		
Long term debt	250,000	1,470,332
Lease liabilities	90,962	—
Line of credit, net of unamortized debt issuance costs of $1,088,869 and $173,773, respectively	77,711,131	39,826,227
Other non-current liabilities	—	4,483,073
Total Liabilities	**185,611,538**	**114,152,356**
Commitments and Contingencies		
Stockholders' Equity		
Common stock, $0.00001 par value; 750,000,000 and 300,000,000 shares authorized, respectively; 204,891,057 and 197,078,709 shares issued, respectively; 204,230,939 and 196,926,674 shares outstanding, respectively	2,044	1,970
Additional paid-in capital	168,338,673	112,640,974
Stock subscriptions: 20,729 and 64,000 shares subscribed, respectively	(18,545)	(69,440)
Treasury stock, at cost: 660,118 and 152,035 shares, respectively	(3,691,322)	(875,232)
Accumulated other comprehensive income	563,911	494,505
Accumulated deficit	(127,402,723)	(52,234,360)
Total Stockholders' Equity	**37,792,038**	**59,958,417**

See the accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Operations and Comprehensive Loss

	For the years ended	
	December 31, 2021	December 31, 2020
Income		
Sezzle income	$ 98,200,184	$ 49,659,042
Account reactivation fee income	16,616,451	9,129,231
Total income	114,816,635	58,788,273
Operating Expenses		
Personnel	56,831,368	30,689,462
Transaction expense	43,476,143	22,489,626
Third-party technology and data	5,549,844	2,464,113
Marketing, advertising, and tradeshows	9,251,854	4,274,929
General and administrative	15,768,583	7,214,535
Provision for uncollectible accounts	52,621,682	19,587,918
Total operating expenses	183,499,474	86,720,583
Operating Loss	**(68,682,839)**	**(27,932,310)**
Other Expenses		
Net interest expense	(5,269,284)	(4,303,175)
Other expense, net	(65,145)	(126,291)
Loss on extinguishment of line of credit	(1,092,679)	—
Loss before taxes	(75,109,947)	(32,361,776)
Income tax expense	58,416	30,964
Net Loss	**(75,168,363)**	**(32,392,740)**
Other Comprehensive Income		
Foreign currency translation adjustment	69,406	494,505
Total Comprehensive Loss	**$ (75,098,957)**	**$ (31,898,235)**
Net Losses per Share:		
Basic and diluted loss per common share	$ (0.38)	$ (0.17)
Basic and diluted weighted average shares outstanding	200,344,028	186,842,646

See the accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Stockholders' Equity

	Common Stock		Additional Paid-in Capital	Stock Subscriptions	Treasury Stock, At Cost	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
	Shares	Amount						
Balance at January 1, 2020	**178,931,312**	**$ 1,789**	**$ 47,154,147**	**$ —**	**$ —**	**$ —**	**$ (19,841,620)**	**$ 27,314,316**
Equity based compensation	—	—	6,528,356	—	—	—	—	6,528,356
Stock option exercises	1,492,060	14	427,717	—	—	—	—	427,731
Restricted stock issuances and vesting of awards	464,736	5	482,483	—	—	—	—	482,488
Stock subscriptions receivable related to stock option exercises	244,416	3	77,912	(77,915)	—	—	—	—
Stock subscriptions collected related to stock option exercises	—	—	—	8,475	—	—	—	8,475
Repurchase of common stock	(152,035)	—	—	—	(875,232)	—	—	(875,232)
Retirement of common stock	(343,750)	(3)	(2,231)	—	—	—	—	(2,234)
Proceeds from issuance of common stock, net of issuance costs	16,289,935	162	57,972,590	—	—	—	—	57,972,752
Foreign currency translation adjustment	—	—	—	—	—	494,505	—	494,505
Net loss	—	—	—	—	—	—	(32,392,740)	(32,392,740)
Balance at December 31, 2020	**196,926,674**	**$ 1,970**	**$ 112,640,974**	**$ (69,440)**	**$ (875,232)**	**$ 494,505**	**$ (52,234,360)**	**$ 59,958,417**

	Common Stock		Additional Paid-in Capital	Stock Subscriptions	Treasury Stock, At Cost	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
	Shares	Amount						
Balance at January 1, 2021	**196,926,674**	**$ 1,970**	**$ 112,640,974**	**$ (69,440)**	**$ (875,232)**	**$ 494,505**	**$ (52,234,360)**	**$ 59,958,417**
Equity based compensation	—	—	9,013,029	—	—	—	—	9,013,029
Stock option exercises	1,486,341	15	765,771	—	—	—	—	765,786
Restricted stock issuances and vesting of awards	1,569,681	16	5,148,709	—	—	—	—	5,148,725
Issuance of restricted stock units for settlement of accrued expenses	—	—	1,996,779	—	—	—	—	1,996,779
Conversion of liability-classified incentive awards to stockholder's equity	—	—	8,580,123	—	—	—	—	8,580,123
Stock subscriptions receivable related to stock option exercises	197,056	2	196,102	(196,104)	—	—	—	—
Stock subscriptions collected related to stock option exercises	—	—	—	246,999	—	—	—	246,999
Repurchase of common stock	(508,083)	(5)	—	—	(2,816,090)	—	—	(2,816,095)
Proceeds from issuance of common stock, net of issuance costs	4,559,270	46	29,997,186	—	—	—	—	29,997,232
Foreign currency translation adjustment	—	—	—	—	—	69,406	—	69,406
Net loss	—	—	—	—	—	—	(75,168,363)	(75,168,363)
Balance at December 31, 2021	**204,230,939**	**$ 2,044**	**$ 168,338,673**	**$ (18,545)**	**$ (3,691,322)**	**$ 563,911**	**$ (127,402,723)**	**$ 37,792,038**

See the accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

	For the years ended	
	December 31, 2021	December 31, 2020
Operating Activities:		
Net loss	$ (75,168,363)	$ (32,392,740)
Adjustments to reconcile net loss to net cash used for operating activities:		
Depreciation and amortization	749,111	428,374
Provision for uncollectible accounts	52,621,682	19,587,918
Provision for other uncollectible receivables	7,349,852	2,723,853
Equity based compensation and restricted stock vested	14,161,754	7,010,844
Amortization of debt issuance costs	689,930	417,054
Impairment losses on long-lived assets	5,475	7,850
Loss on extinguishment of line of credit	1,092,679	—
Changes in operating assets and liabilities:		
Notes receivable	(105,950,424)	(74,983,119)
Other receivables	(11,031,826)	(3,810,392)
Prepaid expenses and other assets	(1,855,206)	(795,884)
Merchant accounts payable	35,696,079	47,467,731
Other payables	2,111,082	84,962
Accrued liabilities	7,416,249	9,469,738
Operating leases	(20,124)	(25,050)
Net Cash Used for Operating Activities	**(72,132,050)**	**(24,808,861)**
Investing Activities:		
Purchase of property and equipment	(686,032)	(410,896)
Internally developed intangible asset additions	(733,995)	(322,015)
Net Cash Used for Investing Activities	**(1,420,027)**	**(732,911)**
Financing Activities:		
Proceeds from issuance of long term debt	—	1,220,332
Payments on long term debt	(1,220,332)	—
Proceeds from line of credit	174,666,667	85,650,000
Payments to line of credit	(135,866,667)	(67,100,000)
Payments of debt issuance costs	(1,697,705)	—
Payment of debt extinguishment costs	(1,000,000)	—
Proceeds from stock option exercises	765,786	427,731
Stock subscriptions collected related to stock option exercises	246,999	8,475
Repurchase of common stock	(2,652,014)	(611,215)
Retirement of common stock	—	(2,234)
Proceeds from issuance of common stock	30,000,000	60,457,256
Costs incurred from issuance of common stock	(2,768)	(2,484,504)
Net Cash Provided from Financing Activities	**63,239,966**	**77,565,841**
Effect of exchange rate changes on cash	98,376	455,216
Net (decrease) increase in cash, cash equivalents, and restricted cash	(10,312,111)	52,024,069

See the accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

Note 1. Principal Business Activity and Significant Accounting Policies

Principal Business Activity

Sezzle Inc. (the "Company" or "Sezzle") is a technology-enabled payments company based in the United States with operations in the United States, Canada, India, Europe, and startup operations in Brazil. The Company is a Delaware Public Benefit Corporation formed on January 4, 2016. The Company offers its payment solution at online stores and a select number of brick-and-mortar retail locations, connecting consumers with merchants via a proprietary payments solution that instantly extends credit at point-of-sale, allowing consumers to purchase and receive the items that they need now while paying over time in interest-free installments.

Merchants turn to Sezzle to increase sales by tapping into Sezzle's existing user base, increase conversion rates, increase spend per transaction, increase purchase frequency, and reduce return rates, all without bearing any credit risk. Sezzle is a high-growth, networked platform that benefits from a symbiotic and mutually beneficial relationship between merchants and consumers.

The Company's core product allows consumers to make online purchases and split the payment for the purchase over four equal, interest-free payments over six weeks. The consumer makes the first payment at the time of checkout and makes the subsequent payments every two weeks thereafter. For the Company's core direct integration solution, the purchase price, less merchant fees, is paid to merchants by Sezzle in advance of collecting the purchase price installments from the consumer. For the Sezzle Virtual Card solution, the full purchase price is paid to merchants at the time of sale, and Sezzle separately invoices the merchant for merchant fees due to the Company.

The Company is headquartered in Minneapolis, Minnesota.

Basis of Presentation and Principles of Consolidation

The consolidated financial statements are prepared and presented under accounting principles generally accepted in the United States of America (U.S. GAAP). All amounts are reported in U.S. dollars, unless otherwise noted. The Company consolidates the accounts of subsidiaries for which it has a controlling financial interest. The accompanying consolidated financial statements include all the accounts and activity of Sezzle Inc. and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Liquidity and Financial Condition

The Company meets its liquidity requirements primarily through proceeds from its line of credit, of which it is subject to various covenants. During the year ended December 31, 2021, the Company incurred net losses from its operations, which if continued at the same level in future periods would result in the breach of one or more of such line of credit covenants. The Company's line of credit is a significant component of its working capital management.

On February 25, 2022 the Company amended its existing line of credit covenants as disclosed in the subsequent event footnote of the consolidated financial statements. Additionally, on March 10, 2022 the Company undertook a workforce reduction to provide the Company with additional annualized cost savings of approximately $10 million. The Company will undertake further cost cutting measures if the actions taken during the first quarter of 2022 do not fully mitigate the risk of breaching one or more of its line of credit covenants.

Management believes that the implementation of these plans will allow the Company to continue as a going concern through at least March 31, 2023.

There are no assurances that the Company's implementation of these efforts will be successful, or that the degree of success will be sufficient to meet its current operating costs and requirements under its line of credit covenants. If the Company is unable to increase its profitability and liquidity, it may not be able to fund its ongoing operations.

The accompanying consolidated financial statements assume that the Company will continue as a going concern and have been prepared on the basis of the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The accompanying consolidated financial statements do not include any adjustments to the recoverability and classifications of recorded assets and liabilities as a result of uncertainties.

Concentrations of Credit Risk

Cash and Cash Equivalents

Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash and cash equivalents. The Company maintains its cash in depository accounts that, at times, may exceed limits established by the Federal Deposit Insurance Corporation (“FDIC”) and equivalent foreign institutions. As of the date of this report, the Company has experienced no losses on such accounts.

Foreign Currency Risk

The Company holds funds and settles payments that are denominated in currencies other than U.S. dollars. Changes in foreign currency exchange rates expose the Company to fluctuations on its consolidated balance sheets and statements of operations and comprehensive loss. Currency risk is managed through limits set on total foreign deposits on hand that the Company routinely monitors.

Notes Receivable

The Company is exposed to the risk of credit losses as a result of extending credit to consumers. Changes in economic conditions may result in higher credit losses. The Company has a policy for establishing credit lines for individual consumers that helps mitigate credit risk. The allowance for uncollectible accounts is adequate for covering any potential losses on outstanding notes receivable.

Cash and Cash Equivalents

The Company considers all money market funds and other highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. The Company accepts Automated Clearing House ("ACH"), Electronic Funds Transfer ("EFT"), debit card, and credit card payment methods from consumers as a method to settle its receivables, and these transactions are generally transmitted through third parties. The payments due from the third parties for debit card, credit card, ACH, and EFT transactions are generally settled within three days of initiation. The Company considers all bank, debit, and credit card transactions initiated before the end of the period to be cash and cash equivalents. The Company had cash and cash equivalents of $76,983,728 and $84,285,383 as of December 31, 2021 and 2020, respectively.

Restricted Cash

The Company is required to maintain cash balances in a bank account in accordance with the lending agreement executed on February 10, 2021 between Sezzle Funding SPE II, LLC, Sezzle Inc, and their third party line of credit providers Goldman Sachs Bank USA, Bastion Consumer Funding II, LLC, and Bastion Funding IV LLC. The bank account is the property of Sezzle Funding SPE II, LLC, but access to consumer payments is controlled by the line of credit providers. On a regular basis, cash received from consumers is deposited to the bank account and subsequently made available to Sezzle through periodic settlement reporting with the line of credit providers. Cash deposits to the bank account represent cash received from consumers not yet made available to Sezzle, as well as a minimum balance consisting of the sum of accrued interest on the drawn credit facility, accrued management fees charged by the line of credit providers, and 1% of the highest funded facility amount during the previous two collection periods. From time to time, Sezzle may withdraw cash received from the bank account provided it meets certain requirements. The Company is also required to maintain a minimum balance of $25,000 in a deposit account with a third-party service provider in order to fund merchants using the Company's virtual card solution. The Company had funds on deposit with foreign banking institutions as part of their respective local licensing

processes that were restricted until the processes were completed. The amount on deposit within the current restricted bank accounts totaled $1,886,440 and $4,798,520 as of December 31, 2021 and 2020, respectively.

The Company is required to maintain a $20,000 cash balance held in a reserve account to cover ACH transactions. The cash balance within this account is classified as non-current restricted cash on the consolidated balance sheets.

Receivables and Credit Policy

Notes receivable represent amounts from uncollateralized consumer receivables generated from the purchase of merchandise. The original terms of the notes for the Company's core product are to be paid back in four equal installments every two weeks over a six-week period, with the first installment being paid at the time of purchase. The Company does not charge interest on the notes to consumers. Sezzle income is recognized over the average life of the notes receivable using the effective interest rate method. These net deferred costs are recorded within notes receivable, net on the consolidated balance sheets. Notes receivable are recorded at net realizable value and are recorded as current assets. The Company evaluates the collectability of the balances based on historical performance, current economic conditions, and specific circumstances of individual notes, with an allowance for uncollectible accounts being provided as necessary.

Other receivables represents the net realizable value of consumer account reactivation fees receivable, merchant accounts receivable, and merchant processing fees receivable. Consumer account reactivation fees receivable, less an allowance for uncollectible accounts, represents the amount of account reactivation fees the Company reasonably expects to receive from consumers. Receivables from merchants represent amounts merchants owe Sezzle relating to transactions placed by consumers on their sites.

All notes receivable from consumers, as well as related fees, outstanding greater than 90 days past due are charged off as uncollectible. It is the Company's practice to continue collection efforts after the charge-off date. Refer to Note 4 and Note 5 for further information about receivable balances, allowances, and charge-off amounts.

Sezzle Income

Sezzle income as disclosed within the consolidated statements of operations and comprehensive loss is comprised of merchant fees and rescheduled payment fees, less note origination costs.

Sezzle earns its income primarily from fees paid by merchants in exchange for Sezzle's payment processing services. These fees are applied to the underlying sales to consumers passing through the Company's platform and are predominantly based on a percentage of the consumer order value plus a fixed fee per transaction. Consumer installment payment plans typically consist of four installments, with the first payment made at the time of purchase and subsequent payments coming due every two weeks thereafter. Consumers are allowed to reschedule their initial installment one time without incurring a reschedule fee and the principal of a rescheduled payment is not considered to be delinquent. If consumers reschedule a payment more than once in the same order cycle they are subject to a reschedule fee. Note origination costs are comprised of costs paid to third-parties to obtain data for underwriting consumers which result in a successful transaction. Such costs which result in a declined order are recorded within third-party technology and data on the consolidated statements of operations and comprehensive loss.

Sezzle income is initially recorded as a reduction to notes receivable, net, within the consolidated balance sheets. Sezzle income is then recognized over the average duration of the note using the effective interest rate method. Total Sezzle income to be recognized over the duration of existing notes receivable outstanding was $5,240,919 and $3,458,222 as of December 31, 2021 and 2020, respectively. Total Sezzle income recognized was $98,200,184 and $49,659,042 for the years ended December 31, 2021 and 2020, respectively. Sezzle income in the fourth quarter has historically been strongest for the Company, in line with consumer spending habits during the holiday shopping season.

Account Reactivation Fee Income

Sezzle also earns income from consumers in the form of account reactivation fees. These fees are assessed to consumers who fail to make a timely payment. Sezzle allows, at a minimum and subject to state jurisdiction regulation, a 48-hour waiver period where fees are dismissed if the installment is paid by the consumer. Account reactivation fees are recognized at the time the fee is charged to the consumer, less an allowance for uncollectible amounts. Account reactivation fee income recognized totaled $16,616,451 and $9,129,231 for the years ended December 31, 2021 and 2020, respectively.

Debt Issuance Costs

Costs incurred in connection with originating debt are capitalized and are classified in the consolidated balance sheets as a reduction of the financial statement line item for which those costs relate. Debt issuance costs are amortized over the life of the underlying debt obligation utilizing the straight-line method, which approximates the effective interest method. Amortization of debt issuance costs is included within net interest expense on the consolidated statements of operations and comprehensive loss.

Property and Equipment

Property and equipment are recorded at cost, less accumulated depreciation. The Company capitalizes all property and equipment exceeding $1,000. Depreciation is provided using either the straight-line or double-declining balance method, based on the useful lives of the assets:

	Years	Method
Computers and computer equipment	3	Double-declining balance
Office equipment	5	Double-declining balance
Furniture and fixtures	7	Straight-line

Maintenance and repairs are expensed as incurred. See Note 2 for further information.

Internally Developed Intangible Assets

The Company capitalizes costs incurred for web development and software developed for internal use. The costs capitalized primarily relate to direct labor costs for employees and contractors working directly on software development and implementation. Projects are eligible for capitalization once it is determined that the project is being designed or modified to meet internal business needs; the project is ready for its intended use; the total estimated costs to be capitalized exceed $1,000; and there are no plans to market, sell, or lease the project.

Amortization is provided using the straight-line method, based on the useful lives of the intangible assets as follows:

	Years	Method
Internal use software	3	Straight-line
Website development costs	3	Straight-line

See Note 3 for further information.

Research and Development Costs

Research expenditures that relate to the development of new processes, including internally developed software, are expensed as incurred. Such costs were approximately $1,462,000 and $490,000 for the years ended December 31, 2021 and 2020, respectively. Research expenditures are recorded within personnel on the consolidated statements of operations and comprehensive loss.

Impairment of Long-Lived Assets

The Company reviews the carrying value of long-lived assets, which includes property, equipment, and internally developed intangible assets, for impairment whenever events and circumstances indicate that the assets' carrying value may not be recoverable from the future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends, and prospects; the manner in which the asset is used; and the effects of obsolescence, demand, competition, and other economic factors. Impairments for

the years ended December 31, 2021 and 2020 were $5,475 and $7,850, respectively. Impairment costs are recorded in general and administrative within operating expenses in the consolidated statements of operations and comprehensive loss.

As of December 31, 2021 and 2020, the Company had not renewed or extended the initial determined life for any of its recognized internally developed intangible assets.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the consolidated financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of receivables, property and equipment, equity based compensation, and accrued liabilities for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. A full valuation allowance is recorded against the Company's deferred tax assets.

The Company evaluates its tax positions that have been taken or are expected to be taken on income tax returns to determine if an accrual is necessary for uncertain tax positions. To date the Company has not recorded any liabilities for uncertain tax positions. Refer to Note 8 for further information.

Advertising Costs

Advertising costs are expensed as incurred and consist of traditional marketing, digital marketing, sponsorships, and promotional product expenses. Such costs were $8,569,276 and $3,883,936 for the years ended December 31, 2021 and 2020, respectively.

Equity Based Compensation

The Company maintains stock compensation plans that offer incentives in the form of non-statutory stock options and restricted stock to employees, directors, and advisors of the Company. Equity based compensation expense reflects the fair value of awards measured at the grant date and recognized over the relevant vesting period. The Company estimates the fair value of stock options without a market condition on the measurement date using the Black-Scholes option valuation model. The fair value of stock options and restricted stock units with a market condition is estimated, at the date of grant, using the Monte Carlo Simulation model. The Black-Scholes and Monte Carlo Simulation models incorporate assumptions about stock price volatility, the expected life of the options, risk-free interest rate, and dividend yield. For valuing the Company’s stock option grants, significant judgment is required for determining the expected volatility of the Company’s common stock and is based on the historical volatility of both its common stock and its defined peer group. The fair value of restricted stock awards and restricted stock units is based on the fair market value of the Company’s common stock on the date of grant. The expense associated with equity based compensation is recognized over the requisite service period using the straight-line method. The Company issues new shares of common stock upon the exercise of stock options and vesting of restricted stock units. Refer to Note 13 and Note 15 for further information around the Company’s equity based compensation plans.

Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. The Company’s estimates and judgments are based on historical experience and various other assumptions that it believes are reasonable under the circumstances. The amount of assets and liabilities reported on the Company’s consolidated balance sheets and the amounts of income and expenses reported for each of the periods presented are affected by estimates and assumptions, which are used for, but not limited to, determining the allowance for uncollectible accounts recorded against outstanding receivables, the useful life of property and equipment and internally developed intangible assets, determining impairment of property and equipment and internally developed intangible assets, valuation of equity based compensation, leases, and income taxes.

Fair Value

Fair values are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The accounting guidance includes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are as follows:

- Level 1 — Unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 — Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability; and
- Level 3 — Unobservable inputs for the asset or liability, which include management's own assumption about the assumptions market participants would use in pricing the asset or liability, including assumptions about risk.

The Company measures the value of its money market securities on a regular basis. The fair value of its money market securities, totaling $6,408,389 and $9,996,155 as of December 31, 2021 and 2020, respectively, are based on Level 1 inputs and are included within cash and cash equivalents on the consolidated balance sheets.

Segments

We conduct our operations through a single operating segment and, therefore, one reportable segment. There are no significant concentrations by state or geographical location, nor are there any significant individual customer concentrations by balance.

Foreign Currency Exchange Gains (Losses)

Sezzle works with international merchants, creating exposure to gains and losses from foreign currency exchanges. Sezzle's income and cash can be affected by movements in the Canadian Dollar, Euro, Indian Rupee, and Brazilian Real. Losses from foreign exchange rate fluctuations that affect Sezzle's net loss totaled ($69,228) and ($125,292) for the years ended December 31, 2021 and 2020, respectively. Foreign currency exchange gains and losses are recorded within other income and expenses, net, on the consolidated statements of operations and comprehensive loss.

The financial statements of the Company's non-U.S. subsidiaries are translated into U.S. dollars in accordance with ASC 830, "Foreign Currency Matters". Under ASC 830, if the assets and liabilities of the Company are recorded in certain non-U.S. functional currencies other than the U.S. dollar, they are translated at current rates of exchange. Revenue and expense items are translated at the average monthly exchange rates. The resulting translation adjustments are recorded directly into accumulated other comprehensive income. Foreign currency translation adjustment income totaled $69,406 and $494,505 for the years ended December 31, 2021 and 2020, respectively.

Recent Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2016-13, "Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments" which requires reporting entities estimate credit losses expected to occur over the life of the asset. Expected losses will be recorded in current period earnings and recorded through an allowance for credit losses on the consolidated balance sheet. During November 2018, April 2019, May 2019, October 2019, November 2019 and March 2020, the FASB also issued ASU No. 2018-19, "Codification Improvements to Topic 326, Financial Instruments – Credit Losses"; ASU No. 2019-04, "Codification Improvements to Topic 326, Financial Instruments – Credit Losses"; ASU No. 2019-05 "Targeted Transition Relief"; ASU No. 2019-10 "Financial Instruments—Credit Losses (Topic 326): Effective Dates"; ASU No. 2019-11, "Codification Improvements to Topic 326, Financial Instruments – Credit Losses"; and ASU No. 2020-03 "Codification Improvements to Financial Instruments". ASU No. 2018-19 clarifies the effective date for nonpublic entities and that receivables arising from operating leases are not within the scope of Subtopic 326-20, ASU Nos. 2019-04 and 2019-05 amend the transition guidance provided in ASU No. 2016-13, ASU No. 2019-10 delayed the effective date for applying this standard and ASU Nos. 2019-11 and 2020-03 amend ASU No. 2016-13 to clarify, correct errors in, or improve the guidance. ASU No. 2016-13 (as amended) is effective for annual periods and interim periods within those annual periods beginning after December 15, 2021. Companies that meet the criteria of a smaller reporting company can elect to defer adoption of ASU No. 2016-13 (as amended) to annual periods and interim periods within those annual periods beginning after December 15, 2022. Early adoption is permitted for annual and interim periods beginning after December 15, 2018. As a smaller reporting company, Sezzle plans to adopt this standard beginning January 1, 2023 and is currently evaluating the impact of the standard on its consolidated financial statements.

In December 2019, the FASB issued ASU No. 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes" which requires franchise taxes calculated based on income are included in income tax expense. To the extent that the franchise taxes not based on income exceed the franchise taxes based on income, the excess is recorded outside of income tax expense. ASU No. 2019-12 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020 for public entities. Sezzle adopted this standard beginning January 1, 2021 with no impact to the consolidated financial statements for the year ended December 31, 2021.

In March 2020, the FASB issued ASU No. 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting" which provides optional expedients and exceptions if certain criteria are met when accounting for contracts or other transactions that reference LIBOR. Application of the guidance is optional until December 31, 2022 and varies based on the practical expedients elected. Effective January 1, 2022, the Company amended its line of credit agreement to replace references to LIBOR with the U.S. Federal Reserve's Secured Overnight Financing Rate (SOFR). The Company believes the change in the reference rate to SOFR from LIBOR will not have a material impact on the Company's financial statements, and as such the Company does not anticipate needing to elect any expedients related to Reference Rate Reform.

In August 2020, the FASB issued ASU No. 2020-06, "Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity" which simplifies the accounting for convertible debt by eliminating the beneficial conversion feature and cash conversion feature models from the guidance and instead requires entities to record convertible debt at amortized cost. Application of the guidance is optional starting in fiscal years beginning after December 15, 2020 and required for public entities after December 15, 2021. The Company is not expecting this standard to have any potential future impacts on the Company's consolidated financial statements, as its previously issued convertible debt had been settled prior to the earliest presented period in its consolidated financial statements.

In November 2021, the FASB issued ASU No. 2021-10, “Government Assistance (Topic 832)—Disclosures by Business Entities about Government Assistance” which requires annual disclosures about transactions with a government that are accounted for by applying a grant or contribution accounting model by analogy. ASU No. 2021-10 is effective for annual periods beginning after December 15, 2021 for all entities. The Company is not expecting this standard to have any potential future impacts on the Company’s consolidated financial statements, as its Paycheck Protection Program loan was accounted for as debt rather than a government grant or contribution.

Note 2. Property and Equipment

As of December 31, 2021 and 2020, property and equipment, net, consists of the following:

	2021	2020
Computer and office equipment	$ 1,314,656	$ 636,950
Furniture and fixtures	28,967	28,393
Property and equipment, gross	1,343,623	665,343
Less accumulated depreciation	(681,151)	(290,157)
Property and equipment, net	**$ 662,472**	**$ 375,186**

Depreciation expense relating to property and equipment was $394,068 and $170,949 for the years ended December 31, 2021 and 2020, respectively, and is recorded within general and administrative on the consolidated statements of operations and comprehensive loss.

Note 3. Internally Developed Intangible Assets

As of December 31, 2021 and 2020, internally developed intangible assets, net, consists of the following:

	2021	2020
Internal use software and website development costs	$ 1,397,169	$ 825,018
Works in process	260,468	109,155
Internally developed intangible assets, gross	1,657,637	934,173
Less accumulated amortization	(747,053)	(397,127)
Internally developed intangible assets, net	**$ 910,584**	**$ 537,046**

Amortization expense relating to internally developed intangible assets was $355,043 and $257,425 for the years ended December 31, 2021 and 2020, respectively, and is recorded within general and administrative on the consolidated statements of operations and comprehensive loss.

Note 4. Notes Receivable

Sezzle's notes receivable comprise outstanding consumer principal and reschedule fees that Sezzle reasonably expects to collect from its consumers. As of December 31, 2021 and 2020, Sezzle's notes receivable, related allowance for uncollectible accounts, and deferred net origination fees are recorded within the consolidated balance sheets as follows:

		2021		2020
Notes receivable, gross	$	162,341,675	$	95,398,668
Less allowance for uncollectible accounts:				
Balance at beginning of year		(11,133,146)		(3,461,837)
Provision		(52,621,682)		(19,587,918)
Charge-offs, net of recoveries totaling $6,153,728 and $648,799, respectively		40,640,655		11,916,609
Total allowance for uncollectible accounts		(23,114,173)		(11,133,146)
Notes receivable, net of allowance		139,227,502		84,265,522
Deferred Sezzle income		(5,240,919)		(3,458,222)
Notes receivable, net	**$**	**133,986,583**	**$**	**80,807,300**

Sezzle maintains an allowance for uncollectible accounts at a level necessary to absorb estimated probable losses on principal and reschedule fee receivables from consumers. Any amounts delinquent after 90 days are charged-off with an offsetting reversal of the allowance for doubtful accounts through the provision for uncollectible accounts. Additionally, amounts identified as no longer collectible—such as when a consumer becomes deceased or bankrupt—are charged off immediately. Principal payments recovered after the 90 day charge-off period are recognized as a reduction to the allowance for uncollectible accounts in the period the receivable is recovered. Sezzle has not changed the methodology for estimating its allowance for uncollectible accounts during the year ended December 31, 2021.

Sezzle uses its judgment to evaluate the allowance for uncollectible accounts based on current economic conditions and historical performance of consumer payments. The historical vintages are grouped into semi-monthly populations for purposes of the allowance assessment. The balances of historical cumulative charge-offs by vintage support the calculation for estimating the allowance for uncollectible accounts for vintages outstanding less than 90 days.

Sezzle estimates the allowance for uncollectible accounts by segmenting consumer accounts receivable by the number of days balances are delinquent. Balances that are at least one day past the initial due date are considered delinquent. Balances that are not delinquent are considered current. Consumer notes receivable are charged-off following the passage of 90 days without receiving a qualifying payment, upon notice of bankruptcy, or death. Consumers are allowed to reschedule a payment one time without incurring a reschedule fee and the principal of a rescheduled payment is not considered to be delinquent. If consumers reschedule a payment more than once in the same order cycle they are subject to a reschedule fee.

Deferred Sezzle income is comprised of unrecognized merchant fees and consumer reschedule fees net of direct note origination costs, which are recognized over the duration of the note with the consumer and are recorded as an offset to Sezzle income on the consolidated statements of operations and comprehensive loss. Sezzle's notes receivable had a weighted average days outstanding of 34 days, consistent with the prior year's duration.

The following table summarizes Sezzle's gross notes receivable and related allowance for uncollectible accounts as of December 31, 2021 and 2020:

	2021			2020		
	Gross Receivables	Less Allowance	Net Receivables	Gross Receivables	Less Allowance	Net Receivables
Current	$ 139,024,393	$ (7,989,217)	$ 131,035,176	$ 79,673,073	$ (2,692,254)	$ 76,980,819
Days past due:						
1–28	12,263,154	(5,126,611)	7,136,543	9,574,902	(3,616,327)	5,958,575
29–56	5,266,164	(4,267,236)	998,928	3,576,255	(2,646,627)	929,628
57–90	5,787,964	(5,731,109)	56,855	2,574,438	(2,177,938)	396,500
Total	**$ 162,341,675**	**$ (23,114,173)**	**$ 139,227,502**	**$ 95,398,668**	**$ (11,133,146)**	**$ 84,265,522**

Note 5. Other Receivables

As of December 31, 2021 and 2020, the balance of other receivables, net, on the consolidated balance sheets is comprised of the following:

		2021		2020
Account reactivation fees receivable, net	$	1,325,443	$	804,060
Receivables from merchants, net		3,758,656		599,246
Other receivables, net	**$**	**5,084,099**	**$**	**1,403,306**

Account reactivation fees are applied to principal installments that are delinquent for more than 48 hours (or longer depending on the regulations within a specific state jurisdiction) after the scheduled installment payment date. Any account reactivation fees associated with a delinquent payment are considered to be the same number of days delinquent as the principal payment. Account reactivation fees receivable, net, is comprised of outstanding account reactivation fees that Sezzle reasonably expects to collect from its consumers.

As of December 31, 2021 and 2020, Sezzle's account reactivation fees receivable and related allowance for uncollectible accounts are recorded within the consolidated balance sheets as follows:

		2021		2020
Account reactivation fees receivable, gross	$	3,016,514	$	1,875,648
Less allowance for uncollectible accounts:				
Balance at start of period		(1,071,588)		(483,518)
Provision		(6,128,851)		(2,347,733)
Charge-offs, net of recoveries totaling $1,273,319 and $71,110, respectively		5,509,368		1,759,663
Total allowance for uncollectible accounts		(1,691,071)		(1,071,588)
Account reactivation fees receivable, net	**$**	**1,325,443**	**$**	**804,060**

Sezzle maintains the allowance at a level necessary to absorb estimated probable losses on consumer account reactivation fee receivables. Any amounts delinquent after 90 days are charged-off with an offsetting reversal of the allowance for doubtful accounts through the provision for uncollectible accounts. Additionally, amounts identified as no longer collectible—such as when a consumer becomes deceased or bankrupt—are charged off immediately. Payments recovered after the 90 day charge-off period are recognized as a reduction to the allowance for uncollectible accounts in the period the receivable is recovered. Sezzle has not changed the methodology for estimating its allowance for uncollectible accounts during the year ended December 31, 2021.

Receivables from merchants primarily represent merchant fees receivable for orders settled with the Sezzle Virtual Card solution. Such receivables totaled $3,738,765 and $596,156 as of December 31, 2021 and 2020, respectively. Virtual card transactions are settled with the merchant for the full purchase price at the point of sale and Sezzle separately invoices the merchant for the merchant fees due to Sezzle.

Additionally, the Company had other uncollectible receivables, net, which totaled $19,891 and $3,090 as of December 31, 2021 and 2020, respectively. During the years ended December 31, 2021 and 2020, the Company recorded direct write-downs of $1,221,001 and $376,120, respectively, related to these other uncollectible receivables from merchants which are included in transaction expense on the

consolidated statements of operations and comprehensive loss. Such write-downs are also included in the provision for uncollectible other receivables on the consolidated statements of cash flows.

Note 6. Leases

Sezzle is currently entered into operating leases for its corporate office spaces in the United States, Canada, India, Lithuania, and Brazil. Total lease expense incurred for the years ended December 31, 2021 and 2020 was $472,876 and $513,248, respectively. Lease expense is recognized within general and administrative on the consolidated statements of operations and comprehensive loss. Cash payments for leases totaled $466,315 and $558,631 for the years ended December 31, 2021 and 2020.

Right-of-use assets and lease liabilities are recognized as of the commencement date based on the present value of the remaining lease payments over the lease term which includes renewal periods that the Company is reasonably certain to exercise. Right-of-use assets and lease liabilities are recorded within current assets and liabilities, respectively, on the consolidated balance sheets.

During the year ended December 31, 2021, Sezzle renewed a portion of its operating leases in the United States and Canada, which it had previously determined it was unlikely to renew. Additionally, Sezzle entered into new operating lease agreements in Lithuania and Brazil. As a result, Sezzle recorded an increase in its operating right-of-use assets and its corresponding lease liabilities of $328,341.

The expected maturity of the Company's operating leases as of December 31, 2021 is as follows:

2022	$	205,637
2023		91,133
2024		12,753
Interest		(46,602)
Present value of lease liabilities	$	262,921

The weighted average remaining term of the Company's operating leases is 1.5 years and its weighted average discount rate for all operating leases is 5.25%. As of December 31, 2021, Sezzle has not entered into any lease agreements that contain residual value guarantees or financial covenants.

Note 7. Commitments and Contingencies

Merchant Contract Obligations

The Company has entered into several agreements with third-parties in which Sezzle will reimburse these third-parties for mutually agreed upon co-branded marketing and advertising costs. As of December 31, 2021 and 2020, the Company had outstanding agreements that stipulate Sezzle will commit to spend up to approximately $35.1 million and $0.7 million, respectively, in marketing and advertising spend in future periods. These agreements generally have contractual terms ranging from one to three years.

Expenses incurred relating to these agreements totaled $6,496,361 and $3,220,959 for the years ended December 31, 2021 and 2020, respectively. These expenses are included within marketing, advertising, and tradeshows on the consolidated statements of operations and comprehensive loss. Sezzle had approximately $83,000 and $211,000 recorded as a prepaid expense related to these agreements in the consolidated balance sheets as of December 31, 2021 and 2020, respectively.

Certain agreements also contain provisions that may require payments by the Company and are contingent on Sezzle and/or the third party meeting specified criteria, such as achieving volume targets and implementation benchmarks. As of December 31, 2021, the

Company had outstanding agreements that stipulate Sezzle may spend approximately $6.7 million in future periods if such criteria are met.

Note 8. Income Taxes

The components of loss before taxes for the years ended December 31, 2021 and 2020 are as follows:

		2021		2020
United States	$	(63,143,175)	$	(29,879,368)
International		(11,966,772)		(2,482,408)
Total	**$**	**(75,109,947)**	**$**	**(32,361,776)**

The income tax expense components for the years ended December 31, 2021 and 2020 are as follows:

		2021		2020
Current tax expense				
Federal	$	—	$	—
Foreign		—		—
State		58,416		30,964
Deferred tax expense				
Federal		—		—
Foreign		—		—
State		—		—
Income tax expense	**$**	**58,416**	**$**	**30,964**

The components of the net deferred tax assets and liabilities as of December 31, 2021 and December 31, 2020 are as follows:

	2021	2020
Deferred tax assets:		
Net operating loss carryforwards	$ 17,865,584	$ 5,849,989
Allowance for uncollectible accounts	6,171,512	2,822,803
Equity based compensation	3,273,873	773,546
Lease liability	50,408	31,855
Startup costs	10,517	10,857
Accruals	328,154	1,722,143
Nondeductible interest	945,153	—
Other	290,029	144,194
Total net deferred tax assets	28,935,230	11,355,387
Valuation allowance	(28,842,025)	(11,227,262)
Deferred tax liabilities:		
Depreciation and amortization	(36,457)	(93,439)
Equity based compensation	(356)	(1,664)
Right-of-use asset	(56,392)	(33,022)
Total net deferred tax liabilities	(93,205)	(128,125)
Net deferred tax asset (liability)	**$ —**	**$ —**

A reconciliation of the Company's provision for income taxes at the federal statutory rate to the reported income tax provision for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Computed "expected" tax benefit	(21.0)%	(21.0)%
State income tax benefit, net of federal tax effect	(2.6)	(1.7)
Nondeductible equity based compensation	1.2	0.1
Other permanent differences	0.3	—
Change in valuation allowance	23.5	23.4
Foreign rate differentials and other	(1.3)	(0.7)
Income tax expense	0.1 %	0.1 %

As of December 31, 2021, the Company had federal, state, and foreign net operating loss carryforwards of approximately $60,228,000, $28,834,000, and $13,589,000, respectively. The federal net operating loss carryforwards that originated after 2017 have an indefinite life and may be used to offset 80% of a future year's taxable income. The federal net operating loss carryforwards that originated prior to 2018 have expiration dates between 2036 and 2037. The state net operating losses will carryforward for between 15 years and indefinitely and begin to expire in 2031.

The Company's ability to utilize a portion of its net operating loss carryforwards to offset future taxable income is subject to certain limitations under Section 382 of the Internal Revenue Code due to changes in the equity ownership of the Company. An ownership change under Section 382 has not been determined at this time.

Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. A significant piece of objective negative evidence evaluated was the cumulative loss incurred over the three-year period ended December 31, 2021. Such objective evidence limits the ability to consider other subjective evidence, such as the Company's projections for future growth.

On the basis of this evaluation, as of December 31, 2021, a valuation allowance of $28,842,025 has been recorded since the deferred tax asset is more likely than not to be realized. The amount of the deferred tax asset considered realizable, however, could be adjusted if estimates of future taxable income during the carryforward period are reduced or increased or if objective negative evidence in the form of cumulative losses is no longer present and additional weight is given to subjective evidence such as our projections for growth. The change in valuation allowance was approximately $17,615,000 and $7,567,000 for the years ended December 31, 2021 and 2020, respectively.

The Company files income tax returns in the U.S. federal jurisdiction, Brazil, Canada, Germany, India, Lithuania, the Netherlands and various U.S. states. The Company does not believe an uncertain tax position exists as of December 31, 2021. Based on the Company's assessment of many factors, including past experience and complex judgements about future events, the Company does not currently anticipate significant changes in its uncertain tax positions over the next 12 months. In connection with the adoption of the referenced provisions, the Company recognizes interest and penalties accrued related to unrecognized tax benefits in income tax expense. As of December 31, 2021, the Company had no accrued interest and penalties.

The Company's federal and state tax returns are open for review going back to the 2018 tax year.

The Tax Cuts and Jobs Act, signed into U.S. legislation on December 22, 2017, introduced a new Global Intangible Low-Taxed Income ("GILTI") provision. Under U.S. GAAP, the Company is allowed to make an accounting policy choice of either 1) treating taxes due on future U.S. inclusions in taxable income related to GILTI as a current-period cost when incurred, or 2) factoring such amounts into the Company's measurement of its deferred taxes. GILTI depends not only on the Company's current structure and estimated future income, but also on intent and ability to modify the structure or business. The Company has chosen to treat GILTI as a current-period cost when incurred.

In November 2018, the U.S. Treasury issued proposed regulations for the new section 163(j), which generally limits business interest deductions to 30% of adjusted taxable income ("ATI"). Any disallowed business interest can be carried forward on an indefinite basis. For the year ended December 31, 2021, the Company has disallowed business interest carryforwards of $3,874,493.

Management's intention is to reinvest foreign earnings into the Company's foreign operations. To date, Sezzle's various foreign subsidiaries do not have any earnings.

Note 9. Stockholders' Equity

Repurchase and Retirement of Common Stock

On June 3, 2020, the Company repurchased 343,750 common shares from an existing stockholder. The purchase was made at the original cost basis, totaling $2,234, and is recorded as a reduction in common stock and additional paid-in capital within the consolidated statements of stockholders' equity as of December 31, 2020. The repurchased shares were retired upon purchase by the Company.

Sezzle retains a portion of vested restricted stock units to cover withholding taxes for employees. As of December 31, 2020, Sezzle had withheld 152,035 shares at a value totaling $875,232. As of December 31, 2021, Sezzle had withheld 660,118 shares at a value totaling $3,691,322. Sezzle recognizes these amounts as treasury stock, at cost, within the consolidated balance sheets as a reduction to stockholders' equity.

Issuance of Common Stock

On July 15, 2020, Sezzle raised $55,316,546 of proceeds via an institutional placement. On August 10, 2020, the Company raised an additional $5,140,710 of proceeds via a Securities Purchase Plan offered to existing investors. The total costs of the capital raise were $2,484,504, resulting in overall net proceeds of $57,972,752. In exchange for the capital raise, Sezzle issued 16,289,935 Chess Depository Interests ("CDIs") at a price of $3.82 per CDI (A$5.30). The issued CDIs are equivalent to common shares on a 1:1 basis.

On July 14, 2021, Sezzle agreed to issue Discover Financial Services LLC $30,000,000 of the Company's common stock at a price of $6.58 per share (A$8.83), which was completed on July 19, 2021. The Company incurred issuance costs of $2,768 in connection to this sale. The proceeds from the sale offset such issuance costs within stockholders' equity on the consolidated balance sheets.

Note 10. Employee Benefit Plan

During the years ended December 31, 2021 and 2020, the Company sponsored a defined contribution 401(k) plan for eligible U.S. employees. Participants in the plan can elect to defer a portion of their eligible compensation, on a pre- or post-tax basis, subject to annual statutory contribution limits. Additionally, in 2021 the Company began sponsoring a defined contribution Registered Retirement Savings Plan ("RRSP") for eligible Canadian employees. Participants in the RRSP can elect to defer a portion of their eligible compensation on a pre-tax basis, subject to annual statutory contribution limits. Assets under both plans are held separately from those of the Company in funds under the control of a third-party trustee.

Effective July 1, 2021, the Company began matching up to six percent of employee contributions under both plans. During the year ended December 31, 2021, the Company incurred expenses of $588,612 related to matching contributions. The Company made no contributions to the plan during the year ended December 31, 2020.

Note 11. Line of Credit

For the years ended December 31, 2021 and 2020, interest expense relating to the utilization of its lines of credit was $1,745,528 and $2,238,740, respectively. Interest expense relating to unused daily amounts was $560,687 and $229,523 for the years ended December 31, 2021 and 2020, respectively. Amortization expense recorded for debt issuance costs related to its lines of credit totaled $689,930 and $417,054 for the years ended December 31, 2021 and 2020, respectively.

2019 Line of Credit Agreement

On November 29, 2019, Sezzle Funding SPE, LLC and Sezzle Inc. entered into a Loan and Security Agreement (the "Loan Agreement") with Bastion Consumer Funding II, LLC, Atalaya Asset Income Fund IV LP, and Hudson Cove Credit Opportunity Master Fund, LP (the "Syndicate") for a credit facility of $100,000,000 with a maturity date of May 29, 2022. The Loan Agreement bore interest at a floating per annum rate equal to the 3-month LIBOR + 7.75% (minimum 9.50%). The interest rate was 9.50% as of December 31, 2020. Beginning May 27, 2020, any daily unused amounts incurred a facility fee due to the Syndicate from Sezzle at a rate of .50% per annum. The Company had an outstanding revolving line of credit balance of $40,000,000 as of December 31, 2020, recorded within line of credit, net as a non-current liability on the consolidated balance sheets.

Under the Loan Agreement, interest on borrowings was due monthly and all borrowings were due at maturity. Borrowings subsequent to May 1, 2019 were based on 90% of eligible notes receivable from both the United States and Canada, defined as past due balances outstanding less than 30 days originating from the United States. The Company's obligations under the Loan Agreement were secured by its consumer notes receivable. The collateral did not include the Company's intellectual property, but the Company had agreed not to encumber its intellectual property without the consent of the Syndicate. As of December 31, 2020, Sezzle had pledged $70,989,536 of its notes receivable to Sezzle Funding SPE, LLC. Sezzle had an unused borrowing capacity of $23,890,582 as of December 31, 2020.

The Company was required to maintain a drawdown from the credit facility of at least $20,000,000 beginning November 29, 2019 and of at least $40,000,000 beginning November 29, 2020. In February 2021, the Company paid a $1,000,000 fee to terminate this Loan Agreement and repaid the amounts outstanding under the credit facility with proceeds from the Company's new line of credit, which is defined below. Total cumulative cash payments for debt issuance costs related to this Loan Agreement were $663,649.

2021 Line of Credit Agreement

On February 10, 2021, Sezzle Funding SPE II, LLC, a wholly owned indirect subsidiary of Sezzle, (the "Borrower") entered into a senior secured asset-based revolving credit facility, with a borrowing capacity of up to $250,000,000 (the "line of credit"), which is governed by a credit agreement entered into by the Borrower, Goldman Sachs Bank USA (the "Class A senior lender"), and Bastion Consumer Funding II LLC and Bastion Funding IV LLC (the "Class B mezzanine lenders"). The line of credit has a maturity date of June 12, 2023 (a 28-month term from the agreement date).

Fifty percent of the total available funding facility ($125,000,000) is committed (the "Committed Facility"), while the remaining fifty percent ($125,000,000) is available to the Company for expanding its funding capacity (the "Incremental Facility"). Each of the Committed Facility and Incremental Facility is split between the Class A senior lender and Class B mezzanine lenders (in the amounts of $97.2 million and $27.8 million for each facility, respectively), and the amounts available to be borrowed from the Class A senior lender and Class B mezzanine lenders are subject to separate borrowing bases. Loans under the Incremental Facility are available at the sole discretion of each Class A and Class B lender. The Company had an outstanding line of credit balance of $78,800,000 as of December 31, 2021, recorded within line of credit, net, as a non-current liability on the consolidated balance sheets.

The agreement is secured by the Company's consumer notes receivable it chooses to pledge. Borrowings are generally based on 90% of eligible notes receivable pledged, or 85% if the weighted average FICO scores of the pledged receivables fall below 580. Eligible notes receivable are defined as notes receivable from consumers in the United States or Canada that are less than 15 days past due. As of December 31, 2021, Sezzle had pledged $149,203,705 of its notes receivable and had an unused borrowing capacity of $29,771,561.

The obligations of the Borrower under the line of credit are guaranteed by Sezzle Funding SPE II Parent, LLC, a wholly owned subsidiary of Sezzle, ("SPE II Parent"), which is the sole member and owner of 100% of the equity interests of the Borrower, pursuant to the Pledge and Guaranty Agreement dated as of February 10, 2021 (the "Parent Guaranty"), entered into by SPE II Parent in favor of Goldman Sachs Bank USA, as administrative agent, on behalf of the secured parties under the line of credit. The line of credit is further supported by a limited guaranty and indemnity of certain losses, expenses, and claims of the lenders and other secured parties, provided by the Company, as the direct owner of 100% of the legal and beneficial equity interests in SPE II Parent, pursuant to the Limited Guaranty and Indemnity Agreement entered into as of February 10, 2021 (the "Limited Guaranty") by the Company for the benefit of Goldman Sachs Bank USA, as administrative agent on behalf of the secured parties under the line of credit.

The line of credit carries an interest rate of 3-month LIBOR+3.375% and 3-month LIBOR+10.689% (the LIBOR floor rate is set at 0.25%) for funds borrowed from the Class A senior lender and Class B mezzanine lenders, respectively. As of December 31, 2021, the weighted average interest rate was 5.25%. Interest on borrowings is due on collection dates as specified in the loan agreement, typically fortnightly.

Additionally, any unused daily amounts incurred a facility fee at a rate of 0.50% per annum until May 11, 2021. Beginning May 11, 2021, the facility fee rate became variable, dependent on the percentage of the line of credit utilized. If less than one-third of the facility is used, the rate is 0.65% per annum; if between one-third and two-thirds of the facility is used, the rate is 0.50% per annum; and if more than two-thirds of the facility is used, the rate is 0.35% per annum. In the event of a prepayment due to a broadly marketed and distributed securitization transaction with a party external to the agreement, an exit fee of 0.75% of such prepaid balance will be due to the lender upon such transaction. Total cumulative cash payments for debt issuance costs related to the new line of credit were $1,697,705, all of which were paid during the year ended December 31, 2021.

The agreement governing the line of credit includes certain restrictive covenants and, among other things and subject to certain exceptions and qualifications, limits the Borrower's ability to: (i) incur or guarantee additional indebtedness, (ii) make investments or other restricted payments, (iii) acquire assets or form or acquire subsidiaries; (iv) create liens, (v) sell assets, (vi) pay dividends or make other distributions or repurchase or redeem capital stock, (vii) engage in certain transactions with affiliates, (viii) enter into agreements that restrict the creation or incurrence of liens other than the line of credit and related documents; (ix) engage in liquidations, mergers or consolidations; and (x) make any material amendment, modification or supplement to its credit guidelines or servicing guide. SPE II Parent is subject to similar restrictive covenants contained in the Parent Guaranty.

The Limited Guaranty includes financial maintenance covenants pertaining to the tangible net worth, liquidity and leverage of the Company and its subsidiaries on a consolidated basis (the "Consolidated Group"). The Consolidated Group is required to maintain at all times a minimum tangible net worth of (i) if the aggregate outstanding principal balance of advances under the line of credit is less than or equal to $125.0 million, $15.0 million or (ii) if the aggregate outstanding principal balance of advances under the line of credit is greater than $125.0 million, $30.0 million. With respect to liquidity, the Consolidated Group must maintain unrestricted cash at all times in an amount at least equal to the greater of (i) $7.5 million and (ii) 7.5% of the amount funded under the line of credit. The Consolidated Group is also required to maintain a maximum leverage ratio, tested as of the last day of each fiscal quarter, of (i) on or prior to March 31, 2022, 8.00 to 1.00 and (ii) after March 31, 2022, 12.00 to 1.00. All three financial covenants are subject to tightening should the Company become party to a comparable guaranty containing similar financial covenants set at more restrictive levels. A failure by the Company to satisfy the financial covenants under the Limited Guaranty constitutes an event of default under the line of credit.

The credit agreement governing the line of credit also contains certain customary representations and warranties, affirmative covenants and events of default (including, among others, an event of default upon a change of control). An immediate event of default is also

deemed to have occurred if ratios pertaining to defaulted collateral receivables of a particular vintage or past due collateral receivables within a certain collection period exceed pre-determined levels.

Note 12. Long Term Debt

Minnesota Department of Employment and Economic Development Loan

On July 26, 2018, the Minnesota Department of Employment and Economic Development ("DEED") funded a $250,000 seven-year interest-free loan to Sezzle under the State Small Business Credit Initiative Act of 2010 (the "Act"). The Act was created for additional funds to be allocated and dispersed by states that have created programs to increase the amount of capital made available by private lenders to small businesses. The loan proceeds are used for business purposes, primarily start-up costs and working capital needs. The loan may be prepaid in whole or in part at any time without penalty. If more than fifty percent of the ownership interest in Sezzle is transferred during the term of the loan, the loan will be required to be paid in full, along with a penalty in the amount of thirty percent of the original loan amount. The loan matures and is due to be paid back to DEED in June 2025.

Paycheck Protection Program Loan

On April 14, 2020, the Company received loan proceeds in the amount of $1,220,332 under the U.S. Small Business Administration's ("SBA") Paycheck Protection Program ("PPP"). The PPP, established as part of the CARES Act, provides loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. PPP loans are uncollateralized and guaranteed by the SBA, and are forgivable after a "covered period" (eight or twenty-four weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible expenses, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries and wages more than 25% during the covered period. Any unforgiven portion of the PPP loan is payable over two years at an interest rate of 1% with payments deferred until the SBA remits the borrower's loan forgiveness amount to the lender, or, if the borrower does not apply for forgiveness, ten months after the end of the covered period. PPP loan terms provide for customary events of default including payment defaults, breaches of representations and warranties, and insolvency events and may be accelerated upon the occurrence of one or more of these events of default. Additionally, the PPP loan terms do not include prepayment penalties.

On June 24, 2021, the Company repaid the loan in full, comprising $1,220,332 in principal and $14,779 in accrued interest. The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted or the loan has been repaid in full. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

Note 13. Equity Based Compensation

The Company issues incentive and non-qualified stock options, restricted stock units, and restricted stock awards to employees and non-employees with vesting requirements varying from six months to four years. The Company utilizes the Black-Scholes model for valuing stock option issuances and the grant date fair value for valuing restricted stock issuances.

Equity based compensation expense, including vesting of restricted stock units, totaled $14,161,754 and $7,010,844 for the years ended December 31, 2021 and 2020, respectively. Equity based compensation expense is recorded within personnel on the consolidated statements of operations and comprehensive loss.

2016 Employee Stock Option Plan

The Company adopted the 2016 Employee Stock Option Plan on January 16, 2016. The number of options authorized for issuance under the plan is 10,000,000. The Company had 5,659,017 and 6,844,170 options issued and outstanding under the plan as of December

31, 2021 and 2020, respectively. Additionally, the Company had 38,888 and 155,556 of restricted stock awards issued and outstanding as of December 31, 2021 and 2020, respectively. During the years ended December 31, 2021 and 2020, 889,320 and 1,344,145 options were exercised into 888,815 and 1,344,145 shares of common stock, respectively. Differences between options exercised and common stock issued are due to shares withheld to cover exercise costs.

2019 Equity Incentive Plan

The Company adopted the 2019 Equity Incentive Plan on June 25, 2019. The number of options authorized for issuance under the plan is 26,000,000. The Company had 15,102,771 and 17,671,374 options issued and outstanding as of December 31, 2021 and 2020, respectively; and 1,467,292 and 2,680,259 restricted stock units issued and outstanding as of December 31, 2021 and 2020, respectively. During the years ended December 31, 2021 and 2020, 835,684 and 392,331 options were exercised into 794,582 and 392,331 shares of common stock, respectively. Differences between options exercised and common stock issued are due to shares withheld to cover exercise costs.

2021 Equity Incentive Plan

The Company adopted the 2021 Equity Incentive Plan on June 15, 2021. The number of options authorized for issuance under the plan is 25,000,000. As of December 31, 2021, the Company had 433,980 options issued and outstanding, and 4,316,959 restricted stock units issued and outstanding. During the year ended December 31, 2021, no options were exercised into shares of common stock for this equity incentive plan.

The following tables summarize the options issued, outstanding, and exercisable under the Company's equity based compensation plans as of December 31, 2021 and 2020:

	For the year ended December 31, 2021			
	Number of Options	Weighted Average Exercise Price	Intrinsic Value	Weighted Average Remaining Life
Outstanding, beginning of year	24,515,544	$ 1.34	$ 84,731,639	8.65
Granted	1,922,480	6.29	—	—
Exercised	(1,683,397)	0.71	8,329,397	—
Canceled	(3,558,859)	2.37	—	—
Outstanding, end of year	21,195,768	1.74	23,079,520	7.76
Exercisable, end of year	11,137,578	1.02	16,036,993	7.05
Expected to vest, end of year	10,058,190	$ 2.55	$ 7,042,527	8.55

	For the year ended December 31, 2020			
	Number of Options	Weighted Average Exercise Price	Intrinsic Value	Weighted Average Remaining Life
Outstanding, beginning of year	17,052,503	$ 0.62	$ 14,895,996	9.18
Granted	10,105,163	0.83	—	—
Exercised	(1,736,476)	0.31	5,917,834	—
Canceled	(905,646)	0.10	—	—
Outstanding, end of year	24,515,544	1.34	84,731,639	8.65
Exercisable, end of year	7,064,077	0.52	29,883,424	8.04
Expected to vest, end of year	17,451,467	$ 1.68	$ 54,848,215	8.90

The following table represents the assumptions used for estimating the fair values of stock options granted to employees, contractors, and non-employees of the Company under the Black-Scholes method. The risk-free interest rate is based on the U.S. Treasury yield curve in effect on the grant date:

	2021	2020
Risk-free interest rate	0.65%–1.07%	0.37%–0.56%
Expected volatility	87.39%–90.89%	91.30%–93.83%
Expected life (in years)	6.00	6.00
Weighted average estimated fair value of options granted	$ 4.95	$ 2.23

The following table represents the assumptions used for estimating the fair values of stock options granted to executives under the Long Term Incentive Plan (LTIP) of the Company under the Monte Carlo Simulation valuation model. Refer to Note 15 for further information around the Company's LTIP plan. The risk-free interest rate is based on the U.S. Treasury yield curve in effect on the grant date:

	2021	2020
Risk-free interest rate	1.62 %	0.68 %
Expected volatility	87.40 %	93.00 %
Expected life (in years)	5.81	6.10
Weighted average estimated fair value of options granted	$ 3.06	$ 0.64

Restricted stock award and restricted stock unit transactions during the years ended December 31, 2021 and 2020 are summarized as follows:

	For the year ended December 31, 2021		For the year ended December 31, 2020	
	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value
Unvested shares, beginning of year	2,833,743	$ 3.37	772,222	$ 1.12
Granted	4,733,804	4.64	2,659,094	3.48
Vested	(1,686,349)	4.19	(581,402)	1.02
Forfeited or surrendered	(58,059)	6.25	(16,171)	1.35
Unvested shares, end of year	5,823,139	$ 4.22	2,833,743	$ 3.37

During the year ended December 31, 2021, employees and non-employees received restricted stock units totaling 4,733,804. Vesting of restricted stock units and restricted stock awards totaled 1,569,681 and 116,668, respectively. The shares underlying the restricted stock units granted in 2021 were assigned a weighted average fair value of $4.64 per share, for a total value of $21,964,851. The restricted stock issuances are scheduled to vest over a range of one to four years.

During the year ended December 31, 2020, employees and non-employees received restricted stock units totaling 2,659,094. Vesting of restricted stock units and restricted stock awards totaled 464,736 and 116,666, respectively. The shares underlying the restricted stock units granted in 2020 were assigned a weighted average fair value of $3.48 per share, for a total value of $9,250,511. The restricted stock issuances are scheduled to vest over a range of one to four years.

As of December 31, 2021, the total compensation cost related to non-vested awards not yet recognized is $27,266,222 and is expected to be recognized over the weighted average remaining recognition period of approximately 2.7 years.

As of December 31, 2020, the total compensation cost related to non-vested awards not yet recognized is $23,912,268 and is expected to be recognized over the weighted average remaining recognition period of approximately 3.1 years.

Sezzle Payments Employee Share Option Plan

Sezzle Payments Private Limited, an Indian subsidiary of Sezzle, adopted the Sezzle Payments Employee Share Option Plan on February 25, 2021. Options under this plan are issued to employees of the subsidiary and are exercisable into common shares of the subsidiary. As of December 31, 2021, 530,305 options were issued and outstanding under the plan. During the year ended December 31, 2021, no options vested nor were exercised into shares of common stock. Equity based compensation expense associated with the plan totaled $378,551 and is recognized within personnel on the consolidated statements of operations and comprehensive loss, offset against additional paid-in capital of Sezzle. When an option is exercised under this plan the newly issued shares will be reported as non-controlling interest at an amount equal to the proportional share of the subsidiary's equity with a corresponding offset to additional paid-in capital on the consolidated balance sheets.

The following table summarizes the options issued, outstanding, and exercisable under the Sezzle Payments Employee Share Option Plan as of December 31, 2021:

	For the year ended December 31, 2021			
	Number of Options	Weighted Average Exercise Price	Intrinsic Value	Weighted Average Remaining Life
Outstanding, beginning of year	—	$ —	$ —	—
Granted	530,305	0.23	—	—
Exercised	—	—	—	—
Canceled	—	—	—	—
Outstanding, end of year	530,305	0.23	723,750	9.97
Exercisable, end of year	—	—	—	—
Expected to vest, end of year	530,305	$ 0.23	$ 723,750	9.97

The following table represents the assumptions used for estimating the fair values of stock options granted under the Sezzle Payments Employee Share Option Plan using the Black-Scholes method. The risk-free interest rate is based on the U.S. Treasury yield curve in effect on the grant date:

	2021
Risk-free interest rate	1.07 %
Expected volatility	96.90%–97.35%
Expected life (in years)	6.00
Weighted average estimated fair value of options granted	$ 1.47

As of December 31, 2021, the total compensation cost related to non-vested awards not yet recognized is $404,095 and is expected to be recognized over the weighted average remaining recognition period of approximately 1.7 years.

Note 14. Merchant Accounts Payable

During the years ended December 31, 2021 and 2020, Sezzle offered its merchants an interest bearing program in which merchants could defer payment from the Company in exchange for interest. Merchant accounts payable in total were $96,516,668 and $60,933,272 as of December 31, 2021 and 2020, respectively, as disclosed in the consolidated balance sheets. Of these amounts, $78,097,910 and $53,528,501 were recorded within the merchant interest program balance as of December 31, 2021 and 2020, respectively.

Deferred payments retained in the program bear interest at the LIBOR daily (3 month) rate plus three percent (3.0%) on an annual basis, compounding daily. The weighted average annual percentage yield was 3.22% and 5.43% for the years ended December 31, 2021 and 2020, respectively. Interest expense associated with the program totaled $2,314,770 and $1,475,554 for the years ended December 31, 2021 and 2020, respectively.

Deferred payments are due on demand, up to $250,000 during any seven day period, at the request of the merchant. Any request larger than $250,000 is honored after 7 days. Sezzle reserves the right to impose additional limits on the program and make changes to the program without notice or limits. These limits and changes to the program can include but are not limited to: maximum balances, withdrawal amount limits, and withdrawal frequency.

Note 15. Short and Long–Term Incentive Plans

In May 2020, the Company adopted a short-term incentive compensation plan for its employees and executives. The program is based on achievements where individuals will be compensated for Company-wide and individual and/or team performance for the fiscal year. Measurement of compensable amounts is determined at the end of the year and payouts to individuals are generally made in the form of restricted stock units in the following year. As of December 31, 2020, the Company had accrued an estimate of $2,133,806 for this program, which was recorded in accrued liabilities on the consolidated balance sheets. During 2021, the Company determined the final compensation amounts for the 2020 plan and issued restricted stock units valued at $1,996,779 as compensation to eligible employees, recorded as a reclassification from accrued liabilities to stockholder’s equity. The Company did not have an accrual for the short-term incentive program as of December 31, 2021.

The Company also adopted an LTIP program for its executive team in May 2020. The LTIP comprises grants of market priced stock options under the 2019 Equity Incentive Plan, with vesting subject to required levels of Comparative Total Shareholder Return (TSR) tested over three years, and subject to continued employment for a three-year period ending January 1, 2023. Both the market and service vesting conditions must be met in order for the grantee to vest at the end of the three year measurement period. Each of the eligible executive and designated senior officers of the Company was awarded a long term incentive stock option grant to purchase shares of common stock on May 22, 2020. The stock options have an exercise price of A$2.10 per share, based on the closing sale price of CHESS Depository Interests (CDIs) on the Australian Securities Exchange (ASX) on May 21, 2020, the trading day prior to the date of grant. The amount of each award is equal to 300% of the individual’s salary in effect as of May 22, 2020 (100% for each of the three years in the performance period and pro-rated for start date). The Company’s stock price performance will be measured based on its volume weighted average price relative to other companies included within the S&P/ASX All Technology Index. The number of long term incentive stock option grants were calculated based on a fair value of $0.64 per option, determined under the Monte Carlo Simulation valuation method.

During 2021, an executive became eligible for the LTIP program and was issued an option award on March 12, 2021. The total fair value of the award is equal to 200% of the individual’s salary in effect on the date of grant. The awards have an exercise price of A$8.00 and a fair value of $3.06 per award. This award is subject to the same market and service vesting conditions as the grants issued in 2020, though is measured over a two-year period ending January 1, 2023.

The compensable amounts under the LTIP to executive board members were subject to shareholder approval. Due to the pending approval as of December 31, 2020, the Company remeasured the fair value of the awards issued to executive board members utilizing the Monte Carlo Simulation valuation method and accrued $4,483,073 within other non-current liabilities in the consolidated balance sheets, and offset by an expense recognized in personnel on the consolidated statements of operations and comprehensive loss. The Company remeasured the fair value of the awards on March 31, 2021 and on June 10, 2021, when the Company received shareholder approval to grant the LTIP awards to executive board members in the form of performance-based restricted stock units. Upon the approval date the Company reclassified the awards from other long-term liabilities to stockholder's equity. The total fair value reclassified from liability to stockholder's equity for the LTIP awards was $8,580,123. Total expense recognized related to compensation under the LTIP program was $6,680,130 and $5,939,644 for the years ended December 31, 2021 and 2020, respectively.

Note 16. Net Loss Per Share

The computation for basic net loss per share is established by dividing net losses for the period by the weighted average shares outstanding during the reporting period, including repurchases carried as treasury stock. Diluted net loss per share is computed in a similar manner, with the weighted average shares outstanding increasing from the assumed exercise of employee stock options (including options classified as liabilities) and assumed vesting of restricted stock units (if dilutive). Given the Company is in a loss position, the impact of including assumed exercises of stock options and vesting of restricted stock units would have an anti-dilutive impact on the calculation of diluted net loss per share and, accordingly, diluted and basic net loss per share were equal for the years ended December 31, 2021 and 2020.

Note 17. Subsequent Events

The Company has evaluated subsequent events through the date of the audit report and determined that there have been no events, other than those disclosed below, that have occurred that would require adjustment to the disclosures in the consolidated financial statements.

Proposed Merger with Wholly-Owned Subsidiary of Zip

On February 28, 2022, the Company entered into the Zip Merger Agreement, pursuant to which, upon the terms and subject to the conditions thereof, the Merger Sub will be merged with and into the Company, with the Company surviving the merger as a wholly-owned subsidiary of Zip. Subject to the terms and conditions of the Zip Merger Agreement, each share of the Company's common stock (including each share of the Company's common stock in respect of which a Company CDI (as defined in the Zip Merger Agreement) has been issued) issued and outstanding immediately prior to the Effective Time (other than shares of the Company's common stock that are held by the Company (or any of its subsidiaries), Zip (or any of its subsidiaries or Merger Sub) shall be cancelled and converted into the right to receive, at the election of the Company's stockholders (subject to the immediately following sentence), (a) a number of Zip ordinary shares equal to the "Exchange Ratio" or (b) a number of Zip ADRs representing a number of Zip ordinary shares equal to the Exchange Ratio. Any person who is an Australian Stockholder (as defined in the Zip Merger Agreement) will only be entitled to consideration in the form of Zip ordinary shares.

The Zip Merger Agreement includes customary representations, warranties and covenants of the Company, Zip and Merger Sub. Subject to the terms of the Zip Merger Agreement and certain exceptions, the Company and Zip have agreed to operate their respective businesses in the ordinary course consistent with past practice and use commercially reasonable efforts to maintain their respective business organizations and advantageous business relationships until the closing of the transaction. Concurrently with the execution and delivery of the Zip Merger Agreement, certain significant stockholders of both the Company (Charles Youakim and Paul Paradis) and Zip (Larry Diamond and Peter Gray) entered into support agreements pursuant to which, among other things, they agreed to vote all of their stock or ordinary shares, as applicable, in favor of the transaction.

Recent Amendment to Credit Agreement and Guaranty

On February 25, 2022, the Company entered into Amendment No. 3 (the "Credit Agreement Amendment") to that certain Revolving Credit and Security Agreement, dated as of February 10, 2021, as amended as of April 29, 2021, as further amended as of October 15, 2021, by and among Sezzle Funding SPE II, LLC (the "Borrower"), Goldman Sachs Bank USA (the "Administrative Agent") and the other lenders party thereto from time to time (the "Existing Credit Agreement").

The Credit Agreement Amendment amends, among other things, certain definitions and events of default under the Existing Credit Agreement to clarify the terms of applicable cure periods involving replacement of the Servicer or Backup Servicer (each as defined therein).

On February 25, 2022, the Company also entered into Amendment No. 1 (the "Limited Guaranty Amendment") to that certain Limited Guaranty and Indemnity Agreement, dated as of February 10, 2021, by and among the Company (as "Limited Guarantor" thereunder) and the Administrative Agent (the "Existing Limited Guaranty").

The Limited Guaranty Amendment amends the Existing Limited Guaranty to adjust and provide alternatives for certain Limited Guarantor financial covenant measurement thresholds and requires certain Limited Guarantor compliance reporting obligations during a defined modification period. The length of the modification period is dependent in part upon the ongoing status of the Merger Agreement and progress toward closing of the merger.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of December 31, 2021, Sezzle conducted an evaluation, under supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rules 13a-15 and 15d-15 of the Securities Exchange Act of 1934, as amended (Exchange Act).

Disclosure controls and procedures are defined by Rules 13a-15(e) and 15d-15(e) of the Exchange Act as controls and other procedures that are designed to ensure that information required to be disclosed by us in reports filed with the SEC under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in reports filed under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

During the quarters ended June 30, 2021 and September 30, 2021, we identified certain deficiencies in the design and implementation of our disclosure controls and procedures. The deficiencies primarily relate to inadequate design of information technology general and application controls that prevent the information system from providing complete and accurate information consistent with financial reporting objectives and current needs. These deficiencies mean that it is possible that our business process controls that depend on data and information from the affected information technology systems could be adversely affected.

To remediate the deficiencies identified, we dedicated significant resources to implement new processes to improve our internal controls over financial reporting. These remediation actions included (i) implementing additional internal reporting capabilities that allow for validation of the completeness and accuracy of key reports utilized in the financial reporting process; (ii) engaging additional personnel to aid in timely validation of the completeness and accuracy of the impacted key reports and (iii) engaging additional external advisors and resources to aid in the design of our disclosure controls to ensure the completeness and accuracy of internal reporting capabilities. As of December 31, 2021, through testing of the implemented controls, we believe we have remediated the identified deficiencies in our disclosure controls and have strengthened our internal controls over financial reporting.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote. All internal control systems, no matter how well designed, have inherent limitations. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

We carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our internal controls over financial reporting as of December 31, 2021. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in

“Internal Control — Integrated Framework (2013).” Based on this assessment, management believes that, as of December 31, 2021, our internal control over financial reporting was effective based on those criteria.

Changes in Internal Control Over Financial Reporting

Except for the remediation measures described above, during the year ended December 31, 2021, no changes in our internal control over financial reporting materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Independent Registered Accountant's Internal Control Attestation

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to applicable law.

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Our directors, their respective ages as of March 30, 2022, and certain other information are as follows:

Name	Age	Director Since	Position	Committee Membership
Charles Youakim	45	2016	Co-Founder, Executive Chairman, and Chief Executive Officer	—
Paul Paradis	38	2018	Co-Founder, Executive Director, and President	—
Paul Lahiff	69	2019	Independent Non-Executive Director	Audit and Risk Committee (Chair), Remuneration and Nomination Committee (Chair)
Kathleen Pierce-Gilmore	44	2019	Independent Non-Executive Director	Audit and Risk Committee (Member), Remuneration and Nomination Committee (Member)
Paul Purcell	47	2019	Independent Non-Executive Director	Audit and Risk Committee (Member), Remuneration and Nomination Committee (Member)
Mike Cutter	56	2020	Independent Non-Executive Director	Audit and Risk Committee (Member), Remuneration and Nomination Committee (Member)

Charles Youakim

Mr. Youakim is our co-founder, Executive Chairman, and Chief Executive Officer of Sezzle. Mr. Youakim is a serial technology entrepreneur with nearly ten years of experience in growing fintech companies from inception to large-scale businesses. Mr. Youakim began his career as an engineer and software developer. After successfully advancing in his early career, he returned to business school where he was able to focus on expanding his knowledge of finance, marketing, and business strategy.

In 2010, after completing business school, Mr. Youakim founded his first payments company, Passport Labs, Inc. (“Passport”). Passport became a leader in software and payments for the transportation industry. At Passport, Mr. Youakim led the construction and the original technology and led the company as it disrupted the industry through the introduction of white label systems and payment wallets. Passport is the technology behind enterprise transportation installations like ParkChicago, ParkBoston, and the GreenP in Toronto.

Mr. Youakim co-founded Sezzle in 2016 and also planned much of the business’ technology architecture. Mr. Youakim has a degree in Mechanical Engineering from the University of Minnesota and an MBA from the Carlson School of Management at the University of Minnesota. Mr. Youakim does not currently hold any other directorships. We believe Mr. Youakim is well-qualified to serve as a member of our board of directors due to his perspective and experience from serving as co-founder and Chief Executive Officer of Sezzle, as well as his experience leading other technology companies.

Paul Paradis

Mr. Paradis co-founded Sezzle and has served as a member of our board of directors since May 2018. Mr. Paradis has served as President since July 2020 and, prior to serving as President, Mr. Paradis was our Chief Revenue Officer since May 2016. Mr. Paradis has extensive experience in sales and marketing. He began his career in sales with the Minnesota Timberwolves. He left the Timberwolves to attain his MBA from the Carlson School of Management at the University of Minnesota, where he focused on marketing and strategy. After graduating from the Carlson School of Management, Mr. Paradis spent six years leading sales and marketing at Dashe & Thomson and the Abreon Group, boutique management consultancies focused on IT transformation adoption. Mr. Paradis left the Abreon Group in 2016 when he co-founded Sezzle. At Sezzle, Mr. Paradis oversees sales, strategic partnerships, customer and merchant support, corporate strategy, and international expansion.

Mr. Paradis has a Bachelor of Arts in Political Science from Davidson College and an MBA from the University of Minnesota. Mr. Paradis does not currently hold any other directorships. We believe Mr. Paradis is well-qualified to serve as a member of our board of directors due to his experience from serving as co-founder and President at Sezzle, in addition to his experience in IT transformation.

Paul Lahiff

Mr. Lahiff has served as a member of our board of directors since May 2019. Mr. Lahiff was previously Chief Executive Officer of Mortgage Choice and prior to that, Chief Executive Officer of Permanent Trustee and Heritage Bank. He previously held roles on the boards of directors with Sunsuper, Thorn Group, New Payments Platform Australia, RFi, Cuscal and Cancer Council NSW. Mr. Lahiff holds a Bachelor of Agricultural Science from the University of Sydney and is a graduate of the Australian Institute of Company Directors. Mr. Lahiff is a Non-Executive Director of AUB Holdings and the Chairman of Harmoney, NESS Superannuation, and 86400. We believe Mr. Lahiff is well-qualified to serve as a member of our board of directors due to his senior management experience and prior and other director roles.

Kathleen Pierce-Gilmore

Ms. Pierce-Gilmore has served as a member of our board of directors since April 2019. Ms. Pierce-Gilmore has been a payments and fintech executive for 20+ years across firms. She is currently the Head of Global Payments at Silicon Valley Bank, where she began in August 2020. Prior to Silicon Valley Bank, she was the Chief Executive Officer of Lingua Franca from August 2019 to March 2020. Before Lingua Franca, she was Chief Executive Officer of Flexa Technologies from March 2018 to September 2018, before which she was President and Chief Operating Officer of Raise Marketplace since October 2017. Prior to Raise Marketplace, Ms. Pierce-Gilmore was General Manager of Consumer Credit at PayPal from September 2015 to October 2017. In addition to her deep expertise in customer experience, consumer lending, product development, and P&L management, Ms. Pierce-Gilmore has also led businesses on the merchant side of the payments ecosystem.

Ms. Pierce-Gilmore graduated with a Bachelor of Arts from the Integrated Sciences Program at Northwestern University and has completed the Non-Executive Director Diploma program through the Financial Times. Ms. Pierce-Gilmore also serves as a Director for Tala. We believe Ms. Pierce-Gilmore is well-qualified to serve as a member of our board of directors due to her management experience in the payment technology industry.

Paul M. Purcell

Mr. Purcell has served as a member of our board of directors since April 2019. Mr. Purcell has invested in financial services companies (public and private markets) for nearly 20 years. He retains a specific specialization in emerging financial innovation as well as non-bank financial services. He has been the Chief Investment Officer of Jupiter Management since January 1, 2019 and prior to assuming that position led the sourcing and origination of investments at Continental Investors since 1999. Mr. Purcell is a frequent panelist at industry conferences and has published several articles on the trends and developments in the emerging commerce and financial services marketplaces.

Before joining Continental Investors, Mr. Purcell was a co-founder of Continental Advisors, a manager of two sector-based hedge funds. He was also Manager of Internet Marketing at the Chicago Board Options Exchange (CBOE), a department he helped found.

Mr. Purcell is a graduate of the University of San Diego where he is a member of the Board of Trustees. He currently serves on the board of directors of AeroPay, GigWage, Prizeout, Lantern, thedrop.com, Listo!, Winestyr, CarHop, and What's Next Media. We believe Mr. Purcell is well-qualified to serve as a member of our board of directors due to his various experiences in financial services industry and his service as a director at numerous companies.

Michael Cutter

Mr. Cutter has served as a member of our board of directors since June 2020. Prior to serving as a director, Mr. Cutter served as an advisor to the board from May 2019 until joining as a member of the board of directors. Mr. Cutter has more than 33 years' experience in a wide range of financial services businesses in Australia, New Zealand, Asia and Europe.

Most recently from 2015 to 2019 he served as the Group Managing Director for the information services business Equifax ANZ. Prior to that he held various CEO, CRO, Product and Operations roles with GE, ANZ, Wesfarmers, Halifax/BankOne and NAB.

Mr. Cutter is a Graduate of the Australian Institute of Company Directors (GAICD) and a Senior Fellow of the Financial Services Institute of Australia and has previously served on the board of directors of the Women's Cancer Foundation, Ovarian Cancer Institute, the Australian Finance Congress, the National Insurance Brokers Association and the Australian Retail Credit Association.

In addition to his role with Sezzle, Mr. Cutter is currently a director for Pepper Money Australia New Zealand, is the Chair of Arteva Premium Funding, a Board Advisor to Revolut Australia and serves as a Director for Kadre Consulting. Mr. Cutter has a Bachelor of Science (Hons) from Hertfordshire University. We believe Mr. Cutter is well-qualified to serve as a member of our board of directors due to his experiences in the financial services industry across varied geographical locations.

Our executive officers, other than Charles Youakim and Paul Paradis, and their respective ages as of March 30, 2022 are as follows:

Name	Age	Position
Karen Hartje	64	Chief Financial Officer
Candice Ciresi	51	General Counsel
Killian Brackey	27	Chief Technology Officer

Karen Hartje

Ms. Hartje has served as our Chief Financial Officer since April 2018. From April 2016 until joining Sezzle, Ms. Hartje operated her own financial consulting business, Grand Group LLC. Prior to her own consulting business, Ms. Hartje occupied finance and credit management roles at Bluestem Brands, a retail finance company that was a reboot of Fingerhut Direct Marketing and generated well over $1 billion in retail sales. Ms. Hartje was on the founding team of Bluestem Brands, where she led the finance department reporting to the President of Bluestem Brands. During her tenure, Ms. Hartje led financial planning and analysis, management of credit policies, and forecasting. Bluestem Brands was acquired in 2014. Before Bluestem Brands, Ms. Hartje started her career with KPMG and has held senior leadership positions at US Bank and Lenders Trust. Ms. Hartje has served on the not-for-profit board of Saint Paul Figure Skating Club, Inc. since 2015, and was previously a member of the board of Upworks from 2016 to 2018. Ms. Hartje has a Bachelor of Arts in accounting from the University of Minnesota and was a certified public accountant (expired).

Candice Ciresi

Ms. Ciresi has served as our General Counsel since August 2020. She previously served as an independent contractor for various entities performing a broad array of compliance, transactional and legal work since 2019. Prior to that, Ms. Ciresi was the General Counsel for Vital Images, Inc. from 2016 to 2019. Ms. Ciresi previously held various senior legal and compliance positions at Stratasys, Inc., Covidien, Ltd., Kroll Ontrack, Inc. and MTS Systems Corporation, Inc. She is also a veteran who served in the United States Air Force during Operation Desert Shield/Desert Storm.

Killian Brackey

Mr. Brackey has served as our Chief Technology Officer since November 2018. In this role, Mr. Brackey leads the engineering team and coordinates across internal stakeholders on product development. He previously served as a software engineer, where he documented, designed and implemented components of the software underlying Sezzle’s core products, and as a Vice President of Engineering at Sezzle since June 2016, where he managed the software product process. Prior to joining Sezzle, Mr. Brackey worked in the information technology department at the University of Minnesota.

Delinquent Section 16(a) Reports

Section 16(a) of the Securities Exchange Act of 1934 requires our executive officers and directors, and persons who own more than 10% of our common stock, to file reports of ownership and changes in ownership with the SEC. The SEC has designated specific due dates for these reports and we must identify in this Form 10-K those persons who did not file these reports when due. We assist our directors and officers by completing and filing reports on their behalf. Based solely on our review of copies of the reports filed with the SEC and the written representations of our directors and executive officers, we believe that all reporting requirements for fiscal year 2021 were complied with by each person who at any time during the 2021 fiscal year was a director or an executive officer or held more than 10% of our common stock, except for the following:

- One report on Form 4 was filed late for each of Candice Ciresi, Karen Hartje, Killian Brackey and Jamie Kirkpatrick on November 22, 2021. In each case, the Form 4 disclosed a single transaction involving the issuance of RSUs on July 15, 2021.
- One report on Form 4 was filed late for Veronica Katz on November 22, 2021. The Form 4 disclosed two separate transactions involving the issuance of RSUs on July 15, 2021 and October 15, 2021.
- One report on Form 4 was filed late for Justin Krause on December 13, 2021. The Form 4 disclosed a single transaction involving the issuance of RSUs on July 15, 2021.

The delinquencies reported under this heading were the result of internal administrative challenges on the applicable filing dates. These challenges have been mitigated in part by the hiring of additional personnel to oversee the reporting process. The Company plans to undertake a comprehensive review of all Section 16 reporting to date to determine if further issues remain, and will assist Section 16 filers with prompt corrective actions, if and when such issues are discovered.

Code of Conduct

Our board of directors has adopted a Code of Conduct applicable to all officers, directors and employees, including our principal executive and principal financial officers and controller, which is available on our website (investors.sezzle.com) under the "Leadership & Governance" heading.

ITEM 11. EXECUTIVE COMPENSATION

The following discussion and analysis of compensation arrangements should be read with the compensation tables and related disclosures set forth below. This discussion contains forward looking statements that are based on our current plans and expectations regarding future compensation programs. The actual compensation programs that we adopt may differ materially from the programs summarized in this discussion.

This section describes the material elements of the compensation awarded to, earned by, or paid to our Executive Chairman and Chief Executive Officer, Charles Youakim, and our two most highly compensated executive officers (other than our Executive Chairman and Chief Executive Officer), Paul Paradis, our Executive Director and President, and Karen Hartje, our Chief Financial Officer, for our fiscal year ended December 31, 2021. These executives are collectively referred to in this "Executive Compensation" section as our named executive officers. As an "emerging growth company" as defined in the JOBS Act, we are not required to include a Compensation Discussion and Analysis section and have elected to comply with the scaled disclosure requirements applicable to emerging growth companies.

Summary Compensation Table

The following table sets forth the compensation paid to, received by, or earned during each of fiscal year 2021 and 2020 by each of our named executive officers.

Name and principal position	Year	Salary	Bonus	Stock awards[1][2]	Option awards[3]	Nonequity incentive plan compensation[5]	All other compensation[6]	Total ($)
Charles Youakim, Executive Chairman and Chief Executive Officer	2021	$ 250,000	$ —	$ 5,941,116 [4]	$ —	$ —	$ 600	$ 6,191,716
	2020	250,000	—	—	— [4]	97,652	—	347,652
Paul Paradis, Executive Director and President	2021	250,000	—	5,939,589 [4]	—	—	3,106	6,192,695
	2020	250,000	—	—	— [4]	96,055	—	346,055
Karen Hartje, Chief Financial Officer	2021	250,000	—	125,413	—	—	8,357	383,770
	2020	250,000	—	59,579	750,000	110,945	—	1,170,524

(1) Amounts reported represent the grant date fair value, computed in accordance with FASB ASC Topic 718, of restricted stock units ("RSUs") and performance-based restricted stock units (PRSUs) granted under the 2019 Equity Incentive Plan or 2021 Equity Incentive Plan, as applicable, disregarding the effects of estimated forfeitures. For assumptions used in valuing the RSUs, please see Note 13 to the financial statements included elsewhere in this report.

(2) For Messrs. Youakim and Paradis, amounts reported primarily represent the grant date fair value of PRSUs issued as part of the Company's Long-Term Incentive Plan, computed in accordance with FASB ASC Topic 718 and based on the following assumptions: risk-free interest rate of 0.10%; expected volatility of 87.4%; expected term of 1.56 years; expected dividend rate of 0% and the probable achievement of the underlying performance goal at the time of grant. Under FASB ASC Topic 718, the vesting condition related to the LTIP PRSUs is considered a market condition and not a performance condition. Accordingly, there is no grant date fair value below or in excess of the amount reflected in the table above for the named executive officers that could be calculated and disclosed based on achievement of the underlying market condition. The amounts reported in this column for non-LTIP awards, if any, reflect the accounting cost for these awards and do not correspond to the actual economic value that may be received by the applicable officer upon the sale of any of the underlying shares of common stock

(3) For 2020, amounts reported represent the grant date fair value of the LTIP Options, as defined below, computed in accordance with FASB ASC Topic 718 and based on the following assumptions: risk-free interest rate of 0.68%; expected volatility of 93.0%; expected term of 9.61 years; expected dividend rate of 0%

and the probable achievement of the underlying performance goal at the time of grant. Under FASB ASC Topic 718, the vesting condition related to the LTIP Options is considered a market condition and not a performance condition. Accordingly, there is no grant date fair value below or in excess of the amount reflected in the table above for the named executive officers that could be calculated and disclosed based on achievement of the underlying market condition.

The amounts reported in this column for non-LTIP awards, if any, reflect the accounting cost for these awards and do not correspond to the actual economic value that may be received by the applicable officer upon the sale of any of the underlying shares of common stock.

(4) As described in more detail below, the LTIP Options granted to Messrs. Youakim and Paradis in 2020 to purchase 1,171,875 shares of common stock were rescinded in order to provide stockholders with the ability to approve the awards in accordance with ASX listing standards. At the Company's June 11, 2021 annual meeting (the "2021 Annual Meeting"), stockholders approved the issuance of up to 1,500,000 PRSUs to each of Messrs. Youakim and Paradis. After shareholder approval the Company issued 1,262,993 PRSUs to each of Messrs. Youakim and Paradis. The PRSUs are intended to replicate the performance conditions of the LTIP Options and are reported under the "Stock awards" column of this table.

(5) Amounts partially reflect 2020 STIP bonus amounts for each named executive officer, which were delivered to Ms. Hartje in the form of RSUs that fully vested on October 15, 2021 and, following the approval by our stockholders at the 2021 Annual Meeting, have been similarly delivered to Messrs. Youakim and Paradis, which fully vested on December 15, 2021. Grant conditions applicable to the 2021 STIP performance year were not met, and accordingly no awards were made.

(6) Amounts reported partially reflect the value of matching contributions made by the Company in 2021 under its 401(k) retirement plan.

Narrative Disclosure to Summary Compensation Table

Base Salary

The initial base salaries of our named executive officers were set forth in their respective employment agreements and have been periodically reviewed by the Remuneration and Nomination Committee. For 2020, each of our named executive officers had a base salary of $250,000. The actual base salaries paid to each named executive officer for 2021 are set forth above in the Summary Compensation Table in the column entitled "Salary".

Short-Term Incentive Plan ("STIP")

Our named executive officers are eligible to participate in our STIP, which provides an annual bonus opportunity based on a combination of a Company Performance Score ("CPS") and individual performance. For 2020, CPS was determined by the Remuneration and Nomination Committee based on Company performance within four weighted categories: growth (50%), stakeholder satisfaction (20%), optimization (15%), and innovation (15%). After evaluating applicable metrics within these categories, including revenue, UMS, Active Consumers, stakeholder satisfaction and Net Transaction Margin, the Remuneration and Nomination Committee determined the CPS to be 78.6. The Remuneration and Nomination Committee then evaluated individual performance for each of our named executive officers and determined the STIP bonus amounts for 2020 that are set forth in the Summary Compensation Table above.

STIP bonus amounts for each named executive officer, which cannot exceed a maximum of 50% of the base salary for the named executive officer for the performance year, were delivered in 2020 in the form of RSUs. For Messrs. Youakim and Paradis, the grants of the RSUs were subject to prior stockholder approval under ASX listing rules. Stockholders approved the RSU grants to Messrs. Youakim and Paradis at the 2021 Annual Meeting.

The Remuneration and Nomination Committee has determined that the relevant Company performance metrics for the STIP were not met in 2021; therefore no STIP awards for that period will be granted.

Long-Term Incentive Plan ("LTIP")

Our named executive officers are also eligible to participate in our LTIP, which provides for grants of stock options under the 2019 Equity Incentive Plan, with vesting subject to the satisfaction of both time- and performance-based vesting conditions over a three-year period. The performance-based vesting condition for LTIP stock options consists of the Company's total shareholder return ("TSR") measured against that of the S&P/ASX All Technology Index (excluding materials and energy companies) for each one-year period within the three-year performance period starting on January 1, 2020 and ending on December 31, 2022. For comparative purposes, our volume weighted average price ("VWAP") over a 30-day period up to the end of the relevant performance period will be used and compared to the average S&P/ASX All Technology Index price over that same period. One-third of the total number of LTIP Options, as defined below, are eligible to be earned each year within the three-year performance period based on the following TSR performance for the applicable year:

Comparative TSR Target	Percentage of LTIP Options Earned (Measured on an Annual Basis)
Less than 51st percentile of companies in S&P/ASX All Technology Index (excluding materials and energy companies)	0%
Greater than or equal to 51st percentile but less than the 90th percentile of companies in S&P/ASX All Technology Index (excluding materials and energy companies)	Pro rata between 1% and 100%
Greater than or equal to 90th percentile of companies in S&P/ASX All Technology Index (excluding materials and energy companies)	100%

The board of directors has the discretion to amend the comparative TSR performance condition at any time during the performance period applicable to the LTIP Options if the board of directors believes it is appropriate to do so to reflect the Company's circumstances. Any LTIP Options that are earned for a measurement year within the three-year performance period remain subject to a time-based vesting condition, which is satisfied upon the named executive officer's continued employment with the Company through December 31, 2022.

On May 22, 2020, each of our named executive officers (and several other of our executive officers) were declared eligible to receive a grant under the LTIP (the "LTIP Awards"). Ms. Hartje's LTIP Award was awarded in the form of options to purchase 1,171,875 shares of our common stock at an exercise price of $1.37 (using a conversion rate of A$1.53 to $1.00) per share, based on the closing sale price of CDIs on the ASX on May 21, 2020 . The number of shares of common stock subject to Ms. Hartje's LTIP Award was calculated so that the Monte Carlo value of her LTIP Award was equal to 300% of her salary in effect at the time (i.e., 100% for each of the three years in the performance period). The LTIP Awards granted to Messrs. Youakim and Paradis required advance approval of the stockholders in accordance with ASX listing standards. At the 2021 Annual Meeting, stockholders approved LTIP Awards to Messrs. Youakim and Paradis in the form of the issuance of up to 1,500,000 PRSUs to each of them in an amount that was intended to replicate the performance conditions of the LTIP Awards granted to other executive officers. Each of Messrs. Youakim and Paradis were subsequently granted 1,262,993 PRSUs (the "LTIP PRSUs").

The Remuneration and Nomination Committee has determined that the relevant Company performance metrics for the LTIP were not met in 2021; therefore no portion of LTIP awards will become vested for that period. If the merger closes, the Zip Merger Agreement provides for deemed vesting of certain milestones applicable to LTIP awards, discussed more fully under "Proposed Merger with Wholly-Owned Subsidiary of Zip" under Management's Discussion and Analysis of Financial Condition and Results of Operations.

Agreements with our Named Executive Officers

Each of our named executive officers is party to an employment agreement with us dated June 1, 2019 that sets forth the terms and conditions of his or her employment, including an annual base salary, which has subsequently been increased, and the ability to participate in the Company's employee stock option plans, as described below. In addition, our named executive officers are bound by certain restrictive covenant obligations pursuant to a Proprietary Information, Inventions, Non-Competition and Non-Solicitation Agreement, including covenants relating to non-disclosure and use of proprietary information and assignment of inventions, as well as a covenant not to compete or solicit certain of our service providers, customers or prospective customers and suppliers during employment and for a period of one-year immediately following termination of employment for any reason.

Employee and Retirement Benefits and Perquisites

We currently provide our named executive officers with the same broad-based health and welfare benefits, including health, vision and dental insurance, which are available to our U.S.-based full-time employees. In addition, we maintain a 401(k) retirement plan for our U.S.-based full-time employees and a Registered Retirement Savings Plan ("RRSP") for our Canada-based full-time employees, under which we may make discretionary matching and/or profit-sharing contributions. Other than the 401(k) plan and RRSP, we do not provide any qualified or non-qualified retirement or deferred compensation benefits to our employees, including our named executive officers. In addition, we do not currently provide any perquisites to our named executive officers. The actual amounts of 401(k) retirement plan matching contributions paid to each named executive officer for 2021 are set forth above in the Summary Compensation Table in the column entitled "All other compensation."

Outstanding Equity Awards at Fiscal Year-End 2021

The following table sets forth information regarding outstanding option awards and unvested stock awards held by each of the named executive officers on December 31, 2021.

	Option Awards					Stock Awards			
Name	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) unexercisable	Equity incentive plan awards: Number of securities underlying unexercised unearned options (#)	Option exercise price ($)	Option expiration date	Number of shares or units of stock that have not vested (#)	Market value of shares or units of stock that have not vested ($)	Equity incentive plan awards: Number of unearned shares, units or other rights that have not vested (#)	Equity incentive plan awards: Market or payout value of unearned shares, units or other rights that have not vested ($)
Charles Youakim	302,083	197,197	--	0.84 (1)	July 26, 2029	—	—	631,497 (4)	1,382,978
Paul Paradis	302,083	197,197	--	0.84 (1)	July 26, 2029	—	—	631,497 (4)	1,382,978
Karen Hartje	302,083	197,197	--	0.84 (1)	July 26, 2029	—			
	1,590,416	144,584	--	0.05 (2)	August 25, 2028				
	-	390,625	781,250	1.37 (3)	January 1, 2030				

(1) Reflects stock options that vested as to 25% of the shares subject to the award on the one-year anniversary of the date of grant (July 27, 2020), with the remaining shares vesting in equal monthly installments over a 36-month period thereafter.

(2) Reflects stock options granted to Ms. Hartje in connection with her commencement of employment with the Company that vested as to 25% of the shares subject to the award on the one-year anniversary of the date of grant (August 26, 2018), with the remaining shares vesting in equal monthly installments over a 36-month period thereafter.

(3) Reflects LTIP Options that vest based on the satisfaction of both a time and performance-based vesting condition over a three-year period ending December 31, 2022. Please see “Long-Term Incentive Plan (“LTIP”)” for additional detail regarding the comparative TSR performance vesting condition. Exercise price amounts were converted from AUD to U.S. Dollars using a conversion rate of A$1.53 to $1.00, representing the exchange rate on the May 22, 2020 grant date.

(4) Reflects the remaining portion of the LTIP PRSU grants which remain eligible to vest, if at all, based on performance conditions measured in 2022. The Remuneration and Nomination Committee has determined that the relevant performance metrics for the LTIP PRSUs were not met in 2021 and therefore half of the original LTIP PRSU grants will never vest or become earned. Value calculated using closing trading price on December 31, 2021 of A$3.02, based on an exchange rate of A$1.38 to US$1.00.

Potential Payments Upon Termination of Employment

Each of our named executive officers is entitled to severance and other benefits upon a termination of employment in certain circumstances, as described below. The employment of our named executive officers may be terminated: (i) at any time upon mutual written agreement of the parties; (ii) by us immediately and without prior notice for cause (as defined in the named executive officer’s employment agreement); (iii) immediately upon death or disability; (iv) by us other than for cause with advance written notice of at least 12 months (six months, in the case of Ms. Hartje); or (v) by the named executive officer, other than due to death or disability, with advance written notice of at least 12 months (six months, in the case of Ms. Hartje). In lieu of providing the written notice described

above, the Company may elect to make a payment to the named executive officer equal to the regular compensation that the named executive officer would have earned over the applicable notice period.

In addition, in the event that a named executive officer's employment is terminated by the Company in connection with, or within the three-year period following, a change of control (as defined in the Company's employee stock option plan), all stock options held by the named executive officer under such plan will immediately vest and become exercisable.

Equity Plans

For information about the number of shares authorized for issuance and outstanding under each of our equity plans as of December 31, 2021 and 2020, please see Note 13. Equity Based Compensation on the accompanying notes to our consolidated financial statements.

2016 Employee Stock Option Plan

The Company adopted the 2016 Employee Stock Option plan on January 16, 2016 (the "2016 Stock Option Plan"). The purposes of the 2016 Stock Option Plan were to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to employees and consultants, and to promote the success of the Company's business.

The 2016 Stock Option Plan was superseded upon the adoption of the 2019 Equity Incentive Plan (discussed below) by the Company, although the terms of the 2016 Stock Option Plan continue to apply to awards granted under that plan.

2019 Equity Incentive Plan

On June 24, 2019, the board of directors adopted, and on June 1, 2020 our stockholders amended, the Sezzle Inc. 2019 Equity Incentive Plan (the "2019 Equity Incentive Plan"). The 2019 Equity Incentive Plan permits the grant of incentive stock options to our employees and the grant of nonqualified stock options, stock appreciation rights, restricted stock or restricted CDI awards, restricted stock units, dividend equivalent rights, and performance awards to our employees, directors, and consultants. Subject to adjustment, the maximum number of shares of common stock and CDIs that may be granted under the 2019 Equity Incentive Plan is 26,000,000. Shares of common stock and CDIs underlying awards that terminate, expire, are surrendered or lapse for any reason will become available for subsequent awards under the 2019 Equity Incentive Plan. This summary is not a complete description of all provisions of the 2019 Equity Incentive Plan and is qualified in its entirety by reference to the 2019 Equity Incentive Plan.

Plan Administration. The Remuneration and Nomination Committee administers the 2019 Equity Incentive Plan. As used in this summary, the term "administrator" refers to the Remuneration and Nomination Committee and its authorized delegate, as applicable. Subject to the provisions of the 2019 Equity Incentive Plan, the administrator has the authority to, among other things, construe, interpret and administer the 2019 Equity Incentive Plan and all award agreements, determine eligibility for and grant, or recommend to the board of directors for approval to grant, awards under the 2019 Equity Incentive Plan, determine the form of settlement of awards under the 2019 Equity Incentive Plan, prescribe, amend and rescind rules and regulations, amend any outstanding award agreement in any respect, including to accelerate the time or times at which an award becomes vested or shares are delivered under an award, and otherwise make all determinations necessary or advisable in administering the 2019 Equity Incentive Plan.

Non-transferability of Awards. The 2019 Equity Incentive Plan generally does not allow for the transfer of awards and awards may generally be exercised only by the holder of an award during his or her lifetime.

Adjustments upon Changes in Capitalization, Merger, or Certain other Transactions. The 2019 Equity Incentive Plan provides that in the event of any increase or decrease in the number of issued shares of common stock or CDIs resulting from a recapitalization, stock split, reverse stock split, stock dividend, spinoff, split up, combination, reclassification or exchange of CDIs or shares of common stock, merger, consolidation, rights offering, separation, reorganization or liquidation, or any other change in our corporate structure, CDIs or shares of common stock, the administrator will make appropriate adjustments to the number and kind of CDIs or shares of common stock underlying any then-outstanding awards under the 2019 Equity Incentive Plan, any exercise or strike prices relating to awards under the 2019 Equity Incentive Plan and any other provision of awards affected by such change.

In the case of a change in control, the administrator will determine the effect of such change in control on awards, which determination may include taking any of the following actions: (i) the settlement of awards in cash or securities; (ii) the assumption of outstanding awards or for the grant of substitute awards; (iii) the modification of the terms of awards to add events, conditions or circumstances upon which the vesting of awards or the lapse of restrictions applicable to awards will accelerate; (iv) the deemed satisfaction of any performance conditions at target, maximum or actual performance through the closing of the change in control or for the performance conditions to continue after such closing; (v) acceleration of awards; and (vi) the full exercisability, for a period of at least 20 days prior to the change in control, of any stock options or stock appreciation rights that would not otherwise become exercisable prior to the change in control (with any such exercise contingent upon the occurrence of the change in control), with any stock options or stock appreciation rights not exercised prior to the consummation of the change in control terminating as of the consummation of the change in control.

Amendment and Termination. Subject to the ASX Listing Rules, the board of directors may, from time to time, suspend, discontinue, revise or amend the 2019 Equity Incentive Plan, provided, however, that no such action may materially adversely impair the rights under any outstanding award without the consent of the holder of the award.

2021 Equity Incentive Plan

The board of directors, upon the recommendation of the Remuneration and Nomination Committee, adopted the 2021 Equity Incentive Plan, which was subsequently approved by the Company's stockholders at the Annual Meeting, as a replacement for the 2019 Equity Incentive Plan. This summary is not a complete description of all provisions of the 2021 Equity Incentive Plan and is qualified in its entirety by reference to the 2021 Equity Incentive Plan.

Purpose. The purpose of the 2021 Equity Incentive Plan is to advance the interests of the Company by providing for the grant of stock and stock-based awards to the Company's employees, directors, and consultants.

Administration. The 2021 Equity Incentive Plan is administered by the administrator, who has the discretionary authority to, among other things, administer and interpret the 2021 Equity Incentive Plan and any awards granted under it, determine eligibility for and grant awards, determine the exercise price, base value from which appreciation is measured, or purchase price, if applicable to any award, determine, modify, accelerate or waive the terms and conditions of any award, determine the form of settlement of awards, prescribe forms, rules and procedures for awards and otherwise do all things necessary or desirable to carry out the purposes of the 2021 Equity Incentive Plan. Determinations of the administrator under the 2021 Equity Incentive Plan will be conclusive and binding upon all parties. To the extent permitted by applicable law, the administrator may delegate certain of its powers under the 2021 Equity Incentive Plan to one or more of its members or members of the board of directors, officers of the Company or other employees or persons. As used in this summary, the term "administrator" refers to the Remuneration and Nomination Committee or its authorized delegates, as applicable.

Eligibility. Employees, directors, and consultants of us or our subsidiaries are eligible to participate in the 2021 Equity Incentive Plan. Eligibility for stock options intended to be incentive stock options under the U.S. tax code (ISOs) is limited to our employees or employees of a "parent corporation" or "subsidiary corporation" of the Company. Eligibility for stock options, other than ISOs, and SARs is limited to individuals who are providing direct services on the grant date to us or certain of our subsidiaries.

Authorized Shares. Subject to adjustment as described below, the maximum number of shares of our common stock that may be delivered in satisfaction of awards under the 2021 Equity Incentive Plan is 25,000,000 shares of common stock ("the initial share pool"). The initial share pool will automatically increase on January 1 of each year from 2022 to 2031 by the lesser of (i) four percent (4%) of the number of shares of our common stock outstanding as of the close of business on the immediately preceding December 31st and (ii) the number of shares of common stock determined by the board of directors on or prior to such date for such year (the initial share pool, as so increased, the "Share Pool"). The following rules apply in respect of the Share Pool:

- Shares of our common stock withheld by us in payment of the exercise price or purchase price of an award or in satisfaction of tax withholding requirements will not reduce the Share Pool.
- Shares of our common stock underlying awards that are settled in cash or that expire, become unexercisable, or that terminate or are forfeited to or repurchased by us due to failure to vest will not reduce the Share Pool.
- Shares of our common stock delivered under awards in substitution for awards of an acquired company that are converted, replaced or adjusted in connection with the acquisition ("Substitute Awards") will not reduce the Share Pool.

Shares of common stock that may be delivered under the 2021 Equity Incentive Plan may be authorized but unissued shares, treasury shares or previously issued shares acquired by the Company.

Director Limits. With respect to any non-employee director in any calendar year, the aggregate value of all compensation granted or paid, including awards granted under the 2021 Equity Incentive Plan, may not exceed $750,000.00 in the aggregate ($1 million in the aggregate with respect to a director's first calendar year of service on the board of directors). The foregoing limits will not apply to any compensation granted or paid to a non-employee director for his or her service to us or one of our subsidiaries other than as a director, including, without limitation, as a consultant or advisor to us or one of our subsidiaries.

Types of Awards. The 2021 Equity Incentive Plan provides for the grant of stock options, SARs, restricted and unrestricted stock and stock units, performance awards and other awards that are convertible into or otherwise based on our common stock. Dividend equivalents may also be provided in connection with awards under the 2021 Equity Incentive Plan.

- *Stock Options and SARs.* The administrator may grant stock options, including ISOs, and SARs. A stock option is a right entitling the holder to acquire shares of our common stock upon payment of the applicable exercise price. A SAR is a right entitling the holder upon exercise to receive an amount (payable in cash or shares of equivalent value) equal to the excess of the fair market value of the shares subject to the right over the base value from which appreciation is measured. The exercise price of each stock option, and the base value of each SAR, granted under the 2021 Equity Incentive Plan will be no less than 100% of the fair market value of a share of our common stock on the date of grant (110% in the case of certain ISOs). Other than in connection with certain corporate transactions or changes to our capital structure, stock options and SARs granted under the 2021 Equity Incentive Plan may not be repriced or substituted for by new stock options or SARs having a lower exercise price or base value, nor may any consideration be paid upon the cancellation of any stock options or SARs that have a per share exercise or base price greater than the fair market value of a share of our common stock on the date of such cancellation, in each case, without stockholder approval. Each stock option and SAR will have a maximum term not more than ten years from the date of grant (or five years, in the case of certain ISOs).
- *Restricted and Unrestricted Stock and Stock Units.* The administrator may grant awards of stock, stock units, restricted stock and restricted stock units. A stock unit is an unfunded and unsecured promise, denominated in shares, to deliver shares or cash measured by the value of shares in the future, and a restricted stock unit is a stock unit that is subject to the satisfaction of specified performance or other vesting conditions. Restricted stock is stock subject to restrictions requiring that it be redelivered or offered for sale to us if specified conditions are not satisfied.
- *Performance Awards.* The administrator may grant performance awards, which are awards subject to performance criteria.
- *Other Stock-Based Awards.* The administrator may grant other awards that are convertible into or otherwise based on shares of our common stock, subject to such terms and conditions as are determined by the administrator.
- *Substitute Awards.* The administrator may grant Substitute Awards, which may have terms and conditions that *are* inconsistent with the terms and conditions of the 2021 Equity Incentive Plan.

Vesting; Terms of Awards. The administrator will determine the terms of all awards granted under the 2021 Equity Incentive Plan, including the time or times an award will vest or become exercisable, the terms on which awards will remain exercisable and the effect of termination of a participant's employment or service on awards. The administrator may at any time accelerate the vesting or exercisability of an award.

Transferability of Awards. Except as the administrator may otherwise determine, awards may not be transferred other than by will or by the laws of descent and distribution.

Performance Criteria. The 2021 Equity Incentive Plan provides for grants of performance awards subject to "performance criteria." Performance criteria are specified criteria, other than the mere continuation of employment or the mere passage of time, the satisfaction of which is a condition for the grant, exercisability, vesting, or full enjoyment of the award. Performance criteria and any related targets may be applied to a participant individually or to a business unit or division of the Company or the Company as a whole. Performance criteria may also be based on individual performance and/or subjective performance criteria. The administrator may provide that performance criteria applicable to an award will be adjusted in a manner to reflect events (for example, but without limitation, acquisitions or dispositions) occurring during the performance period that affect the applicable performance criteria.

Effect of Certain Transactions. In the event of a consolidation, merger or similar transaction in which the Company is not the surviving corporation or which results in the acquisition of all or substantially all of the Company's then outstanding shares of common stock by a single person or entity, a sale of all or substantially all of the Company's assets or shares of common stock, a dissolution or liquidation of the Company, or any other transaction the administrator determines to be a covered transaction, the administrator may, with respect to outstanding awards, provide for:

- The assumption, substitution or continuation of some or all awards (or any portion thereof) by the acquirer or surviving entity;
- The cash payment in respect of some or all awards (or any portion thereof) equal to the difference between the fair market value of the shares subject to the award and its exercise or base price, if any, on such terms and conditions as the administrator determines; and/or
- The acceleration of exercisability or delivery of shares in respect of some or all awards.

Adjustment Provisions. In the event of a stock dividend, stock split or combination of shares (including a reverse stock split), recapitalization or other change in our capital structure, the administrator will make appropriate adjustments to the maximum number of shares that may be delivered under the 2021 Equity Incentive Plan; the number and kind of securities subject to, and, if applicable, the exercise price or base value of, outstanding or subsequently granted awards; and any other provisions affected by such event.

Clawback. The administrator may provide in any case that any outstanding award, the proceeds from the exercise or disposition of any award, and any other amounts received in respect of any award will be subject to forfeiture and disgorgement to the Company if the participant to whom the award was granted is not in compliance with any provision of the 2021 Equity Incentive Plan, any award, or any restrictive covenant with the Company. Each award is subject to any policy of the Company that relates to trading on non-public information and permitted transactions with respect to shares of stock. In addition, each award will be subject to any policy of the Company that provides for forfeiture, disgorgement, or clawback with respect to incentive compensation that includes awards under the 2021 Equity Incentive Plan and will be further subject to forfeiture and disgorgement to the extent required by law or applicable stock exchange listing standards.

Effective Date, Amendments and Termination. The 2021 Equity Incentive Plan became effective upon stockholder approval at the Annual Meeting. No awards will be granted after the tenth anniversary of such approval. The administrator may at any time amend the 2021 Equity Incentive Plan or any outstanding award and may at any time terminate the 2021 Equity Incentive Plan as to future grants of awards. However, except as expressly provided in the 2021 Equity Incentive Plan or applicable award, the administrator may not alter the terms of an award so as to materially and adversely affect a participant's rights without the participant's consent (unless the administrator expressly reserved the right to do so at the time the award was granted). Any amendments to the 2021 Equity Incentive Plan will be conditioned on stockholder approval to the extent required by law or applicable stock exchange requirements.

Director Compensation

Under our bylaws, the board of directors establishes the fees for non-executive directors based on recommendations of the Remuneration and Nomination Committee. The board of director's policy is to compensate non-executive directors at competitive market rates to attract and retain individuals of high caliber and quality, having regard to fees paid and/or options granted for comparable companies and the size, complexity, and spread of our operations.

We have entered into an individual appointment letter or agreement with each of our non-executive directors. Unless otherwise provided in such letter or agreement, our compensation structure for non-executive directors is to provide annual compensation in an amount equal to $45,113 for serving as a member of the board of directors, $15,038 for serving as either the Chair of the Remuneration and Nomination Committee or the Chair of the Audit and Risk Committee, and $7,519 for serving as a member of the Remuneration and Nomination Committee or the Audit and Risk Committee (using a conversion rate of A$1.33 to $1.00). Annual fees may be paid in cash or through grants of stock options, at the discretion of the non-executive director. Pursuant to his individual director agreement, Mr. Purcell received a restricted stock grant in respect of 350,000 shares in 2019 and did not receive the $45,113 annual fee for serving as a member of the board of directors in 2021.

The fees earned by the non-executive directors for the year ended December 31, 2021 are as set forth below:

Director Compensation

Name	Fees earned or paid in cash[1]	Stock awards[2][3]	Option awards[3]	Non-equity incentive plan compensation	Nonqualified deferred compensation earnings	All other compensation	Total
Mike Cutter	$ 60,151	$ —	$ —	$ —	$ —	$ —	$ 60,151
Paul Lahiff	75,189	—	—	—	—	—	75,189
Kathleen Pierce-Gilmore	60,151	—	—	—	—	—	60,151
Paul Purcell	15,038	—	—	—	—	—	15,038

(1) Amounts converted from AUD to U.S. Dollars using a conversion rate of A$1.33 to $1.00, representing the average exchange rate during the year ended December 31, 2021.

(2) As of December 31, 2021, Mr. Purcell held 350,000 shares of restricted stock indirectly via Continental Investment Partners, LLC. Mr. Purcell is a manager of Continental Investment Partners, LLC.

(3) As of December 31, 2021, our non-executive directors (apart from Mr. Purcell) had stock options outstanding with respect to the following number of shares: Mr. Cutter – 250,000; Mr. Lahiff – 250,000; and Ms. Pierce-Gilmore – 97,222. The amounts reported in this column reflect the accounting cost for these awards and do not correspond to the actual economic value that may be received by the director upon the sale of any of the underlying shares of common stock.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth, as of February 28, 2022, information regarding beneficial ownership of shares of our common stock, including common stock held through CDIs, by the following:

- each person, or group of affiliated persons, who is known by us to beneficially own 5% or more of any class of our voting securities;
- each of our directors;
- each of our Named Executive Officers; and
- all current directors and executive officers, as a group.

Beneficial ownership is determined according to the rules of the SEC. Beneficial ownership generally includes voting or investment power of a security and includes shares underlying options that are currently exercisable or exercisable by May 29, 2022. The officers, directors and principal stockholders supplied the information for this table. Except as otherwise indicated, we believe that the beneficial owners of the CDIs and common stock listed below, based on the information given to us by each of them, have sole investment and voting power with respect to their shares, except where community property laws may apply.

Percentage of ownership is based on 204,409,961 shares of our common stock, or common stock equivalent CDIs, outstanding on February 28, 2022. Unless otherwise indicated, we deem shares subject to options that are exercisable by May 29, 2022 to be outstanding and beneficially owned by the person holding the options for the purpose of computing percentage ownership of that person, but we do not treat them as outstanding for the purpose of computing the ownership percentage of any other person. CDIs represent one share of our common stock.

Unless otherwise indicated on the table, the address of each of the individuals named below is: c/o Sezzle Inc., 251 1st Ave N, Suite 200, Minneapolis, MN 55401, USA.

Name of Beneficial Owner	Number of Shares of Common Stock	Percentage of Common Stock
5% Stockholders†		
HSBC Custody Nominees (Australia) Limited[1]	74,950,899	36.67 %
Directors and Executive Officers		
Mike Cutter[2]	236,111	*
Karen Hartje[3]	2,116,579	1.02 %
Paul Lahiff[4]	236,111	*
Paul Paradis[5]	10,363,610	5.06 %
Kathleen Pierce-Gilmore[6]	350,000	*
Paul Purcell[7]	9,739,407	4.76 %
Charles Youakim[8]	88,723,150	43.33 %
All directors and executive officers	**111,764,968**	**53.79 %**

* Less than 1.0%

† A Schedule 13D filed by Zip on March 4, 2022 states that Zip may be deemed to be the beneficial owner of an aggregate of 98,378,426 shares of Common Stock. In connection with the Zip Merger Agreement, Zip entered into separate support agreements (the "Support Agreements") with each of (a) Charles G. Youakim, Charles G. Youakim 2020 Grantor Retained Annuity Trust #1, Charles G. Youakim 2020 Grantor Retained Annuity Trust #2, Charles G. Youakim 2020 Irrevocable GST Trust and Cerro Gordo LLC (collectively, the "Youakim Stockholders"), and (b) Paul Paradis and Paradis Family LLC (collectively, the "Paradis Stockholders"). Based on their respective Support Agreements (the form of which may be found as Exhibit 10.1 to our Current Report on Form 8-K filed February 28, 2022), the number of shares reported on the Schedule 13D assumes that, as of February 28, 2022, the Youakim Stockholders owned 88,368,983 shares of our common stock and the Paradis Stockholders owned 10,009,443 shares of our common stock. Zip may be deemed a beneficial owner solely because Zip entered into the Support Agreements.

(1) 74,936,393 of Mr. Charles Youakim's shares are held of record through HSBC Custody Nominees (Australia) Limited, who is noted as a substantial shareholder of the Company and may be deemed a beneficial owner of the shares listed above. Please see Note 8 for more detail.

(2) Shares include options to purchase 236,111 shares of common stock.

(3) Shares include options to purchase 2,089,167 shares of common stock and 21,916 RSUs.

(4) Shares include options to purchase 236,111 shares of common stock

(5) Shares include options to purchase 354,167 shares of common stock.

(6) Shares include options to purchase 97,222 shares of common stock.

(7) All shares are owned by Continental Investment Partners, LLC. Mr. Purcell may be deemed to beneficially own such shares as a manager of Continental Investment Partners, LLC.

(8) Shares include 78,815,412 shares held by Mr. Youakim directly or through related entities (over which Mr. Youakim retains dispositive control) and family trusts. Shares also include 9,553,571 shares that are held by a trust for the benefit of direct current and future family members of Mr. Youakim. Mr. Youakim shares the power to dispose of these shares. In addition, shares include options to purchase 354,167 shares of common stock.

Equity Compensation Plan Information

Each of our 2016 Employee Stock Option Plan (the "2016 Plan"), our 2019 Equity Incentive Plan (as amended, the "2019 Plan") and our 2021 Equity Incentive Plan (the "2021 Plan") were approved by our stockholders in due course. The following table sets forth aggregated information with respect to the 2016 Plan, the 2019 Plan and the 2021 Plan as of December 31, 2021:

Plan Category	Number of Securities Issuable Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Further Issuance Under Equity Compensation Plans (Excluding Securities Reflected in First Column)
Equity compensation plans approved by security holders	27,018,907 [1]	$ 1.74 [2]	20,152,736 [3]
Equity compensation plans not approved by security holders	None	N/A	None
Total	27,018,907	$ 1.74	20,152,736

(1) Includes 5,659,017 shares issuable upon exercise of outstanding options and 38,888 shares issuable upon the vesting and settlement of outstanding RSAs under the 2016 Plan. Includes 12,368,546 shares issuable upon exercise of outstanding options and 1,467,292 shares issuable upon the vesting and settlement of outstanding RSUs under the 2019 Plan. Includes 433,980 shares issuable upon exercise of outstanding options and 1,790,973 shares issuable upon the vesting and settlement of outstanding RSUs under the 2021 Plan. Also includes 2,734,225 shares issuable upon the exercise of performance-based options and 2,525,986 shares issuable upon the vesting and settlement of performance-based RSUs, in each case the actual number of which will vest based upon our financial performance over a period of time.

(2) Reflects the weighted-average exercise price of outstanding options (weighted exclusive of shares to be issued in settlement of outstanding RSUs). There is no exercise price for outstanding RSUs.

(3) Pursuant to the adoption of the 2019 Plan, no more awards may be made under the 2016 Plan. A total of 26,000,000 shares are reserved under the 2019 Plan. A total of 25,000,000 shares were initially reserved under the 2021 Plan, which total is subject to increase on January 1st of each year from 2022 to 2031 by the lesser of (i) 4 percent of the number of shares of stock outstanding as of the close of business on the immediately preceding December 31st and (ii) the number of shares of stock determined by the Board on or prior to such date for such year.

The material terms of each of the 2016 Plan, the 2019 Plan and the 2021 Plan are set forth in detail in Note 13. Equity Based Compensation within the notes to our consolidated financial statements.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Certain Relationships and Related Party Transactions

Nicholas Paradis, the brother of our director and president Paul Paradis, became an employee of the Company starting in December 2021. His total compensation, between annual base salary and new-hire equity award (annualized over its 4-year vesting period, and measured using the grant date fair market value), is approximately $155,000 per year, subject to market fluctuations in the trading price of the stock into which the equity award is to be settled. The total compensation described above is consistent within standard hiring variances with other employees performing similar functions and with similar tenure.

Other than the matter disclosed in the previous paragraph, and the current employment agreements between us and each of our executive officers described in the "Executive Compensation" section of this report and the support agreements described in the "Proposed Merger with Wholly-Owned Subsidiary of Zip" section of this report, there are no existing agreements or arrangements and there are no currently proposed transactions in which we were, or will be, a participant, in which the amount involved exceeded or will exceed the lesser of $120,000 and the average of one percent of our assets as of the end of the last two fiscal years, and in which any current director, executive officer, beneficial owner of more than 5% of our shares of common stock, or entities affiliated with them, had or will have a material interest.

Policies and Procedures for Review and Approval of Related Party Transactions

The charter of our board of directors includes a written policy and procedure for related party transactions, which requires prompt disclosure of any circumstances giving rise to a reasonable possibility of conflict between a director's personal or business interests, the interests of any person associated with them, or their duties to any other company on the one hand, and our interests or their duties to us on the other hand. Our Audit and Risk Committee is responsible for reviewing and approving all transactions in which we are a participant and in which any parties related to us, including our executive officers, directors, beneficial owners of more than 5% of our shares of common stock, immediate family members of the foregoing persons and any other persons whom the board of directors determines may be considered related parties of us, has or will have a direct or indirect material interest. Transactions with related parties will also be subject to shareholder approval to the extent required by the ASX listing rules and any U.S. Securities exchange on which our shares of common stock may be or become listed.

Indemnification Agreements

We have entered into indemnification agreements with our directors and executive officers. Each indemnification agreement provides that, subject to certain exceptions and limitations set forth therein, we will indemnify and advance certain expenses to the director or executive officer to the fullest extent, and only to the extent, permitted by applicable law in effect as of the date of the agreement and to such greater extent as applicable law may thereafter from time to time permit. The form of indemnification agreement is attached hereto as Exhibit 10.9.

Corporate Governance

Our board currently consists of six members: Mr. Youakim, Mr. Paradis, Mr. Lahiff, Ms. Pierce-Gilmore, Mr. Purcell and Mr. Cutter. Our board of directors has undertaken a review of the independence of each director. Based on information provided by each director concerning her or his background, employment, and affiliations, our board of directors has determined that each of each of Mr. Cutter, Mr. Lahiff, Ms. Pierce-Gilmore and Mr. Purcell does not have relationships that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is "independent." We have assessed the

independence of our directors with respect to the definition of independence prescribed by Nasdaq and the SEC. In making these determinations, our board of directors considered the current and prior relationships that each non-employee director has with our company and all other facts and circumstances our board of directors deemed relevant in determining their independence, including the beneficial ownership of our shares of common stock by each non-employee director.

Board Committees

Our board of directors has established a remuneration and nominating committee and an audit and risk committee, each of which operates pursuant to a committee charter. Both committees are comprised of Mr. Lahiff, Ms. Pierce-Gilmore, Mr. Purcell and Mr. Cutter, each of whom the board has determined is independent under the definitions of independence prescribed by Nasdaq and the SEC. Further, our board of directors has determined that each member of our audit and risk committee can read and understand fundamental financial statements in accordance with Nasdaq audit committee requirements.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table summarizes fees for professional audit services and other services rendered to us by Baker Tilly US, LLP for our years ended December 31, 2021 and 2020:

	2021	2020
Audit Fees[1]	$ 766,384	$ 561,743
Audit-Related Fees	—	—
Tax Fees	—	—
All Other Fees	—	—
Total Fees	**$ 766,384**	**$ 561,743**

(1) "Audit Fees" consisted of fees for professional services provided in connection with the audit of our consolidated financial statements, quarterly reviews of interim condensed consolidated financial statements, SEC registration statements, and related administrative fees.

Auditor Independence

During the year ended December 31, 2021, there were no other professional services provided by Baker Tilly US, LLP that would have required our Audit Committee to consider their compatibility with maintaining the independence of our auditors.

Audit Committee Policy on Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm

Our Audit Committee has established a policy governing the use of our independent registered public accounting firm's services. Under the policy, our Audit Committee is required to pre-approve all audit and permissible non-audit services performed by our independent registered public accounting firm to ensure that the rendering of such services does not impair the accounting firm's independence. Pursuant to the Sarbanes-Oxley Act of 2002, we do not employ our independent registered public accounting firm for engagements related to:

- Bookkeeping;
- Financial information systems design and implementation;
- Appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
- Actuarial services;
- Internal audit outsourcing services;
- Management functions or human resources;
- Broker-dealer, investment adviser, or investment banking services; or
- Legal services and expert services unrelated to the audit.

All fees paid to Baker Tilly US, LLP for the years ended December 31, 2021 and 2020 were pre-approved by our Audit Committee.

Report of the Audit Committee

In connection with the Audit Committee's responsibilities set forth in its charter, the Audit Committee has:

- Reviewed and discussed the audited financial statements for the year ended December 31, 2021 with management and Baker Tilly US, LLP, the Company's independent auditors;
- Discussed with Baker Tilly US, LLP the matters required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board ("PCAOB") and the SEC; and
- Received the written disclosures and the letter from Baker Tilly US, LLP required by the applicable requirements of the PCAOB regarding Baker Tilly US, LLP's communications with the audit committee concerning independence, and has discussed with Baker Tilly US, LLP its independence.

The Audit Committee also considered, as it determined appropriate, tax matters and other areas of financial reporting and the audit process over which the Audit Committee has oversight.

Based on the Audit Committee's review and discussions described above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2021 for filing with the SEC.

THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS
Paul Lahiff, Chairman
Michael Cutter
Kathleen Pierce-Gilmore
Paul Purcell

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following documents are filed as part of this Annual Report on Form 10-K:

Financial Statements

Our consolidated financial statements are found in the "Index to Consolidated Financial Statements" under Part II, Item 8 of this Annual Report.

Financial Statement Schedules

All schedules have been omitted because the required information is not present or not present in amounts sufficient to require submission of the schedules, or because the information required is included in Part II, Item 8 of this Annual Report.

Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	File Number	File Date	
2.1	Agreement and Plan of Merger, dated as of February 28 2022, by and among Sezzle Inc., Zip Co. Limited, and Miyagi Merger Sub	8-K	000-56267	2/28/2022	
3.1	Fourth Amended and Restated Certificate of Incorporation	10-12G/A	000-56267	10/25/2021	
3.2	Third Amended and Restated Bylaws	10-12G/A	000-56267	10/25/2021	
4.1	Description of Capital Stock				X
10.1	Lease Agreement by and between McKesson Building, LLC and Sezzle, Inc., dated November 30, 2019	10-12G/A	000-56267	10/25/2021	
10.2	First Amendment to Lease Agreement by and between McKesson Building, LLC and Sezzle, Inc., dated December 16, 2021				X
10.3	Revolving Credit and Security Agreement dated as of February 10, 2021 among Sezzle Funding SPE II, LLC, lenders party thereto and Goldman Sachs Bank USA.	10-12G/A	000-56267	10/25/2021	
10.4	Limited Guaranty and Indemnity Agreement dated as of February 10, 2021 by Sezzle Inc. for the benefit of Goldman Sachs Bank USA., in its capacity as administrative agent.	10-12G/A	000-56267	10/25/2021	
10.5	Pledge and Guaranty Agreement dated as of February 10, 2021 by and between Sezzle Funding SPE II Parent, LLC, and Goldman Sachs Bank USA, in its capacity as administrative agent.	10-12G/A	000-56267	10/25/2021	
10.6	Amendment No. 1 to Revolving Credit Agreement, dated as of April 29, 2021, by and among Sezzle Funding SPE II, LLC, Sezzle Inc., the Lenders party thereto and Goldman Sachs Bank USA				X
10.7	Amendment No. 2 to Revolving Credit Agreement, dated as of October 15, 2021, by and among Sezzle Funding SPE II, LLC, Sezzle Inc., the Lenders party thereto and Goldman Sachs Bank USA				X
10.8	Amendment No. 3 to Revolving Credit Agreement, Amendment No. 1 to Limited Guaranty and Indemnity Agreement and Amendment No. 1 to Servicing Agreement, dated as of February 25, 2022, by and among Sezzle Funding SPE II, LLC, Sezzle Inc., the Lenders party thereto and Goldman Sachs Bank USA.	8-K	000-56267	2/28/2022	
10.9	Form of Indemnification Agreement	8-K	000-56267	2/28/2022	
10.10	Form of Director Agreement	10-12G/A	000-56267	10/25/2021	
10.11	Employment Agreement between Sezzle Inc. and Charles Youakim, dated June 20, 2019 #	10-12G/A	000-56267	10/25/2021	
10.12	Employment Agreement between Sezzle Inc. and Paul Paradis, dated June 20, 2019 #	10-12G/A	000-56267	10/25/2021	
10.13	Employment Agreement between Sezzle Inc. and Karen Hartje, dated June 20, 2019 #	10-12G/A	000-56267	10/25/2021	
10.14	Form of Company Support Agreement	8-K	000-56267	2/28/2022	
10.15	Form of Parent Support Agreement	8-K	000-56267	2/28/2022	

Table of Contents

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	File Number	File Date	
10.16	Sezzle 2016 Employee Stock Option Plan #	10-12G/A	000-56267	10/25/2021	
10.17	Sezzle 2019 Equity Incentive Plan #	10-12G	000-56267	4/13/2021	
10.18	Sezzle 2021 Equity Incentive Plan #	10-12G/A	000-56267	10/25/2021	
10.19	Form of Notice of Option Award	10-12G	000-56267	4/13/2021	
10.20	Form of Notice of RSU Award #	10-12G	000-56267	4/13/2021	
10.21	Agreement for B Corporation Certification dated as of March 22, 2021 by and between Sezzle Inc. and B Lab Company	10-12G/A	000-56267	10/25/2021	
10.22	Form of Proprietary Information, Inventions, Non-Competition and Non-Solicitation Agreement	10-12G/A	000-56267	10/25/2021	
10.23	Common Stock Purchase Agreement, dated December 22, 2017, by and between Sezzle, Inc. and Paul Paradis	10-12G/A	000-56267	10/25/2021	
10.24	Common Stock Purchase Agreement, dated October 13, 2016, by and between Sezzle, Inc. and Paul Paradis	10-12G/A	000-56267	10/25/2021	
10.25	Common Stock Purchase Agreement, dated May 25, 2016, by and between Sezzle, Inc. and Paul Paradis	10-12G/A	000-56267	10/25/2021	
10.26	Support Agreement, dated February 28, 2022, by and between Zip Co Limited and Charles Youakim # *				X
10.27	Support Agreement, dated February 28, 2022, by and between Zip Co Limited and Paul Paradis # *				X
21.1	Subsidiaries of Registrant				X
23.1	Consent of Baker Tilly LLP, independent registered public accountants				X
24.1	Powers of Attorney (see signature page hereto)				X
31.1	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
31.2	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
32.1	Certification of the Chief Executive Officer as Adopted Pursuant to 18 U.S.C. Section 1350 Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X
32.2	Certification of the Chief Financial Officer as Adopted Pursuant to 18 U.S.C. Section 1350 Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X
101.INS	XBRL Instance Document				X
101.SCH	Inline XBRL Taxonomy Extension Schema Document				X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document				X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document				X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document				X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document				X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				X

# Indicates a management contract or compensation plan, contract, or arrangement.

* Portions of the exhibit have been omitted as the Company has determined that: (i) the omitted information is not material; and (ii) disclosure of the omitted information would constitute a clearly unwarranted invasion of personal privacy.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SEZZLE INC.

Dated: March 30, 2022

By: */s/ Charles Youakim*

Charles Youakim

Chief Executive Officer and Chairman

(Principal Executive Officer)

Dated: March 30, 2022

By: */s/ Karen Hartje*

Karen Hartje

Chief Financial Officer

(Principal Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Each of the undersigned hereby appoints Charles Youakim and Karen Hartje, and each of them (with full power to act alone), as attorneys and agents for the undersigned, with full power of substitution, for and in the name, place and stead of the undersigned, to sign and file with the Securities and Exchange Commission under the Securities Act of 1934, any and all amendments and exhibits to this annual report on Form 10-K and any and all applications, instruments, and other documents to be filed with the Securities and Exchange Commission pertaining to this annual report on Form 10-K or any amendments thereto, with full power and authority to do and perform any and all acts and things whatsoever requisite and necessary or desirable.

Signature	Title	Date
/s/ Charles Youakim Charles Youakim	Chief Executive Officer and Chairman (Principal Executive Officer)	March 30, 2022
/s/ Karen Hartje Karen Hartje	Chief Financial Officer (Principal Financial Officer)	March 30, 2022
/s/ Justin Krause Justin Krause	VP of Finance and Financial Controller (Principal Accounting Officer)	March 30, 2022
/s/ Paul Paradis Paul Paradis	President and Executive Director	March 30, 2022
/s/ Paul Lahiff Paul Lahiff	Non-Executive Director	March 30, 2022
/s/ Kathleen Pierce-Gilmore Kathleen Pierce-Gilmore	Non-Executive Director	March 30, 2022
/s/ Paul Purcell Paul Purcell	Non-Executive Director	March 30, 2022
/s/ Michael Cutter Michael Cutter	Non-Executive Director	March 30, 2022

Exhibit 31.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

Certifications

I, Charles Youakim, certify that:

1. I have reviewed this Annual Report on Form 10-K of Sezzle Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. [paragraph omitted in accordance with Exchange Act Rule 13a-14(a)]
    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 30, 2022

/s/ Charles Youakim
Charles Youakim
Chairman and Principal Executive Officer

Exhibit 31.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

Certifications

I, Karen Hartje, certify that:

1. I have reviewed this Annual Report on Form 10-K of Sezzle Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. [paragraph omitted in accordance with Exchange Act Rule 13a-14(a)]
    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 30, 2022

/s/ Karen Hartje
Karen Hartje
Principal Financial Officer

Exhibit 32.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
AS ADOPTED PURSUANT TO 18 U.S.C. SECTION 1350
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Sezzle Inc., a Delaware corporation ("the Company"), for the year ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof ("the Report"), the undersigned officer of the Company certifies pursuant to 18 U.S.C. Section 1350, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the officer's knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: March 30, 2022

/s/ Charles Youakim
Charles Youakim
Chairman and Principal Executive Officer

Exhibit 32.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
AS ADOPTED PURSUANT TO 18 U.S.C. SECTION 1350
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Sezzle Inc., a Delaware corporation ("the Company"), for the year ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof ("the Report"), the undersigned officer of the Company certifies pursuant to 18 U.S.C. Section 1350, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the officer's knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: March 30, 2022

/s/ Karen Hartje
Karen Hartje
Principal Financial Officer

Exhibit 4.1

DESCRIPTION OF COMMON STOCK

General

The total amount of our authorized capital stock consists of 750,000,000 shares of common stock, $0.00001 par value per share, 300,000,000 shares of common prime stock, $0.00001 par value per share and 750,000,000 shares of preferred stock, $0.00001 par value per share.

The following description includes the rights set forth in our Amended Charter. The following description summarizes certain important terms of our equity securities consisting of common stock, common prime stock, preferred stock and CDIs. Because it is only a summary, it does not contain all the information that may be important to you. For a complete description of the matters set forth in this section, you should refer to our Amended Charter and Amended Bylaws, as each may be amended from time to time and filed as exhibits to our Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q, and to the applicable provisions of Delaware law, including the DGCL.

Common Stock

In the following discussion, the rights of common stock and holders of common stock also apply to our CDIs and holders of our CDIs, respectively.

Voting Rights

At a meeting of the Company, every holder of common stock present in person or by proxy, is entitled to one vote for each share of common stock held on the record date for the meeting on all matters submitted to a vote of our stockholders. Holders of our common stock do not have cumulative voting rights, and our preferred stock may have voting rights that permit its holders to vote with our common stockholders on an as-converted to common stock basis.

Except as otherwise required under the DGCL or provided for in our Amended Charter, all matters other than the election of directors will be determined by a majority of the votes cast on the matter and all elections of directors will be determined by a plurality of the votes cast. Any director may resign at any time upon notice given in writing, including by electronic transmission, to the Company. Vacancies and newly-created directorships shall be filled exclusively by vote of a majority of the directors then in office, even if less than a quorum, or by a sole remaining director, except that any vacancy created by the removal of a director by the stockholders for cause shall be filled by vote of a majority of the outstanding shares of our common stock. No decrease in the number of directors constituting the board of directors shall shorten the term of any incumbent director.

Dividend Rights

Holders of common stock are entitled to receive such dividends, if any, as may be declared from time to time by the board of directors out of funds legally available for dividend payments.

Rights Attaching to Common Stock

Our common stockholders have no preferences or rights of conversion, exchange, pre-emption or other subscriptions rights. There are no redemption or sinking fund provisions applicable to the common stock.

Removal of directors — Our Amended Bylaws provide that any director may be removed either with or without cause at a special meeting of stockholders duly called and held for such purpose.

Amendment of Bylaws — Our Amended Bylaws provide that the bylaws may be adopted, amended or repealed by the stockholders entitled to vote, but we may confer the power to adopt, amend or repeal our bylaws upon our directors in our certificate of incorporation. Our Amended Charter provides that our board of directors is expressly authorized to adopt, amend, alter, or repeal our bylaws.

Size of the Board and Board vacancies — Our Amended Bylaws provide that the number of directors shall consist of not less than one and not more than seven directors affixed from time to time by resolution or vote of the board of directors. Any vacancy in the office of a director occurring for any reason including any newly created directorships resulting from any increase in the authorized number of directors, may be filled by a majority of the directors then in office or by a sole remaining director. Directors so chosen or elected shall hold office until the next annual meeting of stockholders or until their respective successors are duly elected and qualified.

Special stockholder meetings — Our Amended Bylaws provide that special meetings of our stockholders may be called, according to the applicable law, by the board, the Chairperson of the board, the Chief Executive Officer, or the President.

Requirements for advance notification of stockholder nominations and proposals — Our Amended Bylaws establish advance notice procedures with respect to nomination of candidates for election as directors and other business to be properly brought before an annual stockholder meeting.

No cumulative voting — The DGCL provides that stockholders are denied the right to cumulative votes in the election of directors unless the company's certificate of incorporation providers otherwise. Our certificate of incorporation does not provide for cumulative voting.

Authorized but unissued shares — Subject to the limitation on the issue of securities under the ASX listing rules, the Nasdaq and the DGCL, our authorized but unissued shares will be available for future issue without stockholder approval. We may use additional shares of common stock for a variety of purposes, including future offerings to raise additional capital, to fund acquisitions and as employee compensation.

Conversion — Pursuant to Article V of our Amended Charter, there may be circumstances when certain common stock may be converted into common prime stock.

Common Prime Stock

As part of our Australian initial public offering and listing on the ASX in July 2019, the shares of common stock held by certain larger stockholders prior to the IPO became subject to a mandatory escrow under the ASX listing rules as a condition to the listing on the ASX. The larger stockholders were required to sign an escrow restriction deed with the ASX directly, but the ASX rules also allow companies to include provisions in its organizational documents, which seek to ensure all of the affected stockholders comply with the escrow restrictions. The mechanism in Article IV of our Amended Charter intends to ensure compliance with the mandatory escrow by converting common stock into common prime stock if any affected stockholder breaches the escrow restriction. Once the breach has been remedied or the escrow period has expired, the common prime stock of any affected stockholder will automatically convert back into common stock. The escrow period imposed by the ASX expired on July 30, 2021 and the concept of common prime stock is no longer applicable because there is no longer any ASX-imposed escrow.

Our Amended Charter provides that any holders of common prime stock shall not be entitled to share in any dividends or other distributions of cash, property or shares of the Company as may be declared by the board of directors on the common stock. The common prime stock is not redeemable, and except as otherwise provided by law, the holders of common prime stock shall not be entitled to any voting rights. Upon liquidation, dissolution or winding up of the Company, holders of common stock and common prime stock are entitled to share equally, on a per-share basis, in all assets of the Company in whatever kind is available for distribution to the holders of the Company's capital stock. Common prime stock may be converted to common stock consistent with our Amended Charter.

Preferred Stock

Our Amended Charter authorizes our board of directors to establish one or more series of preferred stock (including convertible preferred stock). Once effective, our board of directors may, without further action by our stockholders, from time to time, direct the issuance of shares of preferred stock in series and may, at the time of issuance, determine the designations, powers, preferences, privileges, and relative participating, optional or special rights as well as the qualifications, limitations or restrictions thereof, including dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any or all of which may be greater than the rights of the common stock. Satisfaction of any dividend preferences of outstanding shares of preferred stock would reduce the amount of funds available for the payment of dividends on shares of our common stock. Holders of shares of preferred stock may be entitled to receive a preference payment in the event of our liquidation before any payment is made to the holders of shares of our common stock. Under certain circumstances, the issuance of shares of preferred stock may render more difficult or tend to discourage a merger, tender offer or proxy contest, the assumption of control by a holder of a large block of our securities or the removal of incumbent management. Upon the affirmative vote of a majority of the total number of directors then in office, our board of directors, without stockholder approval, may issue shares of preferred stock with voting and conversion rights which could adversely affect the holders of shares of our common stock and the market value of our common stock.

Chess Depository Interests

In order for our shares of common stock in the form of Chess Depository Interests, or CDIs, to trade electronically on the ASX, we participate in the electronic transfer system known as the Clearing House Electronic Subregister System, or CHESS, operated by ASX Settlement Pty Limited, or ASX Settlement. ASX Settlement provides settlement services for ASX markets to assist participants and issuers to understand the operation of the rules and procedures governing settlement facilities. The ASX Settlement Operating Rules form part of the overall listing and market rules which we are required to comply with as an entity listed on ASX.

CHESS is an electronic system which manages the settlement of transactions executed on ASX and facilitates the paperless transfer of legal title to ASX quoted securities. CHESS cannot be used directly for the transfer of securities of companies domiciled in certain jurisdictions outside of Australia, such as the United States. Accordingly, to enable our shares of common stock to be cleared and settled electronically through CHESS, we have made arrangements for the issue of depositary interests called CDIs. No share certificates are issued in respect of shareholdings that are quoted on ASX and settled on CHESS, nor is it a requirement for transfer forms to be executed in relation to transfers that occur on CHESS.

CDIs confer the beneficial ownership in the shares of common stock on the CDI holder, with the legal title to such shares held by CHESS Depositary Nominees Pty Ltd, a wholly-owned subsidiary of ASX, to act as our Australian depositary and issue CDIs. Every 1 CDI represents beneficial ownership of one share of our common stock.

A holder of CDIs who does not wish to have their trades settled in CDIs may request that their CDIs be converted into shares of common stock, in which case legal title to the shares of common stock will be transferred to the holder of CDIs and a book entry for the shares of common stock will be made on the records of our transfer agent. If thereafter the holder wishes to sell their investment on ASX, it will be necessary for them to convert their shares of common stock back into CDIs.

Anti-Takeover Provisions

Provisions of the DGCL, our Amended Charter and our Amended Bylaws could make it more difficult to acquire us by means of a tender offer (takeover), a proxy contest or otherwise, or to remove incumbent officers and directors. These provisions, summarized below, could discourage certain types of coercive takeover practices and takeover bids that the board may consider inadequate, and encourage persons seeking to acquire control of the Company to first negotiate with our board. We believe that the benefits of increased protection of our ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure the Company outweigh the disadvantages of discouraging takeover or acquisition proposals because, among other things, negotiation of these proposals could result in an improvement of their terms.

These provisions include:

Special Meetings of Stockholders — Our Amended Charter and Amended Bylaws provide that, except as otherwise required by law, special meetings of the stockholders may be called only by our board of directors, the Chairman of the board of directors, the Chief Executive Officer or the President.

Elimination of Stockholder Action by Written Consent. — Our Amended Charter eliminates the right of stockholders to act by written consent without a meeting.

Advance Notice Procedures. — Our Amended Bylaws establish an advance notice procedure for stockholder proposals to be brought before an annual meeting of our stockholders, including proposed nominations of persons for election to the board of directors. Stockholders at an annual meeting will only be able to consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of the board of directors or by a stockholder who was a stockholder of record on the record date for the meeting, who is entitled to vote at the meeting and who has given our Secretary timely written notice, in proper form, of the stockholder's intention to bring that business before the meeting. Although our Amended Bylaws do not give the board of directors the power to approve or disapprove stockholder nominations of candidates or proposals regarding other business to be conducted at a special or annual meeting, our Amended Bylaws may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed or may discourage or deter a potential acquiror from conducting a solicitation of proxies to elect its own slate of directors or otherwise attempting to obtain control of the company.

Authorized but Unissued Shares — Our authorized but unissued shares of common stock and preferred stock will be available for future issuance without stockholder approval. These additional shares may be utilized for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions and employee benefit plans. The existence of authorized but unissued shares of common stock and preferred stock could render more difficult or discourage an attempt to obtain control of a majority of our common stock by means of a proxy contest, tender offer, merger or otherwise.

Business Combinations with Interested Stockholders — The DGCL prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested shareholder" for a period of three years following the time the person became an interested shareholder, unless the business combination or the acquisition of shares meets

an exception under Delaware law. Such exceptions include the receipt of board of directors or stockholder approval of the business combination in a manner prescribed by the DGCL. A "business combination" can include a merger, asset or share sale or other transaction resulting in financial benefit to an interested shareholder. Generally, an interested shareholder is: (i) a person who beneficially owns, has the right to acquire, or right to control, 15% or more of a corporation's voting shares; or (ii) is an affiliate or association of the corporation and owned 15% or more of a corporation's voting shares any time within the three-year period prior to the determination of interested shareholder status. The existence of this provision would be expected to have an anti-takeover effect with respect to transaction not approved in advance by the board.

Choice of Forum — Our Amended Charter provides that, subject to limited exceptions, the Court of Chancery of the State of Delaware (or, if, and only if, the Court of Chancery of the State of Delaware dismisses a Covered Claim (as defined below) for lack of subject matter jurisdiction, any other state or federal court in the State of Delaware that does have subject matter jurisdiction) will, to the fullest extent permitted by applicable law, be the sole and exclusive forum for the following types of claims: (i) any derivative claim brought in the right of the Company, (ii) any claim asserting a breach of a fiduciary duty to the Company or the Company's stockholders owed by any current or former director, officer or other employee or stockholder of the Company, (iii) any claim against the Company arising pursuant to any provision of the DGCL, our Amended Charter or Amended Bylaws, (iv) any claim to interpret, apply, enforce or determine the validity of our Amended Charter or our Amended Bylaws, (v) any claim against the Company governed by the internal affairs doctrine, and (vi) any other claim, not subject to exclusive federal jurisdiction and not asserting a cause of action arising under the Securities Act, as amended, brought in any action asserting one or more of the claims specified in clauses (a)(i) through (v) herein above (each a "Covered Claim"). This provision would not apply to claims brought to enforce a duty or liability created by the Exchange Act.

Our Amended Charter further provides that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. In addition, our Amended Charter provides that any person or entity purchasing or otherwise acquiring any interest in the shares of capital stock of the Company will be deemed to have notice of and consented to these choice-of-forum provisions and waived any argument relating to the inconvenience of the forums in connection with any Covered Claim.

The choice of forum provisions contained in our Amended Charter may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, other employees or stockholders, which may discourage lawsuits with respect to such claims, although our stockholders will not be deemed to have waived our compliance with federal securities laws and the rules and regulations thereunder. While the Delaware courts have determined that such choice of forum provisions are facially valid, it is possible that a court of law in another jurisdiction could rule that the choice of forum provisions contained in our Amended Charter are inapplicable or unenforceable if they are challenged in a proceeding or otherwise, which could cause us to incur additional costs associated with resolving such action in other jurisdictions.

The provisions of Delaware law, our Amended Charter and our Amended Bylaws could have the effect of discouraging others from attempting hostile takeovers and, as a consequence, they may also inhibit temporary fluctuations in the market price of our common stock that often result from actual or rumored hostile takeover attempts. These provisions may also have the effect of preventing changes in the composition of our board and management. It is possible that these provisions could make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests.

Corporate Opportunities

Our Amended Charter provides that we renounce any interest or expectancy of the Company in, or being offered an opportunity to participate in, any matter, transaction or interest that is presented to, or acquired, created or developed by, or which otherwise comes into the possession of (i) any director of the Company who is not an employee of the Company or any of its subsidiaries, or (ii) any holder of preferred stock or any partner, member, director, stockholder, employee or agent of any such holder, other than someone who is any employee of the Company or any of its subsidiaries (collectively, "Covered Persons"), unless such matter, transaction or interest is presented to, or acquired, created or developed by, or otherwise comes into the possession of, a Covered Person expressly and solely in such Covered Person's capacity as a director of the Company.

Limitations on Liability and Indemnification of Officers and Directors

Our Amended Charter limits the liability of our directors to the fullest extent permitted by the DGCL or any other law of the state of Delaware and our Amended Bylaws provide that we may indemnify our directors and our officers that are appointed by the board of directors to the fullest extent permitted by applicable law. See "Item 12. Indemnification of Directors and Officers" for additional details on our arrangements with directors and officers.

Rights on Liquidation or Winding Up

In the event of any liquidation, dissolution or winding-up of our affairs, holders of our common stock and common prime stock will be entitled to share ratably in our assets that are remaining after payment or provision for payment of all of our debts and obligations, including any rights of the preferred stockholder.

Public Benefit Corporation Status

We are incorporated in Delaware as a public benefit corporation as a demonstration of our long-standing commitment to financial education and helping young adults with their approach to personal finances, as well as creating alternative means for consumers to purchase items they need without incurring high-interest finance charges. Our status as a public benefit corporation compels our leadership to manage against the aligned goals of creating a positive impact on the community at large and serving the public good in addition to maximizing profit for stockholders. Public benefit corporations are a relatively new class of corporations that are intended to produce a public benefit and to operate in a responsible and sustainable manner. Under Delaware law, public benefit corporations are required to identify in their certificate of incorporation the public benefit or benefits they will promote and their directors have a duty to manage the affairs of the public benefit corporation in a manner that balances the pecuniary interests of its stockholders, the best interests of those materially affected by the public benefit corporation's conduct, and the specific public benefit or public benefits identified in the public benefit corporation's certificate of incorporation. Public benefit corporations are also required to publicly disclose at least biennially a report that assesses their public benefit performance and may elect in their certificate of incorporation to measure that performance against an objective third-party standard. We did not elect to measure performance against an objective third-party standard, and we instead expect that our board of directors will measure our benefit performance against the objectives and standards determined appropriate by our board of directors.

When determining the objectives and standards by which our board of directors will measure our public benefit performance, our board of directors may consider, among other factors, whether the objectives and standards:

(i) adequately assess the effect of our operations upon the interests of our employees, consumers, merchants, local communities in which our offices are located, and the local and global environment;

(ii) are comparable to the objectives and standards created by independent third parties who evaluate the public benefit performance of other public benefit corporations; and

(iii) are appropriately transparent for public disclosure, including disclosing the process by which revisions to the objectives and standards are made and whether such objectives and standards present real or potential conflicts of interests.

We do not believe that an investment in a public benefit corporation differs materially from an investment in a corporation that is not designated as a public benefit corporation. Holders of our common stock will have voting, dividend, and other economic rights that are the same as the rights of stockholders of a corporation that is not designated as a public benefit corporation.

Our public benefit, as provided in our Amended Charter, is, "in pursuing any business, trade, or activity which may lawfully be conducted by Sezzle, Sezzle shall promote a specific public benefit of having a material positive effect (or reduction of negative effects) on consumer empowerment, education, and transparency in Sezzle's local, national, and global communities." Delaware law provides that the holders of at least two-thirds of our outstanding stock entitled to vote must approve any amendment of our certificate of incorporation to delete or amend the requirements of our public benefit purpose; or any merger or consolidation with an entity that would result in us losing our status as a public benefit corporation or with an entity that does not contain identical provisions identifying our public benefits.

Stockholders owning individually or collectively, as of the date of instituting a derivative suit, at least 2% of our outstanding shares may maintain a derivative lawsuit to enforce the requirements that the board of directors will manage or direct our business and affairs in a manner that balances the pecuniary interests of the stockholders, the best interests of those materially affected by our conduct, and the specific public benefits identified in our certificate of incorporation. Delaware law provides that stockholders owning at least 2% of our outstanding shares or $2 million in market value on the date of instituting a derivative suit may institute such a claim.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock in Australia is Computershare Investor Services PTY Limited.

Exhibit 10.2

FIRST AMENDMENT TO LEASE AGREEMENT BY AND BETWEEN MCKESSON BUILDING, LLC AND SEZZLE, INC., DATED DECEMBER 16, 2021

THIS FIRST AMENDMENT TO LEASE AGREEMENT ("**First Amendment**") is made and entered into this 16th day of December 2021 ("Effective Date") by and between **McKesson Building LLC,** a Minnesota limited liability company ("Landlord"), and **Sezzle, Inc.**, a Delaware Corporation ("Tenant").

WHEREAS Landlord is leasing to Tenant and Tenant is leasing from Landlord certain premises known as Suite 200 consisting of approximately 14,740 square feet located at 251 1st Avenue North, Minneapolis, Minnesota 55401 ("Premises") pursuant to written Lease Agreement dated November 30, 2019, referred to herein as the ("Lease").

WHEREAS, the Term of the Lease expires on June 30, 2022, and Landlord and Tenant desire to extend the Term for one (1) additional year and to make such further modifications to the Lease as more fully set forth below.

NOW, THEREFORE, Landlord and Tenant agree as follows:

1. **2.04 Term.** The Initial Term of the Lease and Expiration Date are hereby extended for one (1) additional year commencing on July 1, 2022 and expiring on June 30, 2023 ("Extended Term").

2. **2.06 & 2.07 Total Base Rent and Monthly Installments of Base Rent:** Annual Base Rent during the Extended Term shall be one hundred forty-four thousand nine hundred ninety-nine dollars and 84/100 ($144,999.84) payable in monthly installments of twelve thousand eighty-three dollars and 32/100 ($12,083.32).

3. **Addendum 1 Renewal Option:** The Renewal Options set forth in the Lease are deleted in their entirety and no other renewal options remain in effect.

4. **Brokers**. Tenant hereby represents and warrants to Landlord that Tenant is not represented by a broker an no fees or commissions are due on Tenant's behalf for this lease renewal transaction.

5. **Counterparts; Electronic Signatures**. This First Amendment may be executed in counterparts, each of which shall constitute an original, and all of which, when taken together, shall constitute the same instrument. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of an electronic format data file (i.e. .pdf), such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page was an original thereof. This First Amendment, or any other document contemplated herein, may be signed electronically through DocuSign or a similar third-party electronic signature provider, whose electronic signature technology identifies and authenticates the signer and the signer's intent to sign. A copy of the signature page to this Lease or any other document contemplated herein bearing a handwritten signature may be delivered by facsimile transmission or by email in Portable Document Format and the parties agree that such delivery will have the same binding effect as delivery of the physical document bearing the handwritten signature.

6. **Lease in Full Force and Effect**. Except as expressly amended as set forth in this First Amendment, the terms and conditions of the Lease remain unmodified and in full force and effect. Except as expressly modified by this First Amendment, all other terms and conditions of the Lease are hereby ratified and affirmed. In the event of any express conflict or inconsistency between the terms of this First Amendment and the terms of the Lease, the terms of this Amendment shall control and govern. Any defined terms that are not defined in this First Amendment shall have the meanings ascribed thereto in the Lease unless the context clearly indicates otherwise.

7. **Successors and Assigns**. This First Amendment is binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

8. **Entire Agreement**. The Lease as previously amend, as further modified by this First Amendment, contains the entire agreement between Landlord and Tenant with respect to the Premises.

9. **Choice of Law.** The Lease and this First Amendment shall be governed by the laws of the State of Minnesota.

IN WITNESS WHEREOF, Landlord and Tenant have executed this First Amendment to Lease as of the Effective Date written above.

LANDLORD:

McKesson Building, LLC

By: /s/ Adam Lerner

Adam Lerner

Title: Vice President

TENANT:

Sezzle, Inc.

By: /s/ Charlie Youakim

Title: CEO

Exhibit 10.6

Amendment No. 1 to Revolving Credit and Security Agreement

This Amendment No. 1 to Revolving Credit and Security Agreement (this "*Agreement*") is entered into as of April 29, 2021 by and among Sezzle Funding SPE II, LLC, a Delaware limited liability company, as borrower (the *"Borrower"*), the Lenders party hereto and Goldman Sachs Bank USA, as administrative agent for the Secured Parties (in such capacity, together with its successors and assigns, the "*Administrative Agent*").

Recitals

Whereas, the Borrower has entered into that certain Revolving Credit and Security Agreement, dated as of February 10, 2021, by and among the Borrower, the Administrative Agent and the lenders party thereto from time to time (the *"Lenders"*) (as amended, restated, supplemented or otherwise modified from time to time, the *"Credit Agreement"*); and

Whereas, in accordance with the terms of the Credit Agreement, the Borrower has requested, and the Administrative Agent and the Required Lenders have agreed to, modify certain provisions of the Credit Agreement, upon the terms and subject to the conditions set forth herein.

Now, Therefore, in consideration of the mutual covenants set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

Agreement

1. *Defined Terms.* Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Credit Agreement.

2. *Amendment to the Credit Agreement.* Upon satisfaction of the conditions set forth in Section 3 hereof, the Borrower, the Administrative Agent and the Required Lenders, agree that the Credit Agreement is hereby amended by incorporating the changes shown on the marked copy of the Credit Agreement attached hereto as Exhibit A (it being understood that language which appears "~~struck out~~" has been deleted and language which appears as "double-underlined" has been added).

3. *Conditions Precedent.* The effectiveness of this Agreement is subject to the receipt by the Administrative Agent of the following, each in form and substance acceptable to the Administrative Agent:

(a) this Agreement duly executed and delivered by the parties hereto; and

(b) evidence that the accrued reasonable and documented fees and expenses of Chapman and Cutler LLP, counsel to the Administrative Agent and the Initial Class A Lender in connection with the transactions contemplated hereby, shall have been paid by the Borrower.

4. *Representations and Warranties of Borrower*. The Borrower hereby represents and warrants to the Administrative Agent and each Lender that:

(a) the representations and warranties of Borrower contained in the Credit Agreement are true and correct in all material respects (except in the case of any representation and warranty qualified by materiality or Material Adverse Effect, which is true and correct in all respects) as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all material respects

(except in the case of any representation and warranty qualified by materiality or Material Adverse Effect, which is true and correct in all respects) as of such earlier date;

(b) no Unmatured Event of Default, Event of Default or Accelerated Amortization Event has occurred and is continuing;

(c) the Borrower has all requisite power and authority and all requisite governmental licenses, permits, authorizations, consents and approvals to execute, deliver and perform its obligations under this Agreement and the Facility Documents as amended hereby;

(d) no approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Borrower of this Agreement; and

(e) this Agreement has been duly executed and delivered by the Borrower and constitutes a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

5. *Effect on the Credit Agreement and Ratification*. (a) Except as expressly set forth herein, nothing contained herein shall be deemed to constitute a waiver of compliance with any term or condition contained in the Credit Agreement or any of the other Facility Documents or constitute a course of conduct or dealing among the parties. Except as expressly set forth herein, the Administrative Agent and the Lenders reserve all rights, privileges and remedies under the Facility Documents. The consents and waivers contained herein do not and shall not create (nor shall the Borrower rely upon the existence of or claim or assert that there exists) any obligation of the Administrative Agent or the Lenders to consider or agree to any further amendment or any waiver or consent and, in the event the Administrative Agent or the Lenders subsequently agree to consider any further amendments or any waiver or consent, neither the consents or waivers contained herein nor any other conduct of the Administrative Agent or the Lenders shall be of any force or effect on the Administrative Agent's or the Lenders' consideration or decision with respect to any such requested waiver, consent or amendment and neither the Administrative Agent nor any Lender shall have any further obligation whatsoever to consider or agree to further waiver or consent or any amendment or other agreement. The Credit Agreement, as hereby amended, and all other Facility Documents are hereby ratified and re-affirmed in all respects and shall remain unmodified and in full force and effect. All references in the Facility Documents to the Credit Agreement shall be deemed to be references to the Credit Agreement as modified hereby. This Agreement shall constitute a Facility Document.

(b) The relationship of the Administrative Agent and the Lenders, on the one hand, and the Borrower, on the other hand, has been and shall continue to be, at all times, that of creditor and debtor and not as joint venturers or partners. Nothing contained in this Agreement, any instrument, document or agreement delivered in connection herewith or in the Credit Agreement or any of the other Facility Documents shall be deemed or construed to create a fiduciary relationship between or among the parties.

6. *No Novation.* This Agreement is not intended by the parties to be, and shall not be construed to be, a novation of the Credit Agreement or any other Facility Document or an accord and satisfaction in regard thereto.

7. *Successors and Assigns.* The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted

assigns; *provided* that the Borrower may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of the Administrative Agent.

8. *Headings*. The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

9. *Incorporation of Credit Agreement.* The provisions contained in Section 12.05 (Execution in Counterparts), Section 12.07 (Governing Law), Section 12.08 (Severability of Provisions), Section 12.12 (Submission to Jurisdiction; Waivers; Etc.) and Section 12.13 (Waiver of Jury Trial) of the Credit Agreement are incorporated herein by this reference, *mutatis mutandis*.

remainder of page intentionally blank; signatures follow.

In Witness Whereof, the parties have caused this Agreement to be duly executed and delivered by its duly authorized officer as of the day and year first above written.

Sezzle Funding SPE II, LLC, as Borrower

By: /s/ Karen Hartje
Name: Karen Hartje
Title: CFO

Goldman Sachs Bank USA,
as Administrative Agent and Class A Lender

By: /s/ Jeff Hartwick
Name: Jeff Hartwick
Title: Authorized Signatory

Exhibit A

Marked Credit Agreement

(See attached)

Revolving Credit and Security Agreement

among

Sezzle Funding SPE II, LLC,
as Borrower,

the Lenders from time to time parties hereto,

and

Goldman Sachs Bank USA,
as Administrative Agent

Dated as of February 10, 2021

Table of Contents

Section Heading Page

Schedules

Exhibits

Revolving Credit and Security Agreement

Revolving Credit and Security Agreement, dated as of February 10, 2021 among Sezzle Funding SPE II, LLC, a Delaware limited liability company, as borrower (together with its permitted successors and assigns, the *"Borrower"*), the Lenders from time to time party hereto, and Goldman Sachs Bank USA, as administrative agent for the Secured Parties (as hereinafter defined) (in such capacity, together with its successors and assigns, the *"Administrative Agent"*).

Recitals

Whereas, the Borrower desires that the Lenders make advances on a revolving basis to the Borrower on the terms and subject to the conditions set forth in this Agreement; and

Whereas, each Lender may make such advances to the Borrower on the terms and subject to the conditions set forth in this Agreement.

Now, Therefore, in consideration of the premises and of the mutual covenants herein contained, the parties hereto agree as follows:

Article I

Definitions; Rules of Construction; Computations

Section 1.01. Definitions. As used in this Agreement, the following terms shall have the meanings indicated:

"Accelerated Amortization Event" means, as of any date of determination, the occurrence of any of the following:

(a) the Principal Loss Ratio shall be greater than 5.00%;

(b) as to any Vintage, the Vintage Default Ratio shall be greater than 4.00%;

(c) an Unmatured Event of Default or an Event of Default; *provided, however*, that if such Unmatured Event of Default or an Event of Default is cured within the applicable time period or an Event of Default is waived, the related Accelerated Amortization Event shall cease to exist;

(d) the Servicing Agreement or the Backup Servicing Agreement expires or is otherwise terminated; *provided*, *however*, that if a successor Servicing Agreement or a successor Backup Servicing Agreement, as applicable, reasonably acceptable to the Administrative Agent is entered into ~~within thirty (30) days~~ following the date of such termination, the related Accelerated Amortization Event shall cease to exist; or

(e) ~~a Regulatory Event that causes a Material Adverse Effect on the Sponsor, the Parent, the Borrower, the Servicer, any Seller or the Collateral.~~

Notwithstanding anything in the foregoing to the contrary, any Accelerated Amortization Events caused by the occurrence of any of the events set forth in clauses (a) or (b) above

shall cease to exist if, such clauses (a) or (b), as applicable, are satisfied and cured for four (4) consecutive Collection Periods as of the relevant Reporting Date occurring after such Accelerated Amortization Event as evidenced in Biweekly Reports.

"Account Reactivation Fee" means, with respect to any Receivable, a fee imposed by the Servicer as a result of an installment payment that is past due, including, but not limited to, a fee denominated as an Account Reactivation Fee in the Related Documents.

"Adjusted Benchmark Rate" means, for any Interest Accrual Period, an interest rate *per annum* equal to a fraction, expressed as a percentage, (a) the numerator of which is equal to the Benchmark for such Interest Accrual Period and (b) the denominator of which is equal to 100% *minus* the Applicable Reserve Percentage for such Interest Accrual Period.

"Administrative Agent" has the meaning specified in the introduction to this Agreement.

"Administrative Agent Fee Letter" means that certain Administrative Agent Fee Letter dated as of the Closing Date, by and among the Borrower, the Sponsor, the Administrative Agent and the Initial Class A Lender.

"*Advance*" shall have the meaning specified in Section 2.01.

"Affected Financial Institution" means (a) any EEA Financial Institution or (b) any UK Financial Institution.

"Affected Person" means (a) each Lender and each of its Affiliates, and (b) any assignee or participant of any Lender.

"Affiliate" means, in respect of a referenced Person, another Person Controlling, Controlled by or under common Control with such referenced Person.

"*Affiliate Fees*" means fees received from affiliate partners based on lead generation.

"Aggregate Receivable Balance" means, when used with respect to all or a portion of the Collateral Receivables, the sum of the Receivable Balances of all or of such portion of such Collateral Receivables, as applicable.

"Agreement" means this Revolving Credit and Security Agreement.

"Applicable Law" means any Law of any Governmental Authority, including all federal, state, provincial, territorial or local laws and of other local regulatory authorities, to which the Person in question is subject or by which it or any of its assets or properties are bound.

"Applicable Margin" means, (a) with respect to Class A Advances, 3.375% and (b) with respect to Class B Advances, 10.689%.

"Applicable Reserve Percentage" means, for any period, the percentage, if any, applicable during such period (or, if more than one such percentage shall be so applicable, the daily average of such percentages for those days in such period during which any such

percentage shall be so applicable) under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including any basic, emergency, supplemental, marginal or other reserve requirements) with respect to liabilities or assets consisting of or including Eurocurrency Liabilities having a term of three months.

"*Asset Balance Disbursed*" means, as of any date, with respect to each Collateral Receivable, (a) the applicable amount actually disbursed by the Sponsor to the Merchant with respect to such Collateral Receivable *minus* (b) any other amounts received by the Sponsor from the Merchant or otherwise in connection with such Collateral Receivable on the date such Collateral Receivable was originated.

"Assigning Lender" has the meaning specified in Section 13.02(a).

"Assignment and Acceptance" means an Assignment and Acceptance in substantially the form of Exhibit C hereto, entered into by a Lender, an assignee and the Administrative Agent and, if applicable, the Borrower.

"Available Receivable Balance" means, with respect to any Collateral Receivable, (a) the Receivable Balance of such Collateral Receivable *less* (b) the Excess Concentration Amount, if any, in respect of such Collateral Receivable.

"Available Tenor" means, as of any date of determination and with respect to the then-current Benchmark, as applicable, any tenor for such Benchmark or payment period for interest calculated with reference to such Benchmark, as applicable, that is or may be used for determining the length of an Interest Accrual Period pursuant to this Agreement as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of "Interest Accrual Period" pursuant to clause (d) of Section 2.12.

"Backup Servicer" means Carmel Solutions, or such other qualified servicer approved by the Administrative Agent in writing, all in accordance with the terms, provisions and conditions of the Backup Servicing Agreement.

"Backup Servicer Certificate" means a certificate, in form and substance acceptable to the Administrative Agent, delivered by the Backup Servicer to the Borrower, the Servicer and the Administrative Agent in compliance with the terms and provisions of the Backup Servicing Agreement.

"Backup Servicer Event of Default" means (a) an event of default under the Backup Servicing Agreement or (b) ~~a Regulatory Event that causes a Material Adverse Effect on the Backup Servicer~~.

"Backup Servicing Agreement" means the Backup Servicing Agreement, by and between the Borrower, the Administrative Agent, the Servicer and the Backup Servicer, or any replacement backup servicing agreement reasonably acceptable to the Administrative Agent.

"Bail-In Action" means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

"Bail-In Legislation" means (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

"Bankruptcy Code" means Title XI of the United States Code.

"Base Rate" means, on any date of determination, a fluctuating interest rate *per annum* equal to the higher of (a) the Federal Funds Rate plus 0.50% and (b) the Prime Rate. Interest calculated pursuant to clause (a) above will be determined based on a year of 365 days or 366 days, as applicable, and the actual days elapsed. Interest calculated pursuant to clause (b) above will be determined based on a year of 360 days and the actual days elapsed.

"Bass Pro Shops" means BPS Direct, LLC doing business as Bass Pro Shops.

"Bass Pro Shops 5-month Receivable" means a Bass Pro Shops Receivable that is payable in six (6) equal, interest-free installments over a period not to exceed five (5) months, with the first such payment made at the time such Receivable is originated.

"Bass Pro Shops Receivable" means a Collateral Receivable in respect of which Bass Pro Shops is the related Merchant.

"Benchmark" means, initially, the LIBOR Rate; provided that if a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date have occurred with respect to the LIBOR Rate or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to clause (a) of Section 2.12.

"Benchmark Disruption Event" means the occurrence of any of the following: (a) any Lender shall have notified the Administrative Agent of a determination by such Lender or any of its assignees or participants that it would be contrary to law or to the directive of any central bank or other governmental authority (whether or not having the force of law) to obtain U.S. Dollars in the London interbank market to fund any Advance, (b) any Lender shall have notified the Administrative Agent of the inability, for any reason, of such Lender or any of its assignees or participants to determine the Adjusted Benchmark Rate, (c) any Lender shall have notified the Administrative Agent of a determination by such Lender or any of its assignees or participants that the rate at which deposits of U.S. Dollars are being offered to such Lender or any of its assignees or participants in the London interbank market does not accurately reflect the cost to such Lender, such assignee or such participant of making, funding or maintaining any Advance, or (d) any Lender shall have notified the Administrative Agent of

the inability of such Lender or any of its assignees or participants to obtain U.S. Dollars in the London interbank market to make, fund or maintain any Advance; *provided, however*, that a Benchmark Disruption Event

shall not cover or be triggered by a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date with respect to the LIBOR Rate or the then-current Benchmark.

"Benchmark Replacement" means, for any Available Tenor, the first alternative set forth in the order below that can be determined by the Administrative Agent for the applicable Benchmark Replacement Date:

(1) the sum of: (a) Term SOFR and (b) the related Benchmark Replacement Adjustment;

(2) the sum of: (a) Daily Simple SOFR and (b) the related Benchmark Replacement Adjustment;

(3) the sum of: (a) the alternate benchmark rate that has been selected by the Administrative Agent and the Borrower as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement for the then-current Benchmark for U.S. dollar-denominated syndicated or bilateral credit facilities at such time and (b) the related Benchmark Replacement Adjustment;

provided that, in the case of clause (1), such Unadjusted Benchmark Replacement is displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion. If the Benchmark Replacement as determined pursuant to clause (1), (2) or (3) above would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Facility Documents.

"Benchmark Replacement Adjustment" means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement for any applicable Interest Accrual Period and Available Tenor for any setting of such Unadjusted Benchmark Replacement:

(1) for purposes of clauses (1) and (2) of the definition of "Benchmark Replacement," the first alternative set forth in the order below that can be determined by the Administrative Agent:

(a) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) as of the Reference Time such Benchmark Replacement is first set for such Interest Accrual Period that has been selected or recommended by the Relevant Governmental Body for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for the applicable Corresponding Tenor;

(b) the spread adjustment (which may be a positive or negative value or zero) as of the Reference Time such Benchmark Replacement is first set for such Interest Accrual Period that would apply to the fallback rate for a derivative transaction referencing the ISDA Definitions to be effective upon an index cessation event with respect to such Benchmark for the applicable Corresponding Tenor; and

(2) for purposes of clause (3) of the definition of "Benchmark Replacement," the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Administrative Agent and the Borrower for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body on the applicable Benchmark Replacement Date or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated syndicated or bilateral credit facilities at such time;

provided that, in the case of clause (1) above, such adjustment is displayed on a screen or other information service that publishes such Benchmark Replacement Adjustment from time to time as selected by the Administrative Agent in its reasonable discretion.

"Benchmark Replacement Conforming Changes" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Business Day," the definition of "Interest Accrual Period," timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, length of lookback periods, the applicability of breakage provisions, and other technical, administrative or operational matters) that the Administrative Agent decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of such Benchmark Replacement exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Facility Documents.

"Benchmark Replacement Date" means the earliest to occur of the following events with respect to the then-current Benchmark:

(1) in the case of clause (1) or (2) of the definition of "Benchmark Transition Event," the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof);

(2) in the case of clause (3) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information referenced therein; or

(3) in the case of an Early Opt-in Election, the sixth (6th) Business Day after the date notice of such Early Opt-in Election is provided to Borrower, so long as the Administrative Agent has not received, by 5:00 p.m. on the fifth (5th) Business Day after the date notice of such Early Opt-in Election is provided to Borrower, written notice of objection to such Early Opt-in Election from Borrower.

For the avoidance of doubt, (i) if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination and (ii) the "Benchmark Replacement Date" will be

deemed to have occurred in the case of clause (1) or (2) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Transition Event" means the occurrence of one or more of the following events with respect to the then-current Benchmark:

(1) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(2) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Federal Reserve Board, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are no longer representative.

For the avoidance of doubt, a "Benchmark Transition Event" will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Unavailability Period" means the period (if any) (x) beginning at the time that a Benchmark Replacement Date pursuant to clauses (1) or (2) of that definition has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Facility Document in accordance with Section 2.12 and (y) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Facility Document in accordance with Section 2.12.

"Beneficial Ownership Certification" means a certification regarding beneficial ownership required by the Beneficial Ownership Regulation.

"Beneficial Ownership Regulation" means 31 C.F.R. § 1010.230.

"Benefit Plan" means any of (a) an "employee benefit plan" (as defined in ERISA) that is subject to Title I of ERISA, (b) a "plan" as defined in and subject to Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for

purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such "employee benefit plan" or "plan".

"BHC Act Affiliate" of a party means an "affiliate" (as such term is defined under and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

"Biweekly Master File" means a detailed master file containing the information necessary for the Backup Servicer to verify the information with respect to the Receivables set forth in the Backup Servicing Agreement in computer readable format reasonably acceptable to the Backup Servicer and the Administrative Agent.

"Biweekly Report" has the meaning specified in Section 5.01(g).

"Borrower" has the meaning specified in the introduction to this Agreement.

"Borrower Information" means the non-public or proprietary information provided hereunder by the Borrower with respect to the Borrower, the Parent, the Sponsor, their respective Affiliates or any other non-public information relating to the foregoing furnished to any Secured Party pursuant to this Agreement or any other Facility Document. Notwithstanding the foregoing, the term "Borrower Information" shall not include any information which (a) is or becomes generally available to the public other than as a result of a breach of Section 12.09, (b) becomes available to the Administrative Agent, or any Lender or any of their respective Affiliates on a nonconfidential basis from a source other than the Borrower or (c) was available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by the Borrower hereunder.

"Borrower LLC Agreement" means that certain Amended and Restated Limited Liability Company Agreement of the Borrower, dated as of the Closing Date, by and between the Parent, as sole member, and Ricardo Orozco, as Independent Manager.

"Borrowing" has the meaning specified in Section 2.01.

"Borrowing Base" means the sum of the Class A Borrowing Base and the Class B Borrowing Base.

"Borrowing Date" means the date of a Borrowing.

"Business Day" means any day other than (a) a Saturday or Sunday, (b) the days on which banks are authorized or required to close in New York, New York, Minneapolis, Minnesota or Toronto, Ontario, or a legal or federal holiday and (c) if the applicable Business Day relates to the advance or continuation of, or conversion into, or payment of an Advance bearing interest at the Benchmark or the determination of the Benchmark, the days on which banks dealing in U.S. Dollar deposits in the interbank market in London, England, Wilmington, Delaware or New York, New York are authorized or required to be closed.

"CAD FX Rate" shall mean, for each date of determination, the closing spot rate for converting Canadian Dollars to U.S. Dollars as published on Reuters or Bloomberg (or such other source acceptable to the Administrative Agent) for the date prior to such date of determination.

"Canadian Cash Transfer Event" means, (a) the expiration of the Reinvestment Period, (b) the occurrence and continuation of any Accelerated Amortization Event, Unmatured Event of Default or Event of Default or (c) as of any date of determination, the amounts on deposit in the U.S. Collection Account shall be (i) less than the U.S. Collection Account Required Amount or (ii) insufficient to pay all amounts then due and owing pursuant to Sections 9.01(i) through 9.01(vii) as of the immediately preceding Payment Date.

"Canadian Collection Account" means the account established at the Canadian Collection Account Bank in the name of the Borrower, which account has been designated as the Canadian Collection Account and which shall at all times be the subject of a Canadian Collection Account Control Agreement.

"Canadian Collection Account Bank" means (a) Bank of Montreal or (b) another Qualified Institution reasonably acceptable to the Administrative Agent.

"Canadian Collection Account Control Agreement" means each agreement in form reasonably acceptable to the Administrative Agent among the Borrower, the Administrative Agent and the Canadian Collection Account Bank over the Canadian Collection Account or such other account as may be applicable from time to time, in each case pursuant to which the Administrative Agent has the right to take dominion and control of the Canadian Collection Account upon the occurrence of an Event of Default.

"Canadian Dollars" means lawful money of Canada.

"Canadian Receivable" means each Receivable sold to the Borrower by the Canadian Seller pursuant to the terms and subject to the conditions set forth in the Canadian Receivable Purchase Agreement.

"Canadian Receivable Purchase Agreement" means (a) the Canadian Receivable Purchase Agreement, by and among the Canadian Seller, the Borrower and the Administrative Agent, in form and substance acceptable to the Administrative Agent or (b) such other receivable purchase agreement among the Canadian Seller, the Borrower and the Administrative Agent, that is in form and substance satisfactory to the Administrative Agent.

"Canadian Seller" means Sezzle Canada Corp., a company formed under the laws of the Province of Nova Scotia.

"Change of Control" means, at any time, the occurrence of one or more of the following events: (a) other than a Permitted Holder, any Person or group (within the meaning of the Securities and Exchange Act of 1934 and the rules of the Securities and Exchange Commission thereunder, as in effect on the date hereof), shall acquire ownership, directly or indirectly, beneficially or of record of the Equity Interests of the Sponsor representing more than 35% of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests of the Sponsor, (b) individuals who as of the Closing Date constitute the board of directors of the Sponsor cease for any reason to constitute a majority of the board of directors of or Control (in their capacity as directors) the Sponsor at any time, (c) the Sponsor fails to directly own, legally and beneficially, 100% of the Equity Interests of the Parent at any time, (d) the Sponsor ceases to

have the power or authority to Control or direct the management and policies of the Parent at any time, (e) the Parent fails to directly own, legally and beneficially, 100% of the Equity Interests of the Borrower at any time or (f) the Parent ceases to have the power or authority to Control or direct the management and policies of the Borrower at any time.

"Class A Advance" has the meaning specified in Section 2.01.

"Class A Advance Rate" means, as of any date of determination, (a) if the Weighted Average FICO Score of all Collateral Receivables for which a FICO Score has been obtained around the time the Receivable was originated is greater than or equal to 580 on such date, 70% and (b) if the Weighted Average FICO Score of all Collateral Receivables for which a FICO Score has been obtained around the time the Receivable was originated is less than 580 on such date, 65%.

"Class A Borrowing Base" means, as of any date of determination, with respect to all Collateral Receivables, the sum of the Class A Borrowing Base Amounts of all such Collateral Receivables.

"Class A Borrowing Base Amount" means, as of any date of determination, with respect to each Collateral Receivable, the lesser of (a) the product of (i) the Class A Advance Rate and (ii) the Available Receivable Balance as of such date of such Collateral Receivable and (b) the product of (i) the Class A Advance Rate, (ii) the Available Receivable Balance as of such date of such Collateral Receivable and (iii) the Disbursed Percentage.

"Class A Committed Facility Amount" means (a) on or prior to the Termination Date, $97,220,000 and (b) following the Termination Date, the outstanding principal balance of all the Class A Committed Advances.

"Class A Committed Advance" has the meaning specified in Section 2.01.

"Class A Incremental Advance" has the meaning specified in Section 2.01.

"Class A Incremental Amount" means $97,220,000.

"Class A Interest" means, for each day during an Interest Accrual Period and each outstanding Class A Advance on such day, the sum of the products (for each day during such Interest Accrual Period) of:

$$IR \times P \times 1/D$$

where:

IR = the Interest Rate for such Class A Advance on such day;

P = the principal amount of such Class A Advance on such day; and

D = 360.

"Class A Lender" means each Person listed on Schedule 1-B, a Class A Lender and any other Person that shall have become a party hereto as a Class A Lender in accordance with the terms hereof, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Acceptance.

"Class A Maximum Advance Rate Test" means a test that will be satisfied at any time if (a) the aggregate outstanding principal balance of the Class A Advances is less than or equal to (b) the Class A Maximum Available Amount at such time.

"Class A Maximum Available Amount" means, at any time, the lesser of:

(a) the Class A Program Limit; and

(b) the Class A Borrowing Base at such time.

For the avoidance of any doubt, on any Borrowing Date the amount of any Borrowings hereunder against the Class A Maximum Available Amount shall be subject to the satisfaction of the conditions precedent set forth in Section 3.02(b).

"Class A Maximum Committed Advance Rate Test" means a test that will be satisfied at any time if (a) the aggregate outstanding principal balance of the Class A Committed Advances is less than or equal to (b) the Class A Maximum Committed Available Amount at such time.

"Class A Maximum Committed Available Amount" means, at any time, the lesser of:

(a) the Class A Committed Facility Amount; and

(b) the Class A Borrowing Base at such time.

For the avoidance of any doubt, on any Borrowing Date the amount of any Borrowings hereunder against the Class A Maximum Committed Available Amount shall be subject to the satisfaction of the conditions precedent set forth in Section 3.02(b).

"Class A Obligations" means all Obligations owed to the Class A Lenders.

"Class A Program Limit" means the Class A Committed Facility Amount *plus* the Class A Incremental Amount.

"Class A Unused Fee" means, for each Interest Accrual Period that occurs during the Reinvestment Period, the product of (a) the Class A Unused Premium, (b) the greater of (i) zero and (ii) the excess of (A) the average of the Class A Committed Facility Amount during such Interest Accrual Period over (B) the average outstanding principal amount of all of the Class A Advances during such Interest Accrual Period, and (c) a fraction, the numerator of which is the number of days in such Interest Accrual Period and the denominator of which is 360.

"Class A Unused Premium" means, as of each Interest Accrual Period during the Reinvestment Period:

(a) except for each Interest Accrual Period that occurs during the first three months following the Closing Date, if the average outstanding principal amount of all of the Class A Advances during such Interest Accrual Period is less than 33.3% of the Class A Committed Facility Amount, 0.65%;

(b) for each Interest Accrual Period that occurs during the first three months following the Closing Date, if the average outstanding principal amount of all of the Class A Advances during such Interest Accrual Period is less than 33.3% of the Class A Committed Facility Amount, 0.50%;

(c) if the average outstanding principal amount of all of the Class A Advances during such Interest Accrual Period is greater than or equal to 33.3% of the Class A Committed Facility Amount but less than 66.6% of the Class A Committed Facility Amount, 0.50%; and

(d) if the average outstanding principal amount of all of the Class A Advances during such Interest Accrual Period is greater than 66.6% of the Class A Committed Facility Amount, 0.35%.

"Class B Advance" has the meaning specified in Section 2.01.

"Class B Advance Rate" means, as of any date of determination, (a) if the Weighted Average FICO Score of all Collateral Receivables for which a FICO Score has been obtained around the time the Receivable was originated is greater than or equal to 580 on such date, 90% and (b) if the Weighted Average FICO Score of all Collateral Receivables for which a FICO Score has been obtained around the time the Receivable was originated is less than 580 on such date, 85%.

"Class B Borrowing Base" means, as of any date of determination, (a) with respect to all Collateral Receivables, the sum of the Class B Borrowing Base Amounts of all such Collateral Receivables *minus* (b) the Class A Borrowing Base at such time.

"Class B Borrowing Base Amount" means, as of any date of determination, with respect to each Collateral Receivable, the lesser of (a) the product of (i) the Class B Advance Rate and (ii) the Available Receivable Balance as of such date of such Collateral Receivable and (b) the product of (i) the Class B Advance Rate, (ii) the Available Receivable Balance as of such date of such Collateral Receivable and (iii) the Disbursed Percentage.

"Class B Buyout Amount" has the meaning specified in Section 6.03.

"Class B Buyout Exercise Date" has the meaning specified in Section 6.03.

"Class B Buyout Group" has the meaning specified in Section 6.03.

"Class B Buyout Notice" has the meaning specified in Section 6.03.

"Class B Buyout Option" has the meaning specified in Section 6.03.

"Class B Buyout Option Termination Date" has the meaning specified in Section 6.03.

"Class B Buyout Triggering Event" means (a) any time the Final Maturity Date is declared by the Class A Lenders pursuant to Section 6.02(a) or automatically occurs pursuant to Section 6.01(h) or (b) following the Administrative Agent's receipt of notice of the occurrence and continuation of an Event of Default from the Class B Lenders then holding a majority of the outstanding principal amount of the Class B Advances, and subject to any

waiver of such Event of Default by the Administrative Agent and the Lenders in accordance with Section 12.01 or any

applicable cure period set forth in clause (f) of the definition of "Fundamental Amendments", the Administrative Agent (at the direction of the Required Lenders) has not declared the Final Maturity Date or otherwise exercised the remedies available to it pursuant to Section 6.02, (i) within fifteen (15) Business Days following the end of such cure period, or (y) if the Administrative Agent entered into good faith negotiations with the Borrower to remedy such Event of Default, within twenty (20) Business Days following the end of such cure period.

"*Class B Committed Facility Amount*" means (a) on or prior to the Termination Date, $27,780,000 and (b) following the Termination Date, the outstanding principal balance of all the Class B Committed Advances.

"Class B Committed Advance" has the meaning specified in Section 2.01.

"Class B Incremental Advance" has the meaning specified in Section 2.01.

"Class B Incremental Amount" means $27,780,000.

"Class B Interest" means, for each day during an Interest Accrual Period and each outstanding Class B Advance on such day, the sum of the products (for each day during such Interest Accrual Period) of:

$$IR \times P \times 1/D$$

where:

IR = the Interest Rate for such Class B Advance on such day;

P = the principal amount of such Class B Advance on such day; and

D = 360.

"Class B Lender" means each Person listed on Schedule 1-B, as a Class B Lender and any other Person that shall have become a party hereto as a Class B Lender in accordance with the terms hereof, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Acceptance.

"Class B Maximum Advance Rate Test" means a test that will be satisfied at any time if (a) the aggregate outstanding principal balance of the Class B Advances is less than or equal to (b) the Class B Maximum Available Amount at such time.

"Class B Maximum Available Amount" means, at any time, the lesser of:

(a) the Class B Program Limit; and

(b) the Class B Borrowing Base at such time.

For the avoidance of any doubt, on any Borrowing Date the amount of any Borrowings hereunder against the Class B Maximum Available Amount shall be subject to the satisfaction of the conditions precedent set forth in Section 3.02(b).

"Class B Maximum Committed Advance Rate Test" means a test that will be satisfied at any time if (a) the aggregate outstanding principal balance of the Class B Committed Advances is less than or equal to (b) the Class B Maximum Committed Available Amount at such time.

"Class B Maximum Committed Available Amount" means, at any time, the lesser of:

(a) the Class B Committed Facility Amount; and

(b) the Class B Borrowing Base at such time.

For the avoidance of any doubt, on any Borrowing Date the amount of any Borrowings hereunder against the Class B Maximum Committed Available Amount shall be subject to the satisfaction of the conditions precedent set forth in Section 3.02(b).

"Class B Program Limit" means the Class B Committed Facility Amount *plus* the Class B Incremental Amount.

"Class B Unused Fee" means, for each Interest Accrual Period that occurs during the Reinvestment Period, the product of (a) the Class B Unused Premium, (b) the greater of (i) zero and (ii) the excess of (A) the average of the Class B Committed Facility Amount during such Interest Accrual Period over (B) the average outstanding principal amount of all of the Class B Advances during such Interest Accrual Period, and (c) a fraction, the numerator of which is the number of days in such Interest Accrual Period and the denominator of which is 360.

"Class B Unused Premium" means, as of each Interest Accrual Period during the Reinvestment Period:

(a) except for each Interest Accrual Period that occurs during the first three months following the Closing Date, if the average outstanding principal amount of all of the Class B Advances during such Interest Accrual Period is less than 33.3% of the Class B Committed Facility Amount, 0.65%;

(b) for each Interest Accrual Period that occurs during the first three months following the Closing Date, if the average outstanding principal amount of all of the Class B Advances during such Interest Accrual Period is less than 33.3% of the Class B Committed Facility Amount, 0.50%;

(c) if the average outstanding principal amount of all of the Class B Advances during such Interest Accrual Period is greater than or equal to 33.3% of the Class B Committed Facility Amount but less than 66.6% of the Class B Committed Facility Amount, 0.50%; and

(d) if the average outstanding principal amount of all of the Class B Advances during such Interest Accrual Period is greater than 66.6% of the Class B Committed Facility Amount, 0.35%.

"Closing Date" means February 10, 2021.

"Code" means the Internal Revenue Code of 1986.

"Collateral" has the meaning specified in Section 7.01(a).

"Collateral Receivable" has the meaning ascribed to such term on Schedule 2 hereto.

"Collection Period" means (a) the period beginning on (and including) the Closing Date and ending on (and including) February 26, 2021, and (b) each two week period thereafter beginning on (and including) a Saturday ending on (and including) the Friday two weeks thereafter.

"Collections" means all cash collections, distributions, payments and other amounts received, and to be received by a Seller, the Servicer, the Backup Servicer or the Borrower, from any Person in respect of any Receivables any Related Documents, including, but not limited to, all principal, late fees and any other fees (including, without limitation, Affiliate Fees and interchange fees), repurchase proceeds, interchange fee rebates and recoveries payable to the Borrower under or in connection with any such Receivables and all Proceeds from any sale or disposition of any such Receivables and Related Documents or of any merchandise that gave rise to such Receivables or Related Documents, including, but not limited to, all realized loss cap clawbacks and all other reimbursements or payments received from Merchants; *provided*, that "Collections" shall not include, in respect of any Receivable, referral fees from Ally Bank or other affiliate partners where such Receivable is not originated.

"Committed Facility Amount" means $125,000,000.

"Competitor" means a competitor of the Borrower or Sponsor listed on Schedule 9, which may be modified by the Borrower from time to time upon the Administrative Agent's prior written consent (not to be unreasonably withheld).

"Concentration Limitations" means, as of any date of determination, the following limitations applied, without duplication, to the Collateral Receivables owned (or, in relation to a proposed purchase of a Receivable, proposed to be owned) by the Borrower, and in each case in accordance with the procedures set forth in Section 1.04:

(a) no more than the Aggregate Receivable Balance of such Collateral Receivables represented by Canadian Receivables may exceed 10.0% of the Aggregate Receivable Balance of all Collateral Receivables on such date;

(b) no more than the Aggregate Receivable Balance of such Collateral Receivables represented by Bass Pro Shops 5-month Receivables or other retailer specific promotional program or other test case Receivables approved by the Administrative Agent in its sole and absolute discretion may exceed 7.5% of the Aggregate Receivable Balance of all Collateral Receivables on such date;

(c) no more than the Aggregate Receivable Balance of such Collateral Receivables represented by Extended Term Receivables may exceed 10.0% of the Aggregate Receivable Balance of all Collateral Receivables on such date;

(d) no more than the Aggregate Receivable Balance of such Collateral Receivables represented by Past Due Collateral Receivables may exceed 4.0% of the Aggregate Receivable Balance of all Collateral Receivables on such date;

(e) no more than the Aggregate Receivable Balance of such Collateral Receivables for which the Merchant Discount Rate is greater than 8.0% (other than Bass

Pro Shops 5-month Receivables) may exceed 3.0% of the Aggregate Receivable Balance of all Collateral Receivables on such date;

(f) the Aggregate Receivable Balance of all Collateral Receivables (other than Bass Pro Shops 5-month Receivables) on such date that would cause the Weighted Average Merchant Discount Rate to be greater than or equal to 3.0%;

(g) no more than the Aggregate Receivable Balance of such Collateral Receivables represented by any single Merchant (other than the Target Corporation) may exceed 15.0% of the Aggregate Receivable Balance of all Collateral Receivables on such date;

(h) no more than the Aggregate Receivable Balance of such Collateral Receivables represented by any Obligor that had not been an Obligor under any previous Receivable and satisfied all the obligations thereunder on or prior to the date the relevant Receivable was originated may exceed 35.0% of the Aggregate Receivable Balance of all Collateral Receivables on such date;

(i) no more than the Aggregate Receivable Balance of such Collateral Receivables represented by any Obligor that had not been an Obligor under any previous Receivable and satisfied all the obligations thereunder (other than any Receivables for which the Target Corporation is the Merchant) on or prior to the date the relevant Receivable was funded may exceed 30.0% of the Aggregate Receivable Balance of all Collateral Receivables on such date;

(j) no more than the Aggregate Receivable Balance of such Collateral Receivables represented by Rescheduled Receivables may exceed 12.5% of the Aggregate Receivable Balance of all Collateral Receivables on such date;

(k) no more than the Aggregate Receivable Balance of such Collateral Receivables represented by Rescheduled Receivables which the related Obligor has rescheduled an installment payment more than once may exceed 2.5% of the Aggregate Receivable Balance of all Collateral Receivables on such date; and

(l) no more than the Aggregate Receivable Balance of such Collateral Receivables for which the Original Receivable Balance is greater than $500 may exceed 10.0% of the Aggregate Receivable Balance of all Collateral Receivables on such date.

"Connection Income Taxes" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"Consent and Release" means a consent and release letter executed by the Administrative Agent in substantially the form of Exhibit D hereto or any other form reasonably acceptable to the Administrative Agent.

"Constituent Documents" means in respect of any Person, the certificate or articles of formation or organization, trust agreement, limited liability company agreement, operating agreement, partnership agreement, joint venture agreement or other applicable agreement of formation or organization (or equivalent or comparable constituent documents) and other organizational documents and by-laws and any certificate of incorporation,

certificate of formation, certificate of limited partnership and other agreement, similar instrument filed or made in connection with its formation or organization.

"Contingent Jurisdiction" means Alaska, Arizona, California, Colorado, the District of Columbia, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Louisiana, Maine, Mississippi, Missouri, North Carolina, North Dakota, South Dakota, Oklahoma, Texas, Utah, Virginia, West Virginia, Wisconsin and Wyoming.

"Contract" means, either: (a) a retail installment sale contract or other loan contract executed by an Obligor under which an extension of credit by a Seller is made in the ordinary course of business to such Obligor, or (b) an agreement between an Obligor and a Seller for the purpose of financing the purchase of goods and/or services from a Merchant, together, in each case, with the original endorsements or assignments showing the chain of ownership thereof, if any.

"Control" means the direct or indirect possession of the power to direct or cause the direction of the management or policies of a Person, whether through ownership, by contract, arrangement or understanding, or otherwise. *"Controlled"* and *"Controlling"* have the meaning correlative thereto.

"Corresponding Tenor" with respect to any Available Tenor means, as applicable, either a tenor (including overnight) or an interest payment period having approximately the same length (disregarding business day adjustment) as such Available Tenor.

"Covered Entity" means any of the following: (i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

"Covered Party" has the meaning specified in Section 12.22.

"Credit Approval Date" means, with respect to any Receivable, the date on which a Seller granted credit approval for the Obligor in accordance with the Credit Guidelines.

"Credit Guidelines" means the credit or underwriting guidelines applicable to the Obligors of the Receivables, listed on Schedule 5, which may be amended, modified or supplemented by the Sponsor subject to Section 5.02(j).

"Current Collateral Receivable" means any Collateral Receivable, other than a Defaulted Collateral Receivable, as to which all scheduled installment payments are less than fifteen (15) days past due.

"Daily Simple SOFR" means, for any day, SOFR, with the conventions for this rate (which will include a lookback) being established by the Administrative Agent in accordance with the conventions for this rate selected or recommended by the Relevant Governmental Body for determining "Daily Simple SOFR" for business loans; provided, that if the Administrative Agent decides that any such convention is not administratively feasible for the Administrative Agent, then the Administrative Agent may establish another convention in its reasonable discretion.

"Data Tape" means a data tape, which shall include with respect to each Collateral Receivable the information set forth on Schedule 7.

"Default Right" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"Defaulted Collateral Receivable" means, at any time, a Collateral Receivable or a Vintage Receivable as to which any of the following occurs:

(a) all or any portion of one or more scheduled installments are past due with respect to such Collateral Receivable or Vintage Receivable for a period of ninety (90) days or more past the scheduled Due Date for such installment payment;

(b) an Insolvency Event relating to the related Obligor of such Receivable or Vintage Receivable has occurred or such Obligor is deceased;

(c) the Borrower or the Servicer has determined in good faith in accordance with the Servicing Guide that such Collateral Receivable or Vintage Receivable shall be placed on "non-accrual" status or "not collectible," or has reserved against it; or

(d) such Collateral Receivable or Vintage Receivable is charged-off by the Servicer (or would be required to be charged off by the Servicer in accordance with the charge-off policies in the Servicing Guide in effect as of the Closing Date unless the Administrative Agent and the Required Lenders have approved in writing any changes to such charge-off policy following the Closing Date that would result in a Collateral Receivable or Vintage Receivable no longer being subject to charge off).

"Delinquent Collateral Receivable" means any Collateral Receivable other than a Defaulted Collateral Receivable as to which any scheduled installment payment is more than 28 days past due.

"Determination Date" means the last day of each Collection Period.

"*Disbursed Percentage*" means with respect to any Collateral Receivable, the ratio of the Asset Balance Disbursed for such Collateral Receivable divided by the Transaction Value for such Collateral Receivable.

"Due Date" means each date on which any installment payment is due on a Collateral Receivable in accordance with its terms.

"Early Opt-in Election" means, if the then-current Benchmark is LIBOR Rate, the occurrence of:

(1) a notification by the Administrative Agent to (or the request by the Borrower to the Administrative Agent to notify) each of the other parties hereto that at least five currently outstanding U.S. dollar-denominated syndicated or bilateral credit facilities at such time contain (as a result of amendment or as originally executed) a SOFR-based rate (including SOFR, a term SOFR or any other rate based upon SOFR) as a benchmark rate (and such syndicated or bilateral credit facilities are identified in such notice and are publicly available for review), and

(2) the joint election by the Administrative Agent and the Borrower to trigger a fallback from LIBOR Rate and the provision by the Administrative Agent of written notice of such election to the Lenders.

"EEA Financial Institution" means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"EEA Resolution Authority" means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"EFTA" means the Electronic Fund Transfer Act and the rules and regulations promulgated thereunder.

"Equity Interests" means, with respect to any Person, all of the shares of capital stock of (or other ownership (including beneficial ownership) or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership (including beneficial ownership) or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership (including beneficial ownership) or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership (including beneficial ownership) or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

"ERISA" means the Employee Retirement Income Security Act of 1974, and the regulations promulgated and rulings issued thereunder.

"ERISA Event" means (a) any "reportable event," as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the thirty (30) day notice requirement is waived); (b) the failure with respect to any Plan to satisfy the "minimum funding standard" (as defined in Section 412 of the Code or Section 302 of ERISA); (c) the filing pursuant to Section 412(c) of the Code or Section 302 of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) a determination that any Plan is, or is expected to be, in "at risk" status (as defined in Section 430 of the Code or Section 303 of ERISA); (e) the incurrence by the Borrower or any member of its ERISA Group of any liability under Title IV of ERISA with respect to the termination of any Plan; (f) (i) the receipt by the Borrower or any member of its ERISA Group from the PBGC of a notice of determination that the PBGC intends to seek termination of any Plan or to have a trustee appointed for any Plan, or (ii) the filing by the Borrower or any member of its ERISA Group of a notice of intent to terminate any Plan; (g) the incurrence by the Borrower or any member of its ERISA Group of any liability (i) with respect to a Plan pursuant to Sections 4063 and 4064 of ERISA, (ii) with respect to a facility closing pursuant to Section 4062(e) of ERISA, or (iii) with respect to the withdrawal or partial withdrawal from any Multiemployer Plan; (h) the

receipt by the Borrower or any member of its ERISA Group of any notice concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, in endangered status or critical status, within the meaning of Section 432 of the Code or Section 305 of ERISA or is or is expected to be insolvent, within the meaning of Title IV of ERISA; or (i) the failure of the Borrower or any member of its ERISA Group to make any required contribution to a Multiemployer Plan.

"ERISA Group" means each controlled group of corporations or trades or businesses (whether or not incorporated) under common control that is treated as a single employer under Section 414(b) or (c) of the Code (or Section 414(m) or (o) of the Code for purposes of provisions related to Section 412 of the Code) with the Borrower.

"Erroneous Payment" has the meaning set forth in Section 11.08(a).

"Erroneous Payment Deficiency Assignment" has the meaning set forth in Section 11.08(d).

"Erroneous Payment Impacted Class" has the meaning set forth in Section 11.08(d).

"Erroneous Payment Return Deficiency" has the meaning set forth in Section 11.08(d).

"EU Bail-In Legislation Schedule" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"Eurocurrency Liabilities" is defined in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Event of Default" has the meaning specified in Section 6.01.

"Excess Concentration Amount" means, at any time in respect of which any one or more of the Concentration Limitations are exceeded, the portion (calculated by the Borrower or the Servicer without duplication in accordance with Section 1.04) of the Receivable Balance of each Collateral Receivable that causes such Concentration Limitations to be exceeded.

"Exchange Act" means the Securities Exchange Act of 1934, and the rules and regulations promulgated thereunder, all as from time to time in effect, or any successor law, rules or regulations, and any reference to any statutory or regulatory provision shall be deemed to be a reference to any successor statutory or regulatory provision.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to a Secured Party or required to be withheld or deducted from a payment to a Secured Party, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed in the case of any Secured Party, by the jurisdiction (or any political subdivision thereof) under the laws of which such Secured Party is organized or in which its principal office is located, or in the case of any Lender, in which its applicable lending office is located, or (ii) that are Other Connection Taxes, (b) in the case of any

Lender, any U.S. federal withholding taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in an Obligation pursuant to a law in effect on the date on which (i) such Lender acquires such interest in an Obligation or otherwise becomes a party to this Agreement (other than pursuant to an assignment under Sections 2.09(b), 2.11(b) or 12.03(h)) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 12.03, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Secured Party's failure to comply with Section 12.03(g), and (d) any U.S. federal withholding Taxes under FATCA.

"*Exit Fee*" has the meaning specified in the Administrative Agent Fee Letter.

"Extended Term Receivable" means a Receivable for which (a) the related Contract provides for the final scheduled installment payment to be made by the Obligor more than 42 days after the origination thereof (including each Zero Down Receivable), (b) the Obligor is in compliance with the terms of such Contract and (c) as of the origination date of such Receivable, such Obligor had previously had one or more Receivables outstanding, was always in compliance with the terms of such Receivables and had completed all payments associated with at least 1 (one) Receivable.

"Facility Documents" means this Agreement, the Administrative Agent Fee Letter, the Backup Servicing Agreement, the Borrower LLC Agreement, the Canadian Collection Account Control Agreement, the Canadian Receivable Purchase Agreement, the Parent LLC Agreement, the Parent Pledge and Guaranty Agreement, the Sponsor Indemnity Agreement, the Servicing Agreement, the U.S. Collection Account Control Agreement, the U.S. Receivable Purchase Agreement, and any other agreements, documents, security agreements and other instruments entered into or delivered by or on behalf of the Borrower, the Backup Servicer, the Canadian Collection Account Bank, the Canadian Seller, the Parent, the Servicer, the Sponsor, the U.S. Collection Account Bank or the U.S. Seller, in connection with this Agreement or pursuant to Section 5.01(c) to create, perfect or otherwise evidence the Administrative Agent's security interest in the Collateral.

"FATCA" means Code Sections 1471 through 1474, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Code.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by

it; *provided* that, if at any time a Lender is borrowing overnight funds from a Federal Reserve Bank that day, the Federal Funds Rate for such Lender for such day shall be the average rate per annum at which such overnight borrowings are made on that day as promptly reported by such Lender to the Borrower and the Administrative Agent in writing. Each determination of the Federal Funds Rate by a Lender pursuant to the foregoing proviso shall be conclusive and binding except in the case of manifest error.

"FICO Score" means, with respect to an Obligor of a Receivable, the credit score of the Obligor of a Receivable based on methodology developed by Fair Isaac Corporation and used by a Seller or its agents to determine credit risk when underwriting such Receivable. For purposes of clarification, the "FICO Score" of any Obligor shall mean the most recent FICO Score used to make a credit decision with respect to such Obligor, by the Borrower or the applicable Seller, as the case may be.

"Final Maturity Date" means the earliest of (a) June 12, 2023 (or such later date as may be agreed by the Borrower and each of the Lenders and notified in writing to the Administrative Agent), (b) the date of the acceleration of the Advances pursuant to Section 6.02, or (c) the date on which all Obligations shall have been paid in full (other than contingent indemnity obligations not yet due and owing).

"Floor" means 0.25%.

"Fundamental Amendment" means any amendment, modification, waiver or supplement of or to this Agreement that would (a) extend or increase the term of the commitments (other than an increase in the commitment of a particular Lender or addition of a new Lender hereunder agreed to by the relevant Lender(s) and the Administrative Agent pursuant to the terms of this Agreement) or change the Final Maturity Date, (b) extend the date fixed for the payment of principal of or interest on any Advance or any fee hereunder, (c) reduce the amount of any such payment of principal, (d) reduce the rate at which interest or premium is payable thereon or any fee is payable hereunder, (e) release any material portion of the Collateral, except in connection with dispositions permitted hereunder, (f) alter, amend or waive the terms of Section 5.01(j), Section 5.01(k) (solely to the extent such alteration would reduce the amount of Collections to be deposited into the U.S. Collection Account or the Canadian Collection Account (other than in connection with a Canadian Cash Transfer Event)), Section 5.01(l), Section 6.01 (*provided, however,* that, notwithstanding anything to the contrary in Section 6.01 or the foregoing clause (b), the Administrative Agent and the Required Lenders, in their sole discretion, may allow the Borrower to cure any Event of Default within no more than three (3) Business Days after the occurrence of such Event of Default (including the lapse of any applicable grace period) and, if the Borrower cures such Event of Default to the satisfaction of the Administrative Agent and the Required Lenders within such period of time, such Event of Default shall be deemed waived by the Lenders; *provided, further*, that any extensions of such cure period shall require the prior written consent of each Lender), Section 6.02, Section 6.03, Section 9.01, Section 12.01(b), Section 12.06 or Article XIII, (g) modify the definition of the terms "Accelerated Amortization Event," "Applicable Margin", "Borrowing Base," "Class A Advance Rate," "Class A Borrowing Base," "Class A Borrowing Base Amount," "Class A Interest," "Class A Maximum Advance Rate Test," "Class A Maximum Available Amount," "Class A

Maximum Committed Advance Rate Test," "Class A Maximum Committed Available Amount," "Class B Advance Rate", "Class B Borrowing Base," "Class B Borrowing Base Amount," "Class B Buyout Triggering Event," "Class B Interest," "Class B Maximum Advance Rate Test," "Class B Maximum Available Amount," "Class B Maximum Committed Advance Rate Test," "Class B Maximum Committed Available Amount," "Defaulted Collateral Receivable," "Delinquent Collateral Receivable," "Fundamental Amendment," "Interest Rate," "Maximum Advance Rate Test," "Maximum Available Amount," "Maximum Committed Advance Rate Test," "Maximum Committed Available Amount," "Percentage" (*provided, however*, that an update to Schedule 1-A or Schedule 1-B, as applicable, in accordance with such definition shall not be deemed to be a modification to such definition), "Principal Loss Ratio," "Post-Default Rate," "Post-Reinvestment Period Rate," "Required Lenders," "Vintage Default Ratio" or modify in any other manner the number or percentage of the Lenders required to make any determinations or waive any rights hereunder or to modify any provision hereof, (h) extend the Reinvestment Period, (i) release the Sponsor from its obligations under the Sponsor Indemnity Agreement, (j) release the Parent from its obligations under the Parent Pledge and Guaranty Agreement, (k) terminate or remove a Seller's obligations to repurchase receivables pursuant to any Receivable Purchase Agreement, (l) change the currency required for payments of Obligations under this Agreement or (m) alter the pro rata sharing of payments required hereunder.

"Funded Facility Amount" means, on any day, the aggregate principal amount of Advances made on or prior to such day, reduced from time to time by payments and distributions in respect of principal of such Advances.

"Funding Account" means a deposit account directed by the Borrower to the Administrative Agent in writing (email is acceptable).

"GAAP" means generally accepted accounting principles in effect from time to time in the United States of America.

"Governmental Authority" means any nation or government, any state, province or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, quasi-regulatory authority, administrative tribunal, central bank, public office, court, arbitration or mediation panel, or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of government, including the SEC, the stock exchanges, any federal, state, provincial, territorial, county, municipal or other government or governmental agency, arbitrator, board, body, branch, bureau, commission, court, department, instrumentality, master, mediator, panel, referee, system or other political unit or subdivision or other entity of any of the foregoing, whether domestic or foreign.

"Governmental Authorizations" means all franchises, permits, licenses, approvals, consents and other authorizations of all Governmental Authorities.

"Governmental Filings" means all filings, including franchise and similar tax filings, and the payment of all fees, assessments, interests and penalties associated with such filings with all Governmental Authorities. For the avoidance of doubt, "Governmental Filings" do not include filings of financing statements under the UCC, the PPSA or comparable laws.

"Incremental Advance" means a Class A Incremental Advance or a Class B Incremental Advance, as the context may require.

"Incremental Amount" means $125,000,000.

"Indemnified Party" has the meaning specified in Section 12.04(b).

"Indemnified Taxes" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrower under any Facility Document and (b) to the extent not otherwise described in (a), Other Taxes.

"Independent Manager" means an individual who is natural person and who: (i) for the five-year period prior to such person's appointment as Independent Manager has not been, and during the continuation of such person's service as Independent Manager is not: (A) an employee, director, stockholder, member, manager, partner or officer of the Sponsor or any of its Affiliates (other than such person's service as an Independent Manager of or Special Member to the Parent or the Borrower); (B) a customer or supplier of the Sponsor or any of its Affiliates (other than such person's service as an Independent Manager of or Special Member to the Parent or the Borrower); or (C) any member of the immediate family of a person described in the foregoing clause (A) or (B); and (ii) has (A) prior experience as an Independent Manager for a corporation or limited liability company whose charter or organizational documents required the unanimous consent of all Independent Managers thereof before such corporation or limited liability company could consent to the institution of bankruptcy or insolvency proceedings against it or could file a petition seeking relief under any applicable federal or state law relating to bankruptcy; and (B) at least three years of employment experience with one or more entities that provide, in the ordinary course of their respective businesses, advisory, management or placement services (including providing independent managers or Managers) to issuers of securitization or structured finance instruments, agreements or securities.

"Ineligible Collateral Receivable" means, as of any date of determination, a Receivable that is not a Collateral Receivable.

"Information" has the meaning specified in Section 13.03(b).

"Initial Class A Lender" means Goldman Sachs Bank USA.

"Insolvency Event" means with respect to a specified Person, (a) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of such Person or any substantial part of its property in an involuntary case under the Bankruptcy Code or any other applicable insolvency law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or ordering the winding-up or liquidation of such Person's affairs, and such decree or order shall remain unstayed and in effect for a period of sixty (60) consecutive days; or (b) the commencement by such Person of a voluntary case under the Bankruptcy Code or any other applicable insolvency law now or hereafter in effect, or the consent by such Person to the entry of an order for relief in an involuntary case under any such law, or the consent by such Person to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or the making by such Person of any general assignment for the benefit of creditors, or the failure

by such Person generally to pay its debts as such debts become due, or the taking of action by such Person in furtherance of any of the foregoing.

"Interest" means, for each day during an Interest Accrual Period and each outstanding Advance on such day, the sum of the products (for each day during such Interest Accrual Period) of:

$$IR \times P \times 1/D$$

where:

IR = the Interest Rate for such Advance on such day;

P = the principal amount of such Advance on such day; and

D = 360.

"Interest Accrual Period" means,

(a) with respect to each Advance (or portion thereof) (i) with respect to the initial Payment Date for such Advance (or portion thereof), the period from and including the related Borrowing Date to, and including, the last day of the Collection Period ending immediately after such Borrowing Date and (ii) with respect to any subsequent Payment Date for such Advance (or portion thereof), the applicable Collection Period preceding such Payment Date; *provided,* that the final Interest Accrual Period for all outstanding Advances hereunder shall end on and include the day prior to the payment in full of the Advances hereunder;

(b) any Interest Accrual Period with respect to any Advance which would otherwise end on a day which is not a Business Day shall be extended to the next succeeding Business Day; and

(c) in the case of any Interest Accrual Period for any Advance which commences before an Unmatured Event of Default or an Event of Default and would otherwise end on a date occurring after the occurrence of an Unmatured Event of Default or an Event of Default, the Administrative Agent may, in its sole discretion, cause such Interest Accrual Period to end upon the occurrence of an Unmatured Event of Default or an Event of Default and the duration of each Interest Accrual Period which commences on or after the occurrence of an Unmatured Event of Default or an Event of Default shall be of such duration as selected by the Administrative Agent.

"Interest Rate" means, for any Interest Accrual Period and for each Advance outstanding by a Lender for each day during such Interest Accrual Period:

(a) prior to the Scheduled Reinvestment Period Termination Date, so long as no Accelerated Amortization Event or Event of Default (which has not otherwise been waived by the Required Lenders pursuant to the terms hereof) has occurred and is continuing, and so long as no Benchmark Disruption Event has occurred and is continuing, a rate equal to the Adjusted Benchmark Rate *plus* the Applicable

Margin, and, in the event that a Benchmark Disruption Event has occurred and is continuing, a rate equal to the Base Rate *plus* the Applicable Margin; or

(b) on and after the Scheduled Reinvestment Period Termination Date, so long as no Accelerated Amortization Event or Event of Default (which has not otherwise been waived by the Required Lenders pursuant to the terms hereof) has occurred and is continuing, the Interest Rate shall be the Post-Reinvestment Period Rate *plus* the Applicable Margin; or

(c) upon the occurrence and during the continuance of an Accelerated Amortization Event or an Event of Default (which has not otherwise been waived by the Required Lenders pursuant to the terms hereof), the Interest Rate shall be the sum of the Adjusted Benchmark Rate or, if a Benchmark Disruption Event has occurred, the Base Rate *plus* the Post-Default Rate *plus* the Applicable Margin.

"Investment Company Act" means the Investment Company Act of 1940, and the rules and regulations promulgated thereunder, all as from time to time in effect, or any successor law, rules or regulations, and any reference to any statutory or regulatory provision shall be deemed to be a reference to any successor statutory or regulatory provision.

"ISDA Definitions" means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time.

"Law" means any action, code, consent decree, constitution, decree, directive, enactment, finding, guideline, law, injunction, interpretation, judgment, order, ordinance, policy statement, proclamation, promulgation, regulation, requirement, rule, rule of law, rule of public policy, settlement agreement, statute, or writ, of any Governmental Authority, or any particular section, part or provision thereof.

"Lender" means, (a) any Class A Lender and any Class B Lender, and (b) "Lenders" means, collectively, all of the foregoing lenders.

"LIBOR Determination Date" means, with respect to any Interest Accrual Period, the day that is two (2) Business Days before the commencement of such Interest Accrual Period.

"LIBOR Rate" means, for any Payment Date and determined by the Administrative Agent on the LIBOR Determination Date with respect to any Interest Accrual Period with respect to which interest is to be calculated by reference to the "LIBOR Rate", the greater of (a) the Floor and (b) the Offered Rate. For the purposes hereof, the "Offered Rate" shall mean the offered rate for three-month U.S. dollar deposits, as the applicable rate appears on Reuters Screen LIBOR03 Page as of 11:00 a.m. (London, England time) on such date (rounded upwards, if necessary, to the nearest whole multiple of 1/100 of 1%); *provided* that if the applicable rate does not appear on Reuters Screen LIBOR03 Page, the rate for such date will be based upon the offered rates of the reference banks selected by Goldman Sachs Bank USA for U.S. dollar deposits as of 11:00 a.m. (London, England time) on such date. In such event, the Administrative Agent will request the principal London office of each of at least three reference banks selected by the Administrative Agent to provide a quotation of its rate. If on such date, two or more of such reference banks provide such offered quotations, the Offered Rate shall be the arithmetic mean of all such offered quotations (rounded to the nearest whole multiple of 1/100 of 1%). In on such date, fewer than two of such reference banks provide such offered quotations, the Offered Rate shall be the offered rate for three-month

U.S. dollar deposits as determined on the immediately preceding day that such rate appeared on Reuters Screen LIBOR03 Page.

"Lien" means any mortgage, pledge, hypothecation, assignment, encumbrance, lien or security interest (statutory or other), or preference, priority or other security agreement, charge or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing authorized by the Borrower of any financing statement under the UCC or comparable law of any jurisdiction).

"Margin Stock" has the meaning specified in Regulation U.

"Material Adverse Effect" means, with respect to any Person, an action or an event that could have a material adverse effect on (a) the business, assets, financial condition, operations, performance or properties of such Person, (b) the validity, enforceability or collectability of this Agreement or any other Facility Document against such Person or the validity, enforceability or collectability of the Collateral Receivables generally or any material portion of the Collateral Receivables, (c) the rights and remedies of the Administrative Agent, the Lenders and the Secured Parties with respect to matters arising under this Agreement or any other Facility Document, (d) the ability of such Person to perform its obligations under any Facility Document to which it is a party, or (e) the validity, perfection, priority or enforceability of the Administrative Agent's Lien on the Collateral.

"Material Modification" means, with respect to any Receivable, any amendment, waiver, consent or modification of a Related Document with respect thereto executed or effected after the date on which such Receivable was advanced or otherwise came into existence, that:

(a) waives, extends or postpones any date fixed for any payment or mandatory prepayment on such Receivable; or

(b) reduces or forgives any amount of such Receivable.

"Maximum Advance Rate Test" means (a) prior to the making of a Class A Incremental Advance, the Class A Maximum Committed Advance Rate Test, (b) on and after the making of a Class A Incremental Advance, the Class A Maximum Advance Rate Test, (c) prior to the making of a Class B Incremental Advance, the Class B Maximum Committed Advance Rate Test, (d) on and after the making of a Class B Incremental Advance, the Class B Maximum Advance Rate Test, or (e) any one or more of the foregoing as the context may require.

"Maximum Available Amount" means, at any time, the lesser of:

(a) the Program Limit; and

(b) the Borrowing Base at such time.

For the avoidance of any doubt, on any Borrowing Date the amount of any Borrowings hereunder against the Maximum Available Amount shall be subject to the satisfaction of the conditions precedent set forth in Section 3.02(b).

"Maximum Advance Rate Test Calculation Statement" means a statement in substantially the form attached to the form of Notice of Borrowing, form of Notice of Withdrawal and form of Notice of Prepayment attached hereto, as such form of Maximum Advance Rate Test Calculation

Statement may be modified by the Administrative Agent from time to time to the extent modifications to such form would, in the good faith opinion of the Administrative Agent, improve the accuracy of the calculation of any Maximum Advance Rate Test, and any other calculations necessary to satisfy the conditions precedent to each Borrowing required hereunder.

"Maximum Committed Advance Rate Test" means a Class A Maximum Committed Advance Rate Test or a Class B Maximum Committed Advance Rate Test, as the context requires.

"Maximum Committed Available Amount" means, at any time, the lesser of:

(a) the Committed Facility Amount; and

(b) the Borrowing Base at such time.

For the avoidance of any doubt, on any Borrowing Date the amount of any Borrowings hereunder against the Maximum Committed Available Amount shall be subject to the satisfaction of the condition precedent set forth in Section 3.02(b).

"Measurement Date" means (a) the Closing Date, (b) each Borrowing Date and (c) each Determination Date.

"Merchant" means the provider, approved by the Sponsor in accordance with the Credit Guidelines, of goods and services to an Obligor that gives rise to a Receivable.

"*Merchant Discount Rate*" means, with respect to each Receivable, the rate a Merchant has agreed to pay for Sezzle services.

MLA" means the Military Lending Act, 10 U.S.C. § 987.

"Money" has the meaning specified in Section 1-201(b)(24) of the UCC.

"Moody's" means Moody's Investors Service, Inc., together with its successors.

"Multiemployer Plan" means an employee pension benefit plan within the meaning of Section 4001(a)(3) of ERISA that is sponsored by the Borrower or a member of its ERISA Group or to which the Borrower or a member of its ERISA Group is obligated to make contributions or has any liability.

"Notice of Borrowing" has the meaning specified in Section 2.02.

"Notice of Prepayment" has the meaning specified in Section 2.05.

"Notice of Withdrawal" has the meaning specified in Section 9.02.

"Obligations" means all indebtedness, liabilities and obligations whether absolute, fixed or contingent, at any time or from time to time owing by the Borrower to any Secured Party or

any Affected Person under or in connection with this Agreement or any other Facility Document, including, but not limited to, all amounts payable by the Borrower in respect of the Advances, with interest thereon, Prepayment Premium, Exit Fee, Unused Fees and all other amounts payable hereunder.

"Obligor" means, with respect to any Receivable, the individual primarily obligated to pay Collections in respect of such Receivable.

"OFAC" has the meaning specified in Section 4.01(f).

"Original Receivable Balance" means, with respect to any Receivable, as of the date of disbursement, the outstanding amount of such Receivable.

"Other Connection Taxes" means, with respect to any Secured Party, Taxes imposed as a result of a present or former connection between such Secured Party and the jurisdiction imposing such Tax (other than a connection arising from such Secured Party having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced this Agreement or any other Facility Document, or sold or assigned an interest in the rights under any Facility Document).

"Other Taxes" has the meaning specified in Section 12.03(b).

"Parent" means Sezzle Funding SPE II Parent, LLC, a Delaware limited liability company.

"Parent LLC Agreement" means that certain Limited Liability Company Agreement of the Parent, dated as of the Closing Date, by and between the Sponsor, as sole member, and Ricardo Orozco, as Independent Manager.

"Parent Pledge and Guaranty Agreement" means that certain Pledge and Guaranty Agreement made by the Parent for the benefit of the Administrative Agent, dated as of the Closing Date, and acknowledged by the Borrower.

"Participant" has the meaning specified in Section 13.02(h).

"Participant Register" has the meaning specified in Section 13.02(i).

"Past Due Collateral Receivable" means any Collateral Receivable other than a Defaulted Collateral Receivable as to which all or any portion of any scheduled installment payments are past due more than fifteen (15) days, but less than twenty-eight (28) days with respect to such Collateral Receivable.

"PATRIOT Act" has the meaning specified in Section 12.16.

"Payment Date" means, with respect to any Collection Period, the Thursday following the end of such Collection Period; *provided* that, if any such day is not a Business Day, then such date shall be the next succeeding Business Day.

"Payment Recipient" has the meaning specified in Section 11.08(a).

"PBGC" means the Pension Benefit Guaranty Corporation, or any successor agency or entity performing substantially the same functions.

"Percentage" means, (a) with respect to any Lender party hereto on the date hereof, the percentage set forth opposite such Lender's name on Schedule 1-A hereto, or with respect to each particular class, Schedule 1-B hereto, as such amount is reduced by any Assignment and Acceptance entered into by such Lender with an assignee or increased by any Assignment and Acceptance entered into by such Lender with an assignor or as such amount is either reduced or increased pursuant to Section 12.01(b)(iii) or based on any Incremental Advance provided or not provided by such Lender, or (b) with respect to a Lender that has become a party hereto pursuant to an Assignment and Acceptance, the percentage set forth therein as such Lender's Percentage, as such amount is reduced by an Assignment and Acceptance entered into between such Lender and an assignee or increased by any Assignment and Acceptance entered into by such Lender with an assignor or as such amount is either reduced or increased pursuant to Section 12.01(b)(iii) or based on any Incremental Advance provided or not provided by such Lender.

"Permitted Holder" means Charles Ghassan Youakim and Continental Investment Partners.

"Permitted Liens" means: (a) Liens created in favor of the Administrative Agent hereunder or under the other Facility Documents for the benefit of the Secured Parties; (b) Liens in favor of the Borrower pursuant to any Receivable Purchase Agreement, (c) Liens imposed by any Governmental Authority for taxes, assessments or charges not yet delinquent or which are being contested in good faith and by appropriate proceedings if adequate reserves with respect thereto are maintained on the books of the Borrower in accordance with GAAP; and (d) in connection with maintaining deposit accounts established in accordance with this Agreement, bankers' liens, rights of setoff and similar Liens granted to financial institutions maintaining such accounts.

"Permitted Sale" means, subject to compliance with Section 8.02, any sale by Borrower of (a) Receivables in connection with either (i) the repurchase by a Seller of a Receivable if required pursuant to the applicable Receivable Purchase Agreement, or (ii) a transfer of Receivables to a Securitization Vehicle in connection with a broadly marketed and distributed issuance of asset-backed securities, (b) Ineligible Collateral Receivables or (c) Collateral Receivables with the prior written consent of the Administrative Agent; *provided*, *however*, that no sale of any Receivables shall be a Permitted Sale if, immediately following such sale, any applicable Maximum Advance Rate Test is no longer satisfied; *provided further* that no sale of Receivables shall be a Permitted Sale if the Administrative Agent has provided notice within two (2) Business Days of receipt of notice pursuant to Section 8.02(a) of this Agreement, that

such sale will, as reasonably determined by Administrative Agent, result in a materially adverse selection of Receivables to remain in the Borrowing Base following such sale.

"Person" means an individual or a corporation (including a business trust), partnership, trust, incorporated or unincorporated association, joint stock company, limited liability company, government (or an agency or political subdivision thereof) or other entity of any kind.

"Plan" means an employee pension benefit plan (other than a Multiemployer Plan) which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code that is sponsored by the Borrower or a member of its ERISA Group or to which the Borrower or a member of its ERISA Group is obligated to make contributions or has any liability.

"Post-Default Rate" means a rate per annum equal to (a) prior to the Scheduled Reinvestment Period Termination Date, 2.50% per annum, and (b) on and after the Scheduled Reinvestment Period Termination Date, 3.50% per annum.

"Post-Reinvestment Period Rate" means a rate per annum equal to the sum of (a) the Adjusted Benchmark Rate or, if a Benchmark Disruption Event has occurred, the Base Rate *plus* (b) 1.00% per annum.

"PPSA" means for any province or territory of Canada, the *Personal Property Security Act* in force in such province and territory.

"Prepayment Premium" has the meaning specified in Section 2.06.

"Prime Rate" means the rate announced by Goldman Sachs Bank USA from time to time as its prime rate in the United States of America, such rate to change as and when such designated rate changes. The Prime Rate is not intended to be the lowest rate of interest charged by Goldman Sachs Bank USA in connection with extensions of credit to debtors. Goldman Sachs Bank USA may make commercial loans or other loans at rates of interest at, above, or below the Prime Rate.

"Principal Loss Ratio" means, on any date of determination, with respect to the Collection Period preceding such date of determination, the ratio (expressed as a percentage) equal to (a) the Aggregate Receivable Balance of all Collateral Receivables that are Past Due Collateral Receivables as of the last day of such Collection Period or would be Past Due Collateral Receivables if such Receivables were not sold or otherwise disposed of by the Borrower during such Collection Period, *divided by* (b) the Aggregate Receivable Balance of all Collateral Receivables that are Current Collateral Receivables as of the first day of such Collection Period; *provided, however,* that if the Aggregate Receivable Balance of all Collateral Receivables as of the first day of such Collection Period is zero ($0), the Principal Loss Ratio shall be zero for such Collection Period.

"Priority of Payments" has the meaning specified in Section 9.01.

"Private Authorizations" means all franchises, permits, licenses, approvals, consents and other authorizations of all Persons (other than Governmental Authorities).

"Proceeds" has, with reference to any asset or property, the meaning assigned to it under the UCC or the PPSA, as applicable, in any event, shall include, but not be limited to, any and all amounts from time to time paid or payable under or in connection with such asset or property.

"Program Limit" means the Committed Facility Amount *plus* the Incremental Amount.

"Prohibited Transaction" means a transaction described in Section 406(a) of ERISA, that is not exempted by a statutory or administrative or individual exemption pursuant to Section 408 of ERISA.

"Projections" has the meaning specified in Section 13.03(b).

"PTE" means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

"Purchase Confirmation" means, an assignment delivered by the applicable Seller to the Borrower and the Administrative Agent, in the form attached to each Receivable Purchase Agreement or such other form reasonably acceptable to the Administrative Agent.

"Purchase Date" means, with respect to any Receivable, the date on which such Receivable was sold by a Seller to the Borrower under a Receivable Purchase Agreement.

"QFC" has the meaning assigned to the term "qualified financial contract" in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

"QFC Credit Support" has the meaning specified in Section 12.22.

"Qualified Institution" means a depository institution or trust company organized under the laws of the United States of America or any one of the States thereof or the District of Columbia (or any domestic branch of a foreign bank), (i)(A) that has either (1) a long-term unsecured debt rating of "A" or better by S&P and "A2" or better by Moody's or (2) a short-term unsecured debt rating or certificate of deposit rating of "A-1" or better by S&P or "P-1" or better by Moody's, (B) the parent corporation of which has either (1) a long-term unsecured debt rating of "A" or better by S&P and "A2" or better by Moody's or (2) a short-term unsecured debt rating or certificate of deposit rating of "A-1" or better by S&P and "P-1" or better by Moody's or (C) is otherwise acceptable to the Administrative Agent and (ii) the deposits of which are insured by the Federal Deposit Insurance Corporation.

"Receivable" means any amounts owed by an Obligor under a Contract.

"Receivable Balance" means, as of any date of determination, (a) with respect to a U.S. Receivable, the outstanding amount of such Receivable (in U.S. Dollars) and (b) with respect to a Canadian Receivable, the outstanding amount of such Receivable (in Canadian Dollars) *multiplied by* the CAD FX Rate.

"Receivable Schedule" means a listing (which shall be in the form of an electronic data tape or other medium in each case reasonably acceptable to the Administrative Agent) of all Receivables which are proposed to

be sold to the Borrower on a Purchase Date (or in the case of a Quebec Purchased Receivable (as defined in the Canadian Receivable Purchase Agreement)

after the initial Purchase Date, each such Receivable originated after delivery of the prior Receivable Schedule under the Canadian Receivable Purchase Agreement), together with the information listed on Schedule 7 to this Agreement and such other information that is reasonably requested by the Administrative Agent from time to time, as such listing may be amended, restated, supplemented or otherwise modified from time to time in accordance with this Agreement and the Receivable Purchase Agreements.

"Receivable Purchase Agreements" means the Canadian Receivable Purchase Agreement and the U.S. Receivable Purchase Agreement.

"Reference Time" with respect to any setting of the then-current Benchmark means (1) if such Benchmark is LIBOR Rate, 11:00 a.m. (London time) on the day that is two London banking days preceding the date of such setting, and (2) if such Benchmark is not LIBOR Rate, the time determined by the Administrative Agent in its reasonable discretion.

"Register" has the meaning specified in Section 13.02(g).

"Regulation T," "Regulation U" and *"Regulation X"* mean Regulation T, U and X, respectively, of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Regulatory Change" has the meaning specified in Section 2.09(a).

~~"*Regulatory Event*" means any one of the following events: a rule, order, decree, enactment, proclamation or publication of any guidance, guideline, interpretation, injunction, directive, proclamation, promulgation, requirement, order, judgment, policy statement, law, regulation, rule, statute, writ or finding by a Governmental Authority, in the context of an action, suit, proceeding, investigation, claim, allegation or otherwise that would either (a) have a material adverse effect on the validity, enforceability or collectability (including by the assignee of such Collateral Receivable) of any Collateral Receivable as reasonably determined by the Administrative Agent or (b) have a Material Adverse Effect on the Borrower, the Parent, the Servicer, any Seller, the Sponsor or the Backup Servicer.~~

"Reinvestment Period" means the period from and including the Closing Date to and including the earliest of (a) the Scheduled Reinvestment Period Termination Date, (b) the occurrence of an Accelerated Amortization Event, and (c) the Final Maturity Date.

~~*"Related Documents"* means, with respect to any Receivable, the Contract, each document evidencing the payment of the relevant purchase price or other amounts due to the Merchant by a Seller, each written invoice or other contract and all agreements or documents evidencing, governing, giving rise or relating to such Receivable under which a sale of goods or services is made by the Merchant to an Obligor, any bill of sale or assignment agreement delivered pursuant to a Receivable Purchase Agreement, as more fully described in each Receivable Purchase Agreement, and which shall include, without limitation all amendments with respect to each such document and, within two (2) Business Days following the request of the Administrative Agent, any endorsements or assignments thereof to the Administrative Agent or its transferees.~~

"Relevant Governmental Body" means the Federal Reserve Board or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board or the Federal Reserve Bank of New York, or any successor thereto.

"Reporting Date" means the date that is three (3) Business Days prior to each Payment Date.

"Requested Amount" has the meaning specified in Section 2.02.

"Required Lenders" means, as of any date of determination,

(a) *first*, if any Class A Advances are then outstanding, one or more Class A Lenders having Class A Advances in an amount greater than 50% of the aggregate outstanding principal amount of all Class A Advances;

(b) *second*, if no Class A Advances are then outstanding, and the availability of the Class A Advances has not been terminated hereunder, one or more Class A Lenders holding in the aggregate more than 50% of the aggregate Percentages of all Class A Lenders; or

(c) *third*, if no Class A Advances are then outstanding and the availability of the Class A Advances has been terminated hereunder,

(i) if any Class B Advances are then outstanding, one or more Class B Lenders having Class B Advances in an amount greater than 50% of the aggregate outstanding principal amount of all Class B Advances; or

(ii) if no Class B Advances are then outstanding, one or more Class B Lenders holding in the aggregate more than 50% of the aggregate Percentages of all Class B Lenders.

"*Rescheduled Receivable"* means a Collateral Receivable under which the Obligor has rescheduled any installment payment thereunder in accordance with the terms of the related Contract.

"Rescheduling Fee" means a fee imposed by the Servicer to enable the Obligor to defer an installment payment.

"Resolution Authority" means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

"Responsible Officer" means (a) in the case of a corporation, partnership or limited liability company that, pursuant to its Constituent Documents, has officers, any chief executive officer, chief financial officer, chief administrative officer, president, senior vice president, vice president, treasurer, director or manager, and, in any case where two Responsible Officers are acting on behalf of such entity, the second such Responsible Officer may be a secretary or assistant secretary, (b) in the case of a limited partnership, the Responsible Officer of the general partner, acting on behalf of such general partner in its capacity as general partner, (c) in the case of a limited liability company, any Responsible Officer of the sole member or managing member, acting on behalf of the sole member or managing member in its capacity as sole member or managing member, (d) in the case of a trust, the Responsible Officer of the trustee or

the administrator of the trust, acting on behalf of such trust in its capacity as trustee, and (e) in the case of the Administrative Agent, an officer of the Administrative Agent responsible for the administration of this Agreement.

"Restricted Payments" means the declaration of any distribution or dividends or the payment of any other amount (including in respect of redemptions permitted by the Constituent Documents of the Borrower) to any beneficiary or other equity investor in the Borrower on account of any Equity Interest in respect of the Borrower, or the payment on account of, or the setting apart of assets for a sinking or other analogous fund for, or the purchase or other acquisition of any Equity Interest in the Borrower or of any warrants, options or other rights to acquire the same (or to make any "phantom stock" or other similar payments in the nature of distributions or dividends in respect of equity to any Person), whether now or hereafter outstanding, either directly or indirectly, whether in cash, property (including marketable securities), or any payment or setting apart of assets for the redemption, withdrawal, retirement, acquisition, cancellation or termination of any Equity Interest in respect of the Borrower.

"S&P" means S&P Global Ratings.

"Sanctioned Country" means, at any time, a country or territory that is, or whose government is, the subject or target of any Sanctions, including a country subject to a sanctions program identified on the list maintained by OFAC and available at http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx, or as otherwise published from time to time.

"Sanctioned Person" means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC, the U.S. Department of State, the United Nations Security Council, the European Union or any EU member state, including the "Specially Designated Nationals and Blocked Persons" maintained by OFAC available at http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx, or as otherwise published from time to time (b) (i) an agency of the government of a Sanctioned Country, (ii) an organization controlled by a Sanctioned Country or (iii) any Person located, organized or resident in a Sanctioned Country or (c) any Person controlled by any such Person.

"Sanctions" means economic or financial sanctions or trade embargoes administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the U.S. Department of State or (b) the United Nations Security Council, the European Union or Her Majesty's Treasury of the United Kingdom.

"Sanctions Laws" means, collectively, (a) the rules and regulations regarding the blocking of assets and the prohibition of transactions involving Persons or countries designated by OFAC or the U.S. Department of State; and (b) any other Applicable Laws relating to economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time.

"Scheduled Reinvestment Period Termination Date" means February 10, 2023 or such later date as may be agreed by the Borrower and each of the Lenders in writing and notified in writing to the Administrative Agent.

"SCRA" means the Servicemembers Civil Relief Act, 50 U.S.C. §§ 3901-4043.

"SEC" means the Securities and Exchange Commission or any other Governmental Authority of the United States of America at the time administrating the Securities Act, the Investment Company Act or the Exchange Act.

"Secured Parties" means the Administrative Agent, the Lenders, any Affected Person and each Indemnified Party and their respective permitted successors and assigns.

"Securities Act" means the Securities Act of 1933, and the rules and regulations promulgated thereunder, all as from time to time in effect, or any successor law, rules or regulations, and any reference to any statutory or regulatory provision shall be deemed to be a reference to any successor statutory or regulatory provision.

"Securitization Vehicle" means a special purpose bankruptcy remote entity formed for the purpose of directly or indirectly purchasing Receivables from the Borrower and issuing debt in the capital markets secured by such Receivables.

"Sellers" means, the Canadian Seller and the U.S. Seller.

"Servicer" means Sezzle, in its capacity as servicer under the Servicing Agreement or any Backup Servicer under the Backup Servicing Agreement.

"Servicer Event of Default" means (a) a "Servicer Event of Default" as such term is defined in the Servicing Agreement or (b) ~~a Regulatory Event that causes a Material Adverse Effect on the Servicer~~.

"Servicer Fee" means, for each Collection Period, a fee payable to the Servicer in arrears on each Payment Date (in accordance with the Priority of Payments) in an amount equal to the amount provided for in the Servicing Agreement.

"*Servicing Agreement*" means (a) the Servicing Agreement, dated as of the Closing Date, by and among the Borrower, the Servicer and the Administrative Agent or (b) any servicing agreement among the Borrower, the Administrative Agent and the Backup Servicer, as successor servicer, or a successor servicer that is approved in writing by the Administrative Agent.

"Servicing Guide" means the servicing guide or program requirements of the Servicer attached as Schedule 6, which may be amended, modified or supplemented by the Servicer from time to time in accordance with the Section 5.02(j).

"Sezzle" means Sezzle Inc., a Delaware corporation.

"SOFR" means, with respect to any Business Day, a rate per annum equal to the secured overnight financing rate for such Business Day published by the SOFR Administrator on the SOFR Administrator's Website at approximately 8:00 a.m. (New York City time) on the immediately succeeding Business Day.

"SOFR Administrator" means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

"SOFR Administrator's Website" means the website of the Federal Reserve Bank of New York, currently at http://www.newyorkfed.org, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time.

"Solvent" means, with respect to any Person, that as of the date of determination, both (a) (i) the sum of such Person's debt (including contingent liabilities) does not exceed the present fair saleable value of such Person's present assets; (ii) such Person's capital is not unreasonably small in relation to its business as contemplated on the Closing Date and reflected in any of its financial projections; and (iii) such Person has not incurred and does not intend to incur, or believe (nor should it reasonably believe) that it will incur, debts beyond its ability to pay such debts as they become due (whether at maturity or otherwise); and (b) such Person is "solvent" within the meaning given that term and similar terms under the Bankruptcy Code, Section 271 of the Debtor and Creditor Law of the State of New York or other Applicable Laws relating to fraudulent transfers and conveyances. For purposes of this definition, the amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability (irrespective of whether such contingent liabilities meet the criteria for accrual under Statement of Financial Accounting Standards No. 5).

"Sponsor" means Sezzle.

"Sponsor Indemnity Agreement" means the Limited Guaranty and Indemnity Agreement by the Sponsor, as limited guarantor, for the benefit of the Administrative Agent, dated as of the Closing Date.

"Sponsor Indemnity Event of Default" has the meaning assigned to "Limited Guaranty Event of Default" in the Sponsor Indemnity Agreement.

"Subject Laws" has the meaning specified in Section 4.01(f).

"Supported QFC" has the meaning specified in Section 12.22.

"Syndication" has the meaning specified in Section 13.02(a).

"Taxes" means all present or future taxes, levies, imposts, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, and all liabilities (including penalties, additions, interest and expenses) with respect thereto.

"Term SOFR" means, for the applicable Corresponding Tenor as of the applicable Reference Time, the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

"Termination Date" means the last day of the Reinvestment Period or, if the Reinvestment Period has been reinstated, the last day of such reinstated Reinvestment Period; *provided* that, if the Termination Date would otherwise not be a Business Day, then the Termination Date shall be the immediately succeeding Business Day.

"*Transaction Value*" means, with respect to each Collateral Receivable, as of the applicable origination date of such Collateral Receivable, the aggregate amount of all installments owed by the relevant Obligor, including any initial payment made by the Obligor on such origination date and any Receivable Balance owed by such Obligor thereafter with respect to such Collateral Receivable.

"UCC" means the Uniform Commercial Code, as from time to time in effect in the State of New York; *provided* that if, by reason of any mandatory provisions of law, the perfection, the effect of perfection or non-perfection or priority of the security interests granted to the Administrative Agent pursuant to this Agreement are governed by the Uniform Commercial Code as in effect in a jurisdiction of the United States of America other than the State of New York, then "UCC" means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of such perfection, effect of perfection or non-perfection or priority.

"UK Financial Institution" means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended form time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

"UK Resolution Authority" means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

"Unadjusted Benchmark Replacement" means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

"Unmatured Event of Default" means any event which, with the passage of time, the giving of notice, or both, would constitute an Event of Default.

"Unused Fees" means the Class A Unused Fees and the Class B Unused Fees.

"U.S." means the United States of America.

"U.S. Collection Account" means the account established at the U.S. Collection Account Bank in the name of the Borrower, which account has been designated as the U.S. Collection Account and which shall at all times be the subject of a U.S. Account Control Agreement.

"U.S. Collection Account Bank" means (a) First Premier Bank, a South Dakota banking corporation or (b) another Qualified Institution reasonably acceptable to the Administrative Agent.

"U.S. Collection Account Control Agreement" means each agreement in form reasonably acceptable to the Administrative Agent among the Borrower, the Administrative Agent and the

U.S. Collection Account Bank establishing "control" within the meaning of the UCC over the U.S. Collection Account or such other account as may be applicable from time to time.

"U.S. Collection Account Maintenance Amount" means, (a) $25,000 or (b) such lesser amount as may be agreed upon by the Borrower, the U.S. Collection Account Bank and the Administrative Agent in writing from time to time as the minimum balance to be maintained in the U.S. Collection Account.

"U.S. Collection Account Required Amount" means, as of any date of determination, the greater of (a) an aggregate amount equal to 1.00% of the highest Funded Facility Amount as of any day elapsed during the two Collection Periods preceding such date and (b) the U.S. Collection Account Maintenance Amount.

"U.S. Dollars" and *"$"* mean lawful money of the United States of America.

"U.S. Receivable" means each Receivable sold to the Borrower by the U.S. Seller pursuant to the terms and subject to the conditions set forth in the U.S. Receivable Purchase Agreement.

"U.S. Receivable Purchase Agreement" means (a) the U.S. Receivable Purchase Agreement**,** dated as of the Closing Date, by and among the U.S. Seller and the Borrower, in form and substance acceptable to the Administrative Agent or (b) such other receivable purchase agreement among the U.S. Seller and the Borrower, that is in form and substance satisfactory to the Administrative Agent.

"U.S. Seller" means Sezzle.

"U.S. Special Resolution Regimes" has the meaning specified in Section 12.22.

"U.S. Tax Compliance Certificate" has the meaning specified in Section 12.03(g).

"Vintage" means each full calendar month during which Receivables have been originated by a Seller.

"Vintage Collections" means all Collections in respect of any Vintage Receivable.

"Vintage Default Ratio" means, as of any date of determination, with respect to each Vintage, the ratio (expressed as a percentage) equal to (a) the Vintage Receivables Balance of all Vintage Receivables that became Defaulted Collateral Receivables at any time following the origination of such Vintage Receivables *minus* the aggregate amount of Vintage Collections received by a Seller or the Borrower at any time following the origination of such Vintage Receivables**,** *divided by* (b) the Vintage Total Transaction Value of all Vintage Receivables originated during such Vintage.

"Vintage Receivable" means each Receivable originated by a Seller in the ordinary course of business in accordance with the Credit Guidelines during each Vintage.

"Vintage Receivables Balance" means, with respect to each Vintage, the sum of the Vintage Total Transaction Values of all the Vintage Receivables originated by a Seller during such Vintage.

"Vintage Total Transaction Value" means, with respect to each Vintage Receivable, as of the applicable origination date of such Vintage Receivable, the aggregate amount of all installments owed by the relevant Obligor, including any initial payment made by the Obligor on such origination date and any Receivable Balance owed by such Obligor thereafter with respect to such Collateral Receivable.

"Weekly Report" has the meaning specified in Section 5.01(g).

"Weighted Average FICO Score" means, as of any date of determination with respect to all Collateral Receivables for which a FICO Score has been obtained around the time the Receivable was originated, the ratio (expressed as a number) obtained by summing the products obtained by multiplying:

The FICO Score of the related Obligor as of the Credit Approval Date	X	The principal balance of such Collateral Receivable as of such date of determination

and dividing such sum by the Receivable Balance of all Collateral Receivables as of such date of determination for which a FICO Score has been obtained around the time the Receivable was originated.

"Weighted Average Merchant Discount Rate" means, as of any date of determination with respect to all Collateral Receivables, the ratio (expressed as a percentage) obtained by summing the products obtained by multiplying:

The Merchant Discount Rate	X	The principal balance of such Collateral Receivable as of such date of determination

and dividing such sum by the Receivable Balance of all Collateral Receivables as of such date of determination.

"Withdrawal Date" has the meaning specified in Section 9.02.

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

"Withdrawal Principal Loss Ratio" means, on any date of determination, with respect to the two-week period ending on such date of determination, the ratio (expressed as a percentage) equal to (a) the Aggregate Receivable Balance of all Collateral Receivables that are Past Due Collateral Receivables as of the last day of such period or would be Past Due Collateral Receivables if such Receivables were not sold or otherwise disposed of by the Borrower during such period, *divided by* (b) the Aggregate Receivable Balance of all Collateral Receivables that are Current Collateral Receivables as of the first day of such period; *provided, however,* that if

the Aggregate Receivable Balance of all Collateral Receivables as of the first day of such period is zero ($0), the Withdrawal Principal Loss Ratio shall be zero for such period.

"Write-Down and Conversion Powers" means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

"Zero Down Receivable" means a Collateral Receivable for which the related Contract provides for the final scheduled installment to be made by the Obligor 56 days after the origination thereof.

Section 1.02. Rules of Construction. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires (a) singular words shall connote the plural as well as the singular, and vice versa (except as indicated), as may be appropriate, and "or" is not exclusive, (b) the words "herein," "hereof" and "hereunder" and other words of similar import used in this Agreement refer to this Agreement as a whole and not to any particular article, schedule, section, paragraph, clause, exhibit or other subdivision, (c) the headings, subheadings and table of contents set forth in this Agreement are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect the meaning, construction or effect of any provision hereof, (d) references in this Agreement to "include" or "including" shall mean include or including, as applicable, without limiting the generality of any description preceding such term, and for purposes hereof the rule of ejusdem generis shall not be applicable to limit a general statement, followed by or referable to an enumeration of specific matters, to matters similar to those specifically mentioned, (e) each of the parties to this Agreement and its counsel have reviewed and revised, or requested revisions to, this Agreement, and the rule of construction that any ambiguities are to be resolved against the drafting party shall be inapplicable in the construction and interpretation of this Agreement, (f) any definition of or reference to any Facility Document, agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, restatements, supplements or modifications set forth herein), (g) any reference herein to any Person shall be construed to include such Person's successors and assigns (subject to any restrictions set forth herein or in any other applicable agreement), (h) any reference to any law or regulation herein shall refer to such law or regulation as amended, modified or supplemented from time to time and (i) each reference to time without further specification shall mean New York City Time.

Section 1.03. Computation of Time Periods. Unless otherwise stated in this Agreement, in the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" both mean "to but excluding." Periods of days referred to in this Agreement shall be counted in calendar days unless Business Days are expressly prescribed.

Section 1.04. Collateral Value Calculation Procedures. In connection with all calculations required to be made pursuant to this Agreement with respect to any payments on any other assets included in the Collateral, with respect to the sale of and reinvestment in Collateral Receivables, and with respect to the income that can be earned on any other amounts that may be received for deposit in the Canadian Collection Account or the U.S. Collection Account, as applicable, the provisions set forth in this Section 1.04 shall be applied. The provisions of this Section 1.04 shall be applicable to any determination or calculation that is covered by this Agreement, whether or not reference is specifically made to Section 1.04, unless some other method of calculation or determination is expressly specified in the particular provision.

(a) References in the Priority of Payments to calculations made on a "pro forma basis" shall mean such calculations after giving effect to all payments, in accordance with the Priority of Payments, that precede (in priority of payment) or include the clause in which such calculation is made.

(b) For purposes of calculating all Concentration Limitations, in both the numerator and the denominator of any component of the Concentration Limitations, Delinquent Collateral Receivables, Defaulted Collateral Receivables and Ineligible Collateral Receivables shall be deemed to have a Receivable Balance equal to zero.

(c) For purposes of calculating compliance with any Concentration Limitation based on the "weighted average", "weighted average" shall mean, as of any date of determination with respect to all Collateral Receivables, the ratio (expressed as a number) obtained by summing the products of (a) (i) the FICO Score of the related Obligor as reported at the time such Collateral Receivable was made, or (ii) the original term to maturity of such Receivable, as applicable, *times* (b) the Receivable Balance of such Collateral Receivable, and (c) dividing such sum by the Aggregate Receivable Balance of all Collateral Receivables as of such date of determination.

(d) Determinations of the Collateral Receivables, or portions thereof, that constitute Excess Concentration Amounts will be determined in the way that produces the lowest Borrowing Base at the time of determination, it being understood that a Collateral Receivable (or portion thereof) that falls into more than one such category of Collateral Receivables will be deemed, solely for purposes of such determinations, to fall only into the category that produces the lowest such Borrowing Base at such time (without duplication).

(e) For the purposes of calculating compliance with each of the Concentration Limitations, all calculations will be rounded to the nearest 0.01%, with 0.005% rounded upwards.

(f) Notwithstanding any other provision of this Agreement to the contrary, all monetary calculations under this Agreement shall be in U.S. Dollars (giving effect to the CAD FX Rate, if applicable). For purposes of this Agreement, calculations with respect to all amounts received or required to be paid in a currency other than U.S. Dollars or Canadian Dollars shall be valued at zero.

(g) References in this Agreement to the Borrower's "purchase" or "acquisition" of a Collateral Receivable include references to the Borrower's acquisition of such Collateral Receivable by way of a sale from a Seller under a Receivable Purchase Agreement.

Section 1.05. *Divisions*. For all purposes under the Facility Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its equity interests at such time.

Article II

Advances

Section 2.01. *Revolving Credit Facility*. (a) On the terms and subject to the conditions herein set forth, including Article III, (i) each Class A Lender severally agrees to make loans to Borrower (each, a *"Class A Committed Advance"*) from time to time on any Business Day during the period from the Closing Date until but excluding the Termination Date, on a *pro rata* basis in each case based on and limited to the Percentage applicable to such Class A Lender and, as to all Class A Lenders, in an amount that would not cause the aggregate principal balance of the Class A Committed Advances to exceed the Class A Maximum Committed Available Amount as then in effect, and (ii) each Class B Lender severally agrees to make loans to Borrower (each, a "*Class B Committed Advance"* and, together with any Class A Committed Advance, a *"Committed Advance"*) from time to time on any Business Day during the period from the Closing Date until but excluding the Termination Date, on a *pro rata* basis in each case based on and limited to the Percentage applicable to such Class B Lender and, as to all Class B Lenders, in an amount that would not cause the aggregate principal balance of the Class B Committed Advances to exceed the Class B Maximum Committed Available Amount as then in effect; *provided, however*, that, in each case, except with respect to the initial Class A Committed Advance and initial Class B Committed Advance hereunder, the aggregate principal amount of any such Committed Advance shall not, by itself or when combined with the principal amounts of all Committed Advances made by the Lenders to the Borrower during the thirty (30) days immediately preceding the proposed Borrowing Date for such Class A Committed Advance or Class B Committed Advance, as applicable, exceed 50% of the Committed Facility Amount. No Lender shall make any Committed Advance or portion thereof if it would cause the aggregate outstanding principal amount of the Committed Advances to exceed the Maximum Committed Available Amount as then in effect.

(b) *Incremental Advances*. If the aggregate outstanding principal balance of the Class A Committed Advances is in excess of the Class A Committed Facility Amount on the relevant Borrowing Date, on the terms and subject to the conditions hereinafter set forth, including Article III, each Class A Lender severally may agree, in its sole and absolute discretion, to make incremental loans to the Borrower (each, a "*Class A Incremental Advance*", and together with the Class A Committed Advances, each a "*Class A Advance*") from time to time on any Business

Day during the period from the Closing Date until but excluding the Termination Date, on a *pro rata* basis in each case based on and limited to the Percentage applicable to such Class A Lender and, as to all Class A Lenders, in an aggregate principal amount up to but not exceeding the Class A Maximum Available Amount as then in effect.

If the aggregate outstanding principal balance of the Class B Committed Advances is in excess of the Class B Committed Facility Amount on the relevant Borrowing Date, on the terms and subject to the conditions hereinafter set forth, including Article III, each Class B Lender severally may agree, in its sole and absolute discretion, to make incremental loans to the Borrower (each, a "*Class B Incremental Advance*", and together with the Class B Committed Advances, each a "*Class B Advance*", and together with the Class A Advances, each an "*Advance*") from time to time on any Business Day during the period from the Closing Date until but excluding the Termination Date, on a *pro rata* basis in each case based on and limited to the Percentage applicable to such Class B Lender and, as to all Class B Lenders, in an aggregate principal amount up to but not exceeding the Class B Maximum Available Amount as then in effect.

No Lender shall make any Advance or portion thereof if it would cause the aggregate outstanding principal amount of the Advances to exceed the Maximum Available Amount as then in effect.

(c) Each such borrowing under this Section 2.01 of an Advance on any single day is referred to herein as a "*Borrowing*." Within such limits and subject to the other terms and conditions of this Agreement, the Borrower may borrow (and re-borrow) Advances under this Section 2.01 and prepay Advances under Section 2.05.

Section 2.02. Making of the Advances. (a) Subject to the terms and conditions of Section 2.01, if the Borrower desires to request a Borrowing under this Agreement, the Borrower shall give the Administrative Agent a written notice (each, a *"Notice of Borrowing"*) for such Borrowing (which notice shall be irrevocable and effective upon receipt) not later than 1:00 p.m. at least two (2) Business Days prior to the day of the requested Borrowing. A Notice of Borrowing received after 1:00 p.m. shall be deemed received on the following Business Day.

Promptly following receipt of a Notice of Borrowing in accordance with this Section 2.02, the Administrative Agent shall advise each applicable Lender of the details thereof and of the amounts of such Lender's Advance requested to be made as part of the requested Borrowing. Each Notice of Borrowing shall be substantially in the form of Exhibit A-1 hereto, dated the date the request for the related Borrowing is being made, signed by a Responsible Officer of the Borrower, shall attach a Maximum Advance Rate Test Calculation Statement and shall otherwise be appropriately completed. The proposed Borrowing Date specified in each Notice of Borrowing shall be a Business Day falling prior to the Termination Date, and the amount of the Borrowing requested in such Notice of Borrowing (the *"Requested Amount"*) shall be equal to at least $250,000 (or, less, if agreed to by the Administrative Agent and the Lenders in their sole and absolute discretion).

Unless otherwise permitted by the Administrative Agent and each of the Lenders in their sole and absolute discretion, there shall be no more than one (1) Borrowing Date per calendar week.

(b) *Funding by Lenders.* Subject to the terms and conditions herein, each Lender providing an Advance shall make its Percentage (as such Percentage may be reduced or increased from time to time in accordance with the terms hereof) of the applicable Requested Amount on each Borrowing Date (x) by wire shall transfer of immediately available funds by 11:00 a.m. on such Borrowing Date to the Administrative Agent pursuant to wiring instructions provided by the Administrative Agent and the Administrative Agent will hold and pay such funds to the Borrower by wire transfer of immediately available funds by 2:00 p.m. on such Borrowing Date to the Funding Account, on behalf of the Lenders or (y) if requested in writing (email is acceptable) by the Administrative Agent, by wire transfer of immediately available funds by 2:00 p.m. on such Borrowing Date directly to the Funding Account pursuant to wiring instructions provided by the Administrative Agent.

(c) *Presumption by the Administrative Agent*. The Administrative Agent may not assume that a Lender has made or will make its Percentage of any applicable Requested Amount and shall not be obligated to make available to the Borrower a corresponding amount unless the Administrative Agent has received from all Lenders the funds corresponding to their relevant Percentages with respect to the applicable Requested Amount.

Section 2.03. Evidence of Indebtedness.

(a) *Maintenance of Records by Lenders.* Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to it and resulting from the Advances made by such Lender to the Borrower, from time to time, including the amounts of principal and interest thereon and paid to it, from time to time hereunder; *provided*, *however*, that in case of a conflict between the records of the Administrative Agent and those of such Lender, the records of the Administrative Agent shall prevail absent manifest error.

(b) *Maintenance of Records by Administrative Agent.* The Administrative Agent shall maintain records in which it shall record (i) the amount of each Advance made hereunder, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof. Notwithstanding anything to the contrary herein, the Administrative Agent shall be responsible for calculating and confirming any and all amounts due, interest, compliance with financial covenants, eligibility criteria and each other trigger or rate hereunder and under the other Facility Documents and each such calculation and confirmation shall be conclusive and binding for all purposes, absent manifest error.

(c) *Effect of Entries.* The entries made in the records maintained pursuant to paragraph (a) or (b) of this Section shall be prima facie evidence, absent obvious error, of the existence and amounts of the obligations recorded therein; *provided* that the failure of any

Lender or the Administrative Agent to maintain such records or any error therein shall not in any manner affect the obligation of the Borrower to repay the Advances and other Obligations hereunder in accordance with the terms of this Agreement.

Section 2.04. Payment of Principal, Interest and Certain Fees. The Borrower shall pay principal and Interest on the Advances as follows:

(a) 100% of the outstanding principal amount of each Advance, together with all accrued and unpaid Interest thereon, shall be due and payable on the Final Maturity Date.

(b) Class A Interest shall accrue on the unpaid principal amount of each Class A Advance from the date of such Class A Advance until such principal amount is paid in full and Class B Interest shall accrue on the unpaid principal amount of each Class B Advance from the date of such Class B Advance until such principal amount is paid in full.

(c) Accrued Class A Interest on each Class A Advance or accrued Class B Interest on each Class B Advance, as applicable, shall be due and payable in arrears (x) on each Payment Date, and (y) in connection with any prepayment pursuant to Section 2.05(a); *provided* that (i) with respect to any prepayment in full of the Advances outstanding, accrued Interest on such amount to but excluding the date of prepayment may be payable on such date or as otherwise agreed to between the Lenders and the Borrower and (ii) with respect to any partial prepayment of the Advances outstanding, accrued Interest on such amount to but excluding the date of prepayment shall be payable following such prepayment on the applicable Payment Date in accordance with the Priority of Payments for the Collection Period in which such prepayment occurred.

(d) Subject to clause (e) below, the obligation of the Borrower to pay the Obligations, including, but not limited to, the obligation of the Borrower to pay the Lenders the outstanding principal amount of the Advances, accrued Interest thereon, to pay the Lenders the Prepayment Premium, Exit Fees and Unused Fees, and to pay any other fees as set forth hereunder and in the Administrative Agent Fee Letter, shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms hereof (including Section 2.14 and Article IX) and thereof, under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment which the Borrower or any other Person may have or have had against any Secured Party or any other Person (other than a defense that payment was made).

(e) As a condition to the payment of Interest on any Advance, Class A Interest on any Class A Advance or Class B Interest on any Class B Advance, as applicable, and principal of any Advance, any Prepayment Premium, any Exit Fee, any Unused Fees and any other amounts due pursuant to the Facility Documents without the imposition of withholding tax, the Borrower or the Administrative Agent may require certification acceptable to it to enable the Borrower and the Administrative Agent to determine their duties and liabilities with respect to any taxes or other charges that they may be required to deduct or withhold from payments in respect of such Advance under any present or future law or regulation of the United States of America and any other applicable jurisdiction, or any present or future law or regulation of any political subdivision thereof or taxing authority therein or to comply with any reporting or other requirements under any such law or regulation.

(f) Unused Fees shall accrue from the Closing Date until the Termination Date and shall be payable by the Borrower to the Lenders in arrears on each Payment

Date for the immediately preceding Collection Period in accordance with the Priority of Payments.

Section 2.05. Prepayment of Advances.

(a) *Optional Prepayments.* On any date on or after the Closing Date, Borrower may, from time to time on any Business Day, subject to payment of the Prepayment Premium or Exit Fee (if any) as set forth in Section 2.06, voluntarily prepay any outstanding Advances in whole or in part, together with all amounts due pursuant to Sections 2.04(c) and 2.10; *provided* that the Borrower shall have delivered to the Administrative Agent written notice of such prepayment (such notice, a *"Notice of Prepayment"*) in the form of Exhibit B hereto by no later than 1:00 p.m. at least two (2) Business Days prior to the day of such prepayment. Any Notice of Prepayment received by the Administrative Agent after 1:00 p.m. shall be deemed received on the next Business Day. Upon receipt of such Notice of Prepayment, the Administrative Agent shall promptly, but in any event, no later than 1:00 p.m. at least one (1) Business Day prior to the date of such prepayment, notify each Lender. Each such Notice of Prepayment shall be irrevocable and effective upon the date received and shall be dated the date such notice is given, signed by a Responsible Officer of the Borrower and otherwise appropriately completed. Each prepayment of any Advance by the Borrower pursuant to this Section 2.05(a) shall in each case be in a principal amount of at least $500,000 or, if less, the entire outstanding principal amount of the Advances of the Borrower. If a Notice of Prepayment is given by the Borrower, the Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein (including, but not limited to, any Prepayment Premium or Exit Fee). The Borrower shall make the payment amount specified in such notice by wire transfer of immediately available funds by 11:00 a.m. on the date of prepayment to the account of the Administrative Agent, which will hold the funds on behalf of the Lenders. To the extent payment was made to the Administrative Agent, the Administrative Agent promptly will make such payment amount specified in such notice available to each Lender in the amount of each Lender's Percentage of the payment amount by wire transfer to such Lender's account. Any funds for purposes of a voluntary prepayment received by the Administrative Agent after 11:00 a.m. shall be deemed received on the next Business Day. For the avoidance of any doubt, the Borrower may only provide a Notice of Prepayment to prepay Advances that are outstanding on the date such Notice of Prepayment is delivered and may not provide a Notice of Prepayment to prepay any future Advances.

(b) *Additional Prepayment Provisions.* Each prepayment pursuant to this Section 2.05 shall be subject to Sections 2.04(c) and 2.10 and applied to the Advances in accordance with the relevant Lenders' respective Percentages.

(c) *Interest on Prepaid Advances.* The Borrower shall pay all accrued and unpaid Interest on the Advances that are prepaid on the date of such prepayment.

Section 2.06. Prepayment Premium and Exit Fee.

(a) If the Borrower terminates this Agreement or otherwise voluntarily prepays all or any portion of the outstanding principal balance of any Advances prior to the Scheduled

Reinvestment Period Termination Date, the Borrower shall pay, to the Administrative Agent, for the pro rata benefit and account of each Lender, in immediately available funds, a non-refundable prepayment fee equal to the product of (i) the outstanding principal amount of the Advances being prepaid as of the date of such prepayment, (ii) the Applicable Margin corresponding to the applicable Advances being prepaid *plus* the Post-Default Rate (if applicable), and (iii) a fraction (expressed as a percentage) having a numerator equal to the number of days from and including the date of such prepayment to the Scheduled Reinvestment Period Termination Date and a denominator equal to 360 (collectively, the *"Prepayment Premiums"*); *provided, however*, that no such Prepayment Premium shall be payable in connection with any prepayment made (A) to satisfy any breach of a Maximum Advance Rate Test, (B) with respect to any payments required pursuant to Section 9.01 of the Agreement or (C) in connection with a Permitted Sale to a Securitization Vehicle in connection with a broadly marketed and distributed issuance of asset-backed securities (but the Exit Fee shall be due and payable in the case of this clause (C)).

(b) For the avoidance of doubt, any applicable Prepayment Premium shall be due and payable at any time the Advances become due and payable prior to the Scheduled Reinvestment Period Termination Date, whether due to acceleration pursuant to the terms of the Agreement (in which case it shall be due immediately), by operation of law or otherwise (including, without limitation, on account of the commencement of an Insolvency Event), and whether such acceleration occurs prior to, upon or subsequent to the commencement of an Insolvency Event. In view of the impracticability and extreme difficulty of ascertaining the actual amount of damages to the Lenders or profits lost by the Lenders as a result of acceleration or prepayment, and by mutual agreement of the parties as to a reasonable estimation and calculation of the lost profits or damages of the Lenders, the Prepayment Premiums constitute liquidated damages which shall be due and payable upon such date. The Borrower hereby waives any defense to payment other than payment on performance, whether such defense may be based in public policy, ambiguity, or otherwise. The Borrower and the Lenders acknowledge and agree that any Prepayment Premium due and payable hereunder shall not constitute unmatured interest, whether under Section 502(b)(3) of the Bankruptcy Code or otherwise. The Borrower further acknowledges and agrees, and waives any argument to the contrary, that payment of such amount does not constitute a penalty or an otherwise unenforceable or invalid obligation.

(c) If the Borrower terminates this Agreement or otherwise voluntarily prepays all or any portion of the outstanding principal balance of any Advances in connection with a Permitted Sale to a Securitization Vehicle in connection with a broadly marketed and distributed issuance of asset-backed securities, the Borrower shall pay the Exit Fee in accordance with the terms and provisions set forth in the Administrative Agent Fee Letter.

(d) Any amount payable under this Section 2.06 that is not paid when due shall bear interest at the rate set forth under clause (c) of "Interest Rate" from the date such amount is due until the date paid, in accordance with this Section 2.06.

Section 2.07. Maximum Lawful Rate. It is the intention of the parties hereto that the Interest on the Advances shall not exceed the maximum rate permissible under Applicable Law. Accordingly, anything herein to the contrary notwithstanding, in the event any Interest is charged

to, collected from or received from or on behalf of the Borrower by the Lenders pursuant hereto or thereto in excess of such maximum lawful rate, then the excess of such payment over that maximum shall be applied first to the payment of amounts then due and owing by the Borrower to the Secured Parties under this Agreement (other than in respect of principal of and interest on the Advances) and then to the reduction of the outstanding principal amount of the Advances of the Borrower.

Section 2.08. Several Obligations. The failure of any Lender to make any Advance to be made by it on the date specified therefor or make payments pursuant to Section 11.04 shall not relieve any other Lender of its obligation to make its Advance on such date or make such payments, the Administrative Agent shall not be responsible for the failure of any Lender to make any Advance or make such payments, and no Lender shall be responsible for the failure of any other Lender to make an Advance to be made by such other Lender or to make such payments under Section 11.04.

Section 2.09. Increased Costs. (a) If (i) the introduction of or any change in or in the interpretation, application or implementation of any Applicable Law or GAAP or other applicable accounting policy after the date hereof, or (ii) the compliance with any guideline or change in the interpretation, application or implementation of any guideline or request from any central bank or other Governmental Authority (whether or not having the force of law) after the date hereof, (a *"Regulatory Change"*):

(A) shall impose, modify or deem applicable any reserve (including any reserve imposed by the Board of Governors of the Federal Reserve System, but excluding any reserve included in the determination of interest on the Advances), special deposit or similar requirement against assets of any Affected Person, deposits or obligations with or for the account of any Affected Person or with or for the account of any Affiliate (or entity deemed by the Federal Reserve Board to be an Affiliate) of any Affected Person, or credit extended by any Affected Person;

(B) shall change the amount of capital maintained or required or requested or directed to be maintained by any Affected Person;

(C) shall subject any Affected Person to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto;

(D) shall impose any other condition (other than Taxes) affecting any Advance owned or funded in whole or in part by any Affected Person, or its obligations or rights, if any, to make Advances or to provide funding therefor;

(E) shall change the rate for, or the manner in which the Federal Deposit Insurance Corporation (or a successor thereto) assesses, deposit insurance premiums or similar charges; or

(F) shall cause an internal capital or liquidity charge or other imputed cost to be assessed upon any Affected Person which, in the sole discretion of such Affected Person, is allocable to the Borrower or to the transactions contemplated by this Agreement;

and the result of any of the foregoing is or would be

(x) to increase the cost to or to impose a cost on an Affected Person funding or making or maintaining any Advance, or

(y) to reduce the amount of any sum received or receivable by an Affected Person under this Agreement, or

(z) in the sole determination of such Affected Person, to reduce the rate of return on the capital of an Affected Person as a consequence of its obligations hereunder,

then within thirty (30) days after demand by such Affected Person (which demand shall be accompanied by a statement setting forth in reasonable detail the basis of such demand), the Borrower shall pay directly to such Affected Person such additional amount or amounts as will compensate such Affected Person for such additional or increased cost or such reduction. For the avoidance of doubt, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act (*"Dodd Frank Act"*); (ii) the revised Basel Accord prepared by the Basel Committee on Banking Supervision as set out in the publication entitled "Basel II: International Convergence of Capital Measurements and Capital Standards: A Revised Framework," as updated from time to time (*"Basel II"*); (iii) the publication entitled "Basel III: A global regulatory framework for more resilient banks and banking systems," as updated from time to time (*"Basel III"*), including any publications addressing the liquidity coverage ratio (*"LCR"*) or the supplementary leverage ratio (*"SLR"*); or (iv) any implementing laws, rules, regulations, guidance, interpretations or directives from any Governmental Authority relating to the Dodd Frank Act, Basel II or Basel III (whether or not having the force of law), and in each case all rules and regulations promulgated thereunder or issued in connection therewith shall be deemed to have been introduced after the Closing Date, thereby constituting a Regulatory Change hereunder with respect to the Affected Persons as of the Closing Date, regardless of the date enacted, adopted or issued, and such additional amounts which are sufficient to compensate such Affected Person for such increase in capital or liquidity or reduced return in accordance with the Priority of Payments. The Borrower acknowledges that this Section 2.09 permits the Affected Person to institute measures in anticipation of a Regulatory Change (including the imposition of internal charges on the Affected Person's interests or obligations under this Agreement), and allows the Affected Person to commence allocating charges to or seeking compensation from the Borrower under this Section 2.09 in connection with such measures (such amounts being referred to as *"Early Adoption Increased Costs"*), in advance of the effective date of such Regulatory Change, and the Borrower agrees to pay such Early Adoption Increased Costs to the Affected Person following demand therefor without regard to whether such effective date has occurred. If any Affected Person becomes entitled to claim any additional amounts pursuant to this Section 2.09, it shall promptly notify the Borrower (with a copy to the Administrative Agent) of the event by reason of which it has become so entitled. A certificate setting forth in reasonable detail such amounts submitted to the Borrower by an Affected Person shall be conclusive and binding for all purposes, absent manifest error.

(b) Upon the occurrence of any event giving rise to the Borrower's obligation to pay additional amounts to a Lender pursuant to clause (a) of this Section 2.09, such Lender will (i) use reasonable efforts (subject to overall policy considerations of such Lender) to designate a different lending office if such designation would reduce or obviate the obligations of the

Borrower to make future payments of such additional amounts; *provided* that such designation is made on such terms that such Lender and its lending office suffer no unreimbursed cost or material legal or regulatory disadvantage (as reasonably determined by such Lender), with the object of avoiding future consequence of the event giving rise to the operation of any such provision or (ii) take such other measures as such Lender may deem reasonable, if as a result thereof the circumstances which would cause such Lender to be an Affected Person would cease to exist or the additional amounts which would otherwise be required to be paid to such Lender pursuant to this Section 2.09 would be materially reduced and if, as determined by such Lender in its sole discretion, the making, issuing, funding or maintaining of such Advances through such other office or in accordance with such other measures, as the case may be, would not otherwise adversely affect such Advances or the interests of such Lender.

(c) Failure or delay on the part of an Affected Person to demand compensation pursuant to this Section shall not constitute a waiver of such Affected Person's right to demand such compensation.

Section 2.10. Compensation; Breakage Payments. The Borrower agrees to compensate each Affected Person from time to time, on the Payment Dates, following such Affected Person's written request (which request shall set forth the basis for requesting such amounts), in accordance with the Priority of Payments for all reasonable losses, expenses and liabilities (including any interest paid by such Affected Person to lenders of funds borrowed to make or carry an Advance and any loss sustained by such Affected Person in connection with the re-employment of such funds but excluding loss of anticipated profits), which such Affected Person may sustain: (i) if for any reason (including any failure of a condition precedent set forth in Article III but excluding a default by the applicable Lender) a Borrowing of any Advance by the Borrower does not occur on the Borrowing Date specified therefor in the applicable Notice of Borrowing delivered by the Borrower, (ii) if any payment, prepayment or conversion of any of the Borrower's Advances occurs on a date that is not the last day of the relevant Interest Accrual Period, or (iii) as a consequence of any other default by the Borrower to repay its Advances when required by the terms of this Agreement. A certificate as to any amounts payable pursuant to this Section 2.10 submitted to the Borrower by any Lender (with a copy to the Administrative Agent and accompanied by a reasonably detailed calculation of such amounts and a description of the basis for requesting such amounts) shall be conclusive in the absence of manifest error.

Section 2.11. Illegality; Inability to Determine Rates. (a) Notwithstanding any other provision in this Agreement, in the event of a Benchmark Disruption Event, then the affected Lender shall promptly notify the Administrative Agent and the Borrower thereof, and such Lender's obligation to make or maintain Advances hereunder based on the Adjusted Benchmark Rate shall be suspended until such time as such Lender may again make and maintain Advances based on the Adjusted Benchmark Rate and the Advances of each Interest Accrual Period in which such Person owns an interest shall either (1) if such Lender may lawfully continue to maintain such Advances at the Adjusted Benchmark Rate until the last day of the applicable Interest Accrual Period, be reallocated on the last day of such Interest Accrual Period to another Interest Accrual Period in respect of which the Advances allocated thereto accrues interest determined other than with respect to the Adjusted Benchmark Rate or (2) if such Lender shall determine that it may not lawfully continue to maintain such Advances at the Adjusted

Benchmark Rate until the end of the applicable Interest Accrual Period, such Lender's share of the Advances allocated to such Interest Accrual Period shall be deemed to accrue interest at the Base Rate from the effective date of such notice until the end of such Interest Accrual Period.

(b) Upon the occurrence of any event giving rise to a Lender's suspending its obligation to make or maintain Advances based on the Adjusted Benchmark Rate pursuant to Section 2.11(a), such Lender will, if requested by the Borrower, use reasonable efforts (subject to overall policy considerations of such Lender) to designate a different lending office if such designation would enable such Lender to again make and maintain Advances based on the Adjusted Benchmark Rate; *provided* that such designation is made on such terms that such Lender and its lending office suffer no unreimbursed cost or material legal or regulatory disadvantage (as reasonably determined by such Lender), with the object of avoiding future consequence of the event giving rise to the operation of any such provision.

(c) If, prior to the first day of any Interest Accrual Period or prior to the date of any Advance, as applicable, either (i) the Administrative Agent determines that for any reason adequate and reasonable means do not exist for determining the Benchmark for the applicable Advances, or (ii) the Required Lenders determine and notify the Administrative Agent that the Adjusted Benchmark Rate with respect to such Advances does not adequately and fairly reflect the cost to such Lenders of funding such Advances, the Administrative Agent will promptly so notify the Borrower and each Lender. Thereafter, the obligation of the Lenders to make or maintain Advances based on the Adjusted Benchmark Rate shall be suspended until the Administrative Agent (upon the instruction of the Required Lenders) revokes such notice.

Section 2.12. Effect of Benchmark Transition Event.

(a) *Benchmark Replacement*. Notwithstanding anything to the contrary herein or in any other Facility Document, if a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the then-current Benchmark, then (x) if a Benchmark Replacement is determined in accordance with clause (1) or (2) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Facility Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement or any other Facility Document and (y) if a Benchmark Replacement is determined in accordance with clause (3) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Facility Document in respect of any Benchmark setting at or after 5:00 p.m. on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided to the Borrower by the Administrative Agent without any amendment to, or further action or consent of any other party to, this Agreement or any other Facility Document so long as the Administrative Agent has not received, by such time, written notice of objection to such Benchmark Replacement from the Borrower.

(b) *Benchmark Replacement Conforming Changes*. In connection with the implementation of a Benchmark Replacement, the Administrative Agent will have the right to make Benchmark Replacement

Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Facility Document, any amendments

implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Facility Document.

(c) *Notices; Standards for Decisions and Determinations*. The Administrative Agent will promptly notify the Borrower of (i) any occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date, (ii) the implementation of any Benchmark Replacement, (iii) the effectiveness of any Benchmark Replacement Conforming Changes, (iv) the removal or reinstatement of any tenor of a Benchmark pursuant to clause (d) below and (v) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Administrative Agent pursuant to this Section 2.12, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its sole discretion and without consent from any other party to this Agreement or any other Facility Document, except, in each case, as expressly required pursuant to this Section 2.12.

(d) *Unavailability of Tenor of Term SOFR*. Notwithstanding anything to the contrary herein or in any other Facility Document, at any time (including in connection with the implementation of a Benchmark Replacement), (i) if the then-current Benchmark is a term rate (including Term SOFR or LIBOR Rate) and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion or (B) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is or will be no longer representative, then the Administrative Agent may modify the definition of "Interest Accrual Period" for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (ii) if a tenor that was removed pursuant to clause (i) above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (B) is not, or is no longer, subject to an announcement that it is or will no longer be representative for a Benchmark (including a Benchmark Replacement), then the Administrative Agent may modify the definition of "Interest Accrual Period" for all Benchmark settings at or after such time to reinstate such previously removed tenor.

Section 2.13. Rescission or Return of Payment. The Borrower agrees that, if at any time (including after the occurrence of the Final Maturity Date) all or any part of any payment theretofore made by it to any Secured Party or any designee of a Secured Party is or must be rescinded or returned for any reason whatsoever (including the insolvency, bankruptcy or reorganization of the Borrower or any of its Affiliates), the obligation of the Borrower to make such payment to such Secured Party shall, for the purposes of this Agreement, to the extent that such payment is or must be rescinded or returned, be deemed to have continued in existence and this Agreement shall continue to be effective or be reinstated, as the case maybe, as to such obligations, all as though such payment had not been made.

Section 2.14. Post-Default Interest or Post-Reinvestment Period Interest. The Borrower shall pay interest on all Obligations that are not paid when due for the period from the due date thereof until the date the same is paid in full at the rate set forth under clause (c) of "Interest Rate". Interest payable at the Post-Default Rate or the Post-Reinvestment Period Rate shall be payable on each Payment Date in accordance with the Priority of Payments.

Section 2.15. Payments Generally. (a) All amounts owing and payable to any Secured Party, any Affected Person or any Indemnified Party, in respect of the Advances and other Obligations, including the principal thereof, interest, fees, indemnities, expenses or other amounts payable under this Agreement or any other Facility Document, shall be paid by the Borrower to the Administrative Agent for the account of the applicable recipient in U.S. Dollars, in immediately available funds, in accordance with the Priority of Payments, and all without counterclaim, setoff, deduction, defense, abatement, suspension or deferment. The Administrative Agent and each Lender shall provide wire instructions to the Borrower and the Administrative Agent. Payments must be received by the Administrative Agent for the account of the Lenders on or prior to 3:00 p.m. on a Business Day; *provided* that, payments received by the Administrative Agent after 3:00 p.m. on a Business Day will be deemed to have been paid on the next following Business Day. To the extent payment was made to the Administrative Agent, the Administrative Agent promptly will make such payment amount available to each Lender on a *pro rata basis* based on the amount due and owed to each Lender at such time by wire transfer to such Lender's account.

(b) Except as otherwise expressly provided herein, all computations of interest, fees and other Obligations shall be made on the basis of a year of 360 days for the actual number of days elapsed. In computing interest on any Advance, the date of the making of the Advance shall be included and the date of payment shall be excluded; *provided* that, if an Advance is repaid on the same day on which it is made, one day's Interest shall be paid on such Advance. All computations made by the Administrative Agent under this Agreement shall be conclusive absent manifest error.

Article III

Conditions Precedent

Section 3.01. Conditions Precedent to this Agreement. This Agreement shall become effective once the Administrative Agent shall have received, prior to or concurrently with the making the initial Advance hereunder, the following, each in form and substance reasonably satisfactory to the Administrative Agent and the Required Lenders:

(a) each of the Facility Documents (other than the Backup Servicing Agreement), duly executed and delivered by the parties thereto, which shall each be in full force and effect;

(b) true and complete copies of the Constituent Documents of the Borrower, the Parent, the Servicer, each Seller and the Sponsor as in effect on the Closing Date;

(c) true and complete copies certified by a Responsible Officer of the Borrower of all Governmental Authorizations, Private Authorizations and Governmental Filings, if any, required in connection with the transactions contemplated by this Agreement;

(d) a certificate of a Responsible Officer of the Borrower certifying (i) as to its Constituent Documents, (ii) as to its resolutions or other action required under its Constituent Documents to approve the entering into by the Borrower of this Agreement and the other Facility Documents to which it is a party and the transactions contemplated

thereby, (iii) that its representations and warranties set forth in the Facility Documents to which it is a party are true and correct in all material respects as of the Closing Date (except to the extent such representations and warranties expressly relate to any earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date) (except for representations and warranties already qualified by materiality or Material Adverse Effect, which shall be true and correct in all respects), (iv) that no Unmatured Event of Default, Event of Default or Accelerated Amortization Event has occurred and is continuing, and (v) as to the incumbency and specimen signature of each of its Responsible Officers authorized to execute the Facility Documents to which it is a party;

(e) a certificate of a Responsible Officer of the Parent certifying (i) as to its Constituent Documents, (ii) as to its resolutions or other action required under its Constituent Documents to approve the Facility Documents to which it is a party and the transactions contemplated thereby, (iii) that its representations and warranties set forth in the Facility Documents to which it is a party are true and correct in all material respects as of the Closing Date (except to the extent such representations and warranties expressly relate to any earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date) (except for representations and warranties already qualified by materiality or Material Adverse Effect, which shall be true and correct in all respects), (iv) that no default under the Parent Pledge and Guaranty Agreement has occurred and is continuing and (v) as to the incumbency and specimen signature of each of its Responsible Officers authorized to execute the Facility Documents to which it is a party;

(f) a certificate of a Responsible Officer of the Sponsor certifying (i) as to its Constituent Documents, (ii) as to its resolutions or other action required under its Constituent Documents to approve the Facility Documents to which it is a party and the transactions contemplated thereby, (iii) that its representations and warranties set forth in the Facility Documents to which it is a party are true and correct in all material respects as of the Closing Date (except to the extent such representations and warranties expressly relate to any earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date) (except for representations and warranties already qualified by materiality or Material Adverse Effect, which shall be true and correct in all respects), (iv) that no Sponsor Indemnity Event of Default or Servicer Event of Default has occurred and is continuing and (v) as to the incumbency and specimen signature of each of its Responsible Officers authorized to execute the Facility Documents to which it is a party;

(f) a certificate of a Responsible Officer of the Canadian Seller certifying (i) as to its Constituent Documents, (ii) as to its resolutions or other action required under its Constituent Documents to approve the Facility Documents to which it is a party and the transactions contemplated thereby, (iii) that its representations and warranties set forth in the Facility Documents to which it is a party are true and correct in all material respects as of the Closing Date (except to the extent such representations and warranties expressly relate to any earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date) (except for representations and warranties already qualified by materiality or Material Adverse Effect, which shall be true and correct in all respects), and (iv) as to the incumbency and specimen signature of each of its Responsible Officers authorized to execute the Facility Documents to which it is a party;

(g) proper financing statements, duly filed under the UCC or the PPSA, as applicable, in all jurisdictions that the Administrative Agent deems necessary or desirable

in order to perfect the Liens on the Collateral contemplated by this Agreement and each Receivable Purchase Agreement;

(h) copies of proper financing statements, financing change statements or discharges, if any, necessary to release all security interests and other rights of any Person in the Collateral previously granted by the Borrower or any Seller;

(i) legal opinions (addressed to each of the Secured Parties) of Maslon LLP and Carter Ledyard & Milburn LLP, counsel to the Borrower, the Parent, the Servicer, the Sponsor and the U.S. Seller, and Blake, Cassels & Graydon LLP, counsel to the Canadian Seller, covering such matters as the Administrative Agent and its counsel shall reasonably request, including but not limited to enforceability, authority, no conflicts, Investment Company Act, substantive consolidation, true sale matters, UCC and PPSA matters and an opinion to the effect that the Borrower is not a "covered fund" for purposes of the Volcker Rule;

(j) evidence reasonably satisfactory to it that the Canadian Collection Account and the U.S. Collection Account shall have been established;

(k) evidence that (x) all fees to be received by the Administrative Agent and each Lender on or prior to the Closing Date pursuant to the Administrative Agent Fee Letter or otherwise have been received; and (y) the accrued reasonable and documented fees and expenses of Chapman and Cutler LLP and McCarthy Tétrault LLP, each as counsel to the Administrative Agent, in connection with the transactions contemplated hereby, shall have been paid by the Borrower;

(l) good standing certificates (or the federal or local law equivalent) with respect to each of the jurisdictions where the Borrower, the Parent, the Sponsor, the Servicer and each Seller are organized or chartered;

(m) evidence reasonably satisfactory to the Administrative Agent and each Lender that all due diligence and credit approval processes required to be completed prior to the Closing Date have been completed (including a duly executed Beneficial Ownership Certification); and

(n) such other opinions, instruments, certificates and documents as the Administrative Agent or any Lender shall have reasonably requested.

Section 3.02. Conditions Precedent to Each Borrowing. Each Advance to be made hereunder (including the initial Class A Advance and the initial Class B Advance), if any, on each Borrowing Date shall be subject to the fulfillment of the following conditions:

(a) the Administrative Agent shall have received a Notice of Borrowing with respect to such Advance (including the Maximum Advance Rate Test Calculation Statement attached thereto, all duly completed) delivered in accordance with Section 2.02;

(b) immediately after the making of such Advance on the applicable Borrowing Date, (i) the aggregate outstanding principal balance of the Committed Advances or Advances, as applicable, shall be less than or equal to the Maximum Committed Available Amount or the Maximum Available Amount, respectively, at such time, (ii) the aggregate outstanding principal balance of the Class A Committed Advances or the

Class A Advances, as applicable, shall be less than or equal to the Class A Maximum Committed Available Amount and the Class A Maximum Available

Amount, respectively, at such time and (iii) the aggregate outstanding principal balance of the Class B Committed Advances or the Class B Advances, as applicable, shall be less than or equal to the Class B Maximum Committed Available Amount and the Class B Maximum Available Amount, respectively, at such time; in each case, as demonstrated in the calculations attached to the applicable Notice of Borrowing;

(c) each of the representations and warranties of the Borrower contained in this Agreement shall be true and correct in all material respects (except for representations and warranties already qualified by materiality or Material Adverse Effect, which shall be true and correct) as of such Borrowing Date (except to the extent such representations and warranties expressly relate to any earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date as if made on such date);

(d) no Unmatured Event of Default or Event of Default or Accelerated Amortization Event shall have occurred and be continuing at the time of the making of such Advance or shall result upon the making of such Advance;

(e) the Borrower shall have delivered, or caused to have been delivered, in accordance with the time and manner specified in the Backup Servicing Agreement, to the Backup Servicer and the Administrative Agent, the Receivable Schedule and each document or item (whether or not electronic) comprising a Related Document with respect to the Receivables being pledged hereunder;

(f) all terms and conditions of the applicable Receivable Purchase Agreement required to be satisfied in connection with the assignment of each Receivable being pledged hereunder on such Borrowing Date (and the Receivable and Related Documents related thereto), including the perfection of the Borrower's interests therein, shall have been satisfied in full, and all filings (including UCC and PPSA filings) required to be made by any Person and all actions required to be taken or performed by any Person in any jurisdiction to give the Administrative Agent, for the benefit of the Secured Parties, a first priority perfected security interest in all of the Borrower's right, title and interest in the related Receivables all payments from related Obligors, the Related Documents and all rights of the Borrower under the applicable Receivable Purchase Agreement, excluding any Collateral in which a security interest cannot be perfected under the UCC or the PPSA, as applicable, shall have been made, taken or performed;

(g) the Borrower shall have taken all steps necessary under all Applicable Law in order to cause to exist in favor of the Administrative Agent, for the benefit of the Secured Parties, a valid, subsisting and enforceable first priority perfected security interest in the Borrower's right, title and interest in the Collateral related to each Receivable being pledged hereunder on such Borrowing Date, including receipt by the Administrative Agent of evidence reasonably satisfactory to the Administrative Agent that all Liens (except for Permitted Liens) have been released on such Collateral;

(h) the Borrower shall have delivered to the Administrative Agent a fully executed copy of the Purchase Confirmation relating to the Collateral Receivables in connection with such Borrowing; and

(i) the Administrative Agent shall have received satisfactory evidence that the Seller has received such amounts of the purchase price in excess of the requested Advance in respect of the Receivables to be acquired by the Borrower on such Borrowing Date.

Article IV

Representations and Warranties

Section 4.01. Representations and Warranties of the Borrower. The Borrower represents and warrants to each of the Secured Parties on and as of each Measurement Date (and, in respect of clause (i) below, each date such information is provided by or on behalf of it), as follows:

(a) *Due Organization*. The Borrower is a limited liability company duly organized and validly existing under the laws of the State of Delaware, with full power and authority to own and operate its assets and properties, conduct the business in which it is now engaged and to execute and deliver and perform its obligations under this Agreement and the other Facility Documents to which it is a party.

(b) *Due Qualification and Good Standing*. The Borrower is in good standing in the State of Delaware. The Borrower is duly qualified to do business and, to the extent applicable, is in good standing in each other jurisdiction in which the nature of its business, assets and properties, including the performance of its obligations under this Agreement, the other Facility Documents to which it is a party and its Constituent Documents, requires such qualification.

(c) *Due Authorization*; *Execution and Delivery; Legal, Valid and Binding; Enforceability*. The execution and delivery by the Borrower of, and the performance of its obligations under the Facility Documents to which it is a party and the other instruments, certificates and agreements contemplated thereby are within its powers and have been duly authorized by all requisite action by it and have been duly executed and delivered by it and constitute its legal, valid and binding obligations enforceable against it in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally or general principles of equity (to the extent not related to inequitable conduct of the Borrower), regardless of whether considered in a proceeding in equity or at law.

(d) *Non-Contravention*. None of the execution and delivery by the Borrower of this Agreement or the other Facility Documents to which it is a party, the Borrowings or the pledge of the Collateral hereunder, the consummation of the transactions herein or therein contemplated, or compliance by it with the terms, conditions and provisions hereof or thereof, will (i) conflict with, or result in a breach or violation of, or constitute (with or without notice of lapse of time or both) a default under its Constituent Documents, (ii) conflict with or contravene (A) any Applicable Law in any material respect, (B) any indenture, agreement or other contractual restriction binding on or affecting it or any of its assets, including any Related Documents, or (C) any order, writ, judgment, award, injunction or decree binding on or affecting it or any of its assets or properties or (iii) result in a breach or violation of, or constitute a default under, or permit the acceleration of any obligation or liability in, or but for any requirement of the giving of notice or the passage of time (or both) would constitute such a conflict with, breach or violation of, or default under, or permit any such acceleration in, any contractual obligation or any agreement or document to which it is a party or by which it or any of its assets are bound (or to which any such obligation, agreement or document relates). Without limiting any restrictions or other covenants hereunder, the Borrower is not in default under any such indenture, agreement or other contractual restriction binding

on or affecting it or any of its assets, including any Related Document, with respect to which such default, either individually or in the aggregate with other defaults, would reasonably

be expected to have a Material Adverse Effect on the Borrower. The Borrower is not subject to any proceeding, action, litigation or investigation pending, or to the knowledge of the such Person, overtly threatened in writing against or affecting it or its assets, before any Governmental Authority (y) seeking to prevent the consummation or performance of any of the transactions contemplated by this Agreement and the other Facility Documents or (z) that could result in a Material Adverse Effect on the Borrower.

(e) *Governmental Authorizations; Private Authorizations; Governmental Filings*. The Borrower has obtained or applied for, maintained and kept in full force and effect all Governmental Authorizations and Private Authorizations which are necessary for it to properly carry out its business and made all material Governmental Filings necessary for the execution and delivery by it of the Facility Documents to which it is a party, the Borrowings by the Borrower under this Agreement, the pledge of the Collateral by the Borrower under this Agreement and the performance by the Borrower of its obligations under this Agreement, the other Facility Documents, and no material Governmental Authorization, Private Authorization or Governmental Filing which has not been obtained, applied for or made, is required to be obtained or made by it in connection with the execution and delivery by it of any Facility Document to which it is a party, the Borrowings by the Borrower under this Agreement, the pledge of the Collateral by the Borrower under this Agreement or the performance of its obligations under this Agreement and the other Facility Documents to which it is a party.

(f) *Compliance with Agreements, Laws, Etc*. The Borrower has duly observed and complied (i) with all Applicable Laws relating to the conduct of its business and its assets, including, without limitation, all lending, servicing and debt collection laws applicable to the Collateral Receivables and its activities contemplated by the Facility Documents, (ii) in all material respects with its Constituent Document, (iii) with any judgment, decree, writ, injunction, order, award or other action of any Governmental Authority having or asserting jurisdiction over it or any of its properties, unless a failure to do so could not result in a Material Adverse Effect on the Borrower and (iv) with the terms and provisions of this Agreement and each other Facility Document to which it is a party. The Borrower has preserved and kept in full force and effect its legal existence, rights, privileges, qualifications and franchises. Without limiting the foregoing, (x) to the extent applicable, the Borrower is in compliance in all material respects with the regulations and rules promulgated by the U.S. Department of Treasury or administered by the U.S. Office of Foreign Asset Controls (*"OFAC"*), including U.S. Executive Order No. 13224, and other related statutes, laws and regulations (collectively, the *"Subject Laws"*), (y) the Borrower has adopted internal controls and procedures designed to ensure its continued compliance with the applicable provisions of the Subject Laws and to the extent applicable, will adopt procedures consistent with the PATRIOT Act and implementing regulations, and (z) to the knowledge of the Borrower (based on the implementation of its internal procedures and controls), no direct investor in the Borrower is a Person whose name appears on the "List of Specially Designated Nationals" and "Blocked Persons" maintained by the OFAC. Without limiting the foregoing, the Sponsor (i) has implemented reasonable policies and procedures for (A) obtaining a consumer's preauthorization for recurring payments and (B) is otherwise complying with EFTA, in each case, whenever a consumer uses a debit card, (ii) has developed a written compliance management system and supporting documentation, including: (A) a written compliance training program; (B) a written compliance monitoring policy and a compliance audit function; (C) a written consumer complaint resolution policy and associated implementation documentation such as complaint log templates; and (D) specific compliance policies regarding those federal consumer financial

and federal financial regulatory requirements applicable to the Sponsor's activities, including, without limitation tracking of consumer bankruptcies; and (iii) has

implemented a change management policy for key documents to ensure consistency among practices, policies and disclosures.

(g) *Location and Legal Name*. The Borrower's chief executive office and principal place of business is located in the State of Minnesota, Hennepin County and the Borrower maintains its books and records in the State of Minnesota, Hennepin County. The Borrower's registered office and the jurisdiction of organization of the Borrower is the jurisdiction referred to in Section 4.01(a). The Borrower's tax identification number is 85-4339159. The Borrower has not changed its name, changed its corporate structure, changed its jurisdiction of organization, changed its chief place of business/chief executive office or used any name other than its exact legal name at any time during the past five years.

(h) *Investment Company Act; Volcker Rule*. The Borrower is not required to register as an "investment company" or a company controlled by an "investment company" within the meaning of the Investment Company Act. The Borrower is not a "covered fund" under Section 619 of the Dodd Frank Wall Street Reform and Consumer Protection Act (the *"Volcker Rule"*). In determining that the Borrower is not a covered fund, the Borrower is entitled to the benefit of the exemption provided under Section 3(c)(5) of the Investment Company Act, though other exemptions may be available.

(i) *Information and Reports*. Each Notice of Borrowing, each Weekly Report and each Biweekly Report and all other written information, reports, certificates and statements (other than projections and forward-looking statements) furnished by the Borrower or the Servicer to any Secured Party for purposes of or in connection with this Agreement, the other Facility Documents or the transactions contemplated hereby or thereby are true, complete and correct in all material respects as of the date such information is stated or certified and the Borrower and the Servicer do not omit any material fact necessary in order to make the statements contained herein and therein not misleading. All projections and forward-looking statements furnished by or on behalf of the Borrower were prepared reasonably and in good faith as the date stated herein or as of which they were provided.

(j) *ERISA*. Neither the Borrower nor any member of the ERISA Group has, or during the past six years has had, any liability or obligation with respect to any Plan or Multiemployer Plan (including any actual liability on account of a member of the ERISA Group).

(k) *Taxes*. The Borrower has filed all income tax returns and all other material tax returns which are required to be filed by it, if any, and has paid all taxes, assessments, fees and other governmental charges levied or imposed upon it or its properties, income or assets otherwise due and payable, except for any taxes which are being contested in good faith by appropriate proceedings and with respect thereto adequate reserves have been established in accordance with GAAP.

(l) *Tax Status*. For U.S. federal income tax purposes (i) the Borrower is classified as a "disregarded entity" for U.S. federal income tax purposes, (ii) neither the Borrower nor any record or beneficial owner of the Borrower has made an election under U.S. Treasury Regulation Section 301.7701-3 for the Borrower to be classified as an association taxable as a corporation and the Borrower is not otherwise treated as an association taxable as a corporation and (iii) the Borrower is owned by a single "United States person" as defined by Section 7701(a)(30) of the Code.

(m) *Collections*. The conditions and requirements set forth in Section 5.01(k) have been satisfied from and after the Closing Date. The Borrower has caused, or has directed the Servicer to cause, the Obligor of each Canadian Receivable to pay all Collections thereon directly to the Canadian Collection Account and the Obligor of each U.S. Receivable to pay all Collections thereon directly to the U.S. Collection Account. The correct name and address of the Canadian Collection Account Bank and the U.S. Collection Account Bank, together with the account number of the Canadian Collection Account and the U.S. Collection Account are listed on Schedule 4 hereto. The Borrower has no other deposit or securities accounts other than the ones listed on Schedule 4 and subject to Liens in favor of the Secured Parties (other than the Funding Account). The Borrower has not assigned or granted an interest in any rights it may have in the Canadian Collection Account or the U.S. Collection Account to any Person other than the Administrative Agent pursuant to the terms hereof. No Person, other than as contemplated by and subject to this Agreement, has been granted dominion and control of the Canadian Collection Account or the U.S. Collection Account, or the right to take dominion and control of the Canadian Collection Account or the U.S. Collection Account at a future time or upon the occurrence of a future event.

(n) *Plan Assets*. The assets of the Borrower are not, and shall not be, treated as "plan assets" for purposes of Section 3(42) of ERISA and the Collateral is not deemed to be "plan assets" for purposes of Section 3(42) of ERISA. The Borrower has not taken, or omitted to take, and shall not take or omit to take, any action which would reasonably be expected to result in any of the Collateral being treated as "plan assets" for purposes of Section 3(42) of ERISA or the occurrence of any Prohibited Transaction in connection with the transactions contemplated hereunder.

(o) *Solvency*. After giving effect to each Advance hereunder, and the disbursement of the proceeds of such Advance, the Borrower, the Parent and the Sponsor on a consolidated basis are Solvent.

(p) *Prior Business Activity and Indebtedness*. The Borrower has no business activity except as contemplated in this Agreement and the other Facility Documents and upon the date hereof is not party to any other debt, financing or other transaction or agreement other than the Facility Documents and its Constituent Documents. The Borrower has not incurred, created or assumed any indebtedness except for that arising under or expressly permitted by this Agreement or the other Facility Documents.

(q) *Subsidiaries; Investments*. The Borrower has no subsidiaries. The Borrower does not own or hold directly or indirectly, any capital stock or equity security of, or any equity interest in, any Person.

(r) *Ordinary Course of Business*. Each payment of interest and principal on the Advances will have been (i) in payment of a debt incurred in the ordinary course of business or financial affairs on the part of the Borrower and (ii) made in the ordinary course of business or financial affairs of the Borrower.

(s) *Material Adverse Effect*. No Material Adverse Effect on the Borrower, the Parent or the Sponsor has occurred since the date of their respective formations, and since

such date, no event or circumstance has occurred which is reasonably likely to have a Material Adverse Effect on the Borrower, the Parent or the Sponsor.

(t) *Representations Relating to the Collateral*.

(i) The Borrower owns and has legal and beneficial title to all Collateral Receivables and other Collateral free and clear of any Lien, claim or encumbrance of any person, other than Permitted Liens.

(ii) This Agreement creates a valid and continuing security interest (as defined in the applicable UCC) in favor of the Administrative Agent, on behalf of the Secured Parties, in the Collateral, which is enforceable in accordance with its terms under the Applicable Law, is prior to all other Liens and is enforceable as such against creditors of and purchasers from the Borrower subject to Permitted Liens. All filings (including such UCC and PPSA filings) as are necessary in any jurisdiction to perfect the interest of the Administrative Agent on behalf of the Secured Parties, in the Collateral have been made and are effective.

(iii) This Agreement constitutes a security agreement within the meaning of Section 9-102(a)(73) of the UCC as in effect from time to time in the State of New York.

(iv) Other than Permitted Liens, the Borrower has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any of the Collateral. The Borrower has not authorized the filing of and is not aware of any financing statements against the Borrower that include a description of collateral covering the Collateral other than any financing statement relating to the security interest granted to the Administrative Agent hereunder or that has been terminated; and the Borrower is not aware of any judgment liens, PBGC liens or tax lien filings against the Borrower.

(v) The Collateral constitutes Money, cash, accounts, instruments, general intangibles, uncertificated securities, certificated securities or security entitlements to financial assets resulting from the crediting of financial assets to a securities account, or in each case, the proceeds thereof or supporting obligations related thereto, in each case, as such assets are defined in the UCC, as applicable.

(vi) The U.S. Collection Account constitutes a "deposit account" under Section 9-102(a)(29) of the UCC and the Borrower has taken all steps necessary to enable the Administrative Agent to obtain "control" (within the meaning of the UCC) with respect to the Canadian Collection Account and the U.S. Collection Account.

(vii) This Agreement creates a valid, continuing and, upon the filing of the financing statements referred to in clause (ix), and execution of the Canadian Collection Account Control Agreement and the U.S. Collection Account Control

Agreement, perfected security interest (as defined in Section 1-201(b)(35) of the UCC) in the Collateral in favor of the Administrative Agent, for the benefit and security of the Secured Parties, which security interest is prior to all other Liens (other than Permitted Liens), claims and encumbrances and is enforceable as such against creditors of and purchasers from the Borrower and no further action (other than the filing of the financing statements referred to in clause (ix) and execution of the Canadian Collection Account Control Agreement and the U.S. Collection Account Control Agreement), including any filing or recording of any document, is necessary in order to establish and perfect the first priority security interest of the Administrative Agent, for the benefit of the Secured Parties, in the Collateral as against any third party in any applicable jurisdiction, including any purchaser from, or creditor of, the Borrower.

(viii) The Borrower has received all consents and approvals required by the terms of the Related Documents in respect of such Collateral to the pledge hereunder to the Administrative Agent of its interest and rights in such Collateral and such documents do not require either notice or consent to any Person for the enforcement or exercise of the rights and remedies of the Secured Parties following an Event of Default.

(ix) With respect to Collateral referred to in clause (v) above over which a security interest may be perfected by the filing of a financing statement, the Borrower has authorized, caused or will have caused, on or prior to the Closing Date, the filing of all appropriate financing statements in the proper filing office in the appropriate jurisdictions under Applicable Law in order to perfect the security interest in the Collateral granted to the Administrative Agent, for the benefit and security of the Secured Parties, hereunder (which the Borrower hereby agrees may be an "all assets" filing).

(x) The sale of each Receivable by a Seller to the Borrower was, as of the related Purchase Date, permitted under all applicable documents governing the creation, sale or possession of such Receivable in effect at such time; and

(xi) As of the related Purchase Date, each Receivable sold to the Borrower satisfied each of the criteria set forth in the definition of Collateral Receivable.

(xii) Each Receivable listed as an "Collateral Receivable"
or eligible Collateral on any Weekly Report, Biweekly Report, Notice of Borrowing, or other certificates delivered from time to time to the Administrative Agent or the other Secured Parties satisfies each of the criteria set forth in the definition of Collateral Receivable.

(xiii) Upon the crediting of all Collateral that constitutes financial assets to the Canadian Collection Account or the U.S. Collection Account, as applicable, and the filing of the financing statements in the jurisdiction in which the Borrower

is located, such security interest shall be a valid and first priority perfected security interest in all of the Collateral in that portion of the Collateral in which a security interest may be created and perfected in such manner under the PPSA or Article 9 of the UCC, as the case may be.

(xiv) All original tangible executed copies of each Contract (if any) that constitute or evidence each Collateral Receivable included in the Borrowing Base has been or, subject to the delivery requirements contained herein and in the Backup Servicing Agreement, will be delivered to the Backup Servicer.

(xv) Each Collateral Receivable was originated by a Seller pursuant to the Credit Guidelines and was sold to the Borrower by such Seller for a price at least equal to fair market value.

(u) *USA PATRIOT Act*. None of the Borrower, the Parent, the Sponsor nor any of their respective Affiliates is (1) a Sanctioned Person; (2) a Person that resides or has a place of business in a country or territory named on such lists or which is designated as a "non-cooperative jurisdiction" by the Financial Action Task Force on Money Laundering, or whose subscription funds are transferred from or through such a jurisdiction; (3) a "Foreign Shell Bank" within the meaning of the PATRIOT Act, *i.e.,* a foreign bank that does not have a physical presence in any country and that is not affiliated with a bank that has a physical presence and an acceptable level of regulation and supervision; or (4) a person or entity that resides in or is organized under the laws of a jurisdiction designated by the United States Secretary of the Treasury under Section 311 or 312 of the PATRIOT Act as warranting special measures due to money laundering concerns.

Section 4.02. Representations and Warranties Relating to the Collateral in Connection with a Borrowing or Withdrawal. The Borrower acknowledges and agrees that, by delivering a Notice of Borrowing or a Notice of Withdrawal to the Administrative Agent, the Borrower will be deemed to have represented, warranted and certified for all purposes hereunder that in the case of each item of Collateral pledged to the Administrative Agent, on the date thereof and on the relevant Borrowing Date or Withdrawal Date, as applicable:

(a) the Borrower is the owner of such Collateral free and clear of any Liens, claims or encumbrances of any nature whatsoever except for (i) those which are being released on the related Borrowing Date or Withdrawal Date, as applicable, and (ii) Permitted Liens;

(b) the Borrower has acquired its ownership in such Collateral in good faith without notice of any adverse claim, except as described in clause (a) above;

(c) the Borrower has not assigned, pledged or otherwise encumbered any interest in such Collateral (or, if any such interest has been assigned, pledged or

otherwise encumbered, it has been released) other than interests granted or permitted pursuant to this Agreement;

(d) the Borrower has full right to grant a security interest in and assign and pledge such Collateral to the Administrative Agent for the benefit of the Secured Parties; or

(e) the Administrative Agent has a first priority perfected security interest in the Collateral, except as otherwise permitted by this Agreement.

Article V

Covenants

Section 5.01. Affirmative Covenants of the Borrower. The Borrower covenants and agrees that until the date that all Obligations have been paid in full (other than contingent indemnity obligations not yet due and owing):

(a) *Compliance with Agreements, Laws, Etc*. It shall (i) duly observe and comply in all material respects with all Applicable Laws relative to the conduct of its business or to its assets, including all lending, servicing and debt collection laws applicable to the Receivables and its activities and obligations as contemplated by the Facility Documents, (ii) preserve and keep in full force and effect its legal existence, (iii) preserve and keep in full force and effect its rights, privileges, qualifications and franchises (including all lending, servicing and debt collection licenses or qualifications applicable to the Receivables and its activities contemplated by the Facility Documents), except where the failure to do so could not reasonably be expected to result in a Material Adverse Effect on the Borrower, (iv) comply with the terms and conditions of each Facility Document and in all material respects with its Constituent Documents to which it is a party and (v) obtain, maintain and keep in full force and effect all Governmental Authorizations, Private Authorizations and Governmental Filings which are necessary or appropriate to properly carry out its business and the transactions contemplated to be performed by it under the Facility Documents and Related Documents to which it is a party and its Constituent Documents, except where the failure to do so could not reasonably be expected to result in a Material Adverse Effect on the Borrower.

(b) *Enforcement*. (i) It shall not take any action, and will use commercially reasonable efforts not to permit any action to be taken, that would release any Obligor from any of such Obligor's covenants or obligations under any Related Document, except in the case of (A) repayment of Collateral Receivables, (B) subject to the terms of this Agreement, (1) amendments to the Related Documents Defaulted Collateral Receivables or Ineligible Collateral Receivables or that are otherwise reasonably deemed by the Servicer to be necessary, immaterial, or beneficial, taken as a whole, to the Borrower and not detrimental to the Administrative Agent and the Lenders and (2) enforcement actions taken or work-outs with respect to any Defaulted Collateral Receivable by the Servicer in accordance with the provisions hereof, (C) actions by the Servicer in conformity with this Agreement or any other Facility Document or as otherwise required hereby or thereby, as the case may be, or (D) as required pursuant to Applicable Law or, unless in violation of this Agreement, any other Facility Documents or the Related Documents.

(ii) The Borrower shall punctually perform, and shall use its reasonable commercial efforts to cause the Parent, each Seller, the Servicer and the Backup Servicer

to perform, all of its obligations and agreements contained in this Agreement or any other Facility Document.

(c) *Further Assurances*. The Borrower shall take such reasonable action from time to time as shall be necessary to ensure that all assets (including the Canadian Collection Account and the U.S. Collection Account) of the Borrower constitute "Collateral" hereunder. The Borrower will, and promptly upon the reasonable request of the Administrative Agent or the Required Lenders (through the Administrative Agent) shall, at the Borrower's expense, execute and deliver such further instruments and take such further action in order to maintain and protect the Administrative Agent's first-priority perfected security interest in the Collateral pledged by the Borrower for the benefit of the Secured Parties free and clear of any Liens (other than Permitted Liens), including all further actions which are necessary to (x) enable the Secured Parties to enforce their rights and remedies under this Agreement and the other Facility Documents, and (y) effectuate the intent and purpose of, and to carry out the terms of, the Facility Documents. Subject to Section 7.02, and without limiting its obligation to maintain and protect the Administrative Agent's first priority security interest in the Collateral, the Borrower authorizes the Administrative Agent to file or record financing statements (including financing statements describing the Collateral as "all assets" or the equivalent) and other filing or recording documents or instruments with respect to the Collateral in such form and in such offices as are necessary to perfect the security interests of the Administrative Agent under this Agreement under each method of perfection required herein with respect to the Collateral, *provided,* that the Administrative Agent does not hereby assume any obligation of the Borrower to maintain and protect its security interest under this Section 5.01 or Section 7.07. The Borrower will, in connection therewith, deliver such proof of corporate action, incumbency of officers or other documents as are reasonably requested by the Administrative Agent to evidence appropriate authority of the officers signing or authorizing any such documents, instruments or filings.

(d) *Other Information*. It shall provide to the Administrative Agent and each Lender or cause to be provided to the Administrative Agent and each Lender, as applicable:

(i) as soon as available and in any event within ninety (90) days after the end of each calendar year, an audited balance sheet of the Sponsor and an audited consolidated balance sheet of the Sponsor and its consolidated subsidiaries (including the Borrower and the Parent) as at the end of such calendar year and the related consolidated statements of income and cash flows for such year, setting forth in each case in comparative form the figures for the previous calendar year, all reported on in conformity with GAAP, with the opinion thereon of an independent public accountant reasonably acceptable to the Administrative Agent;

(ii) as soon as available and in any event within thirty (30) days after the end of each calendar quarter, an unaudited balance sheet of the Sponsor and an unaudited consolidated balance sheet of the Sponsor and its consolidated subsidiaries (including the Borrower and the Parent) as at the end of each such calendar quarter and the related consolidated statements of income and cash flows for such calendar quarter and for the period from the beginning of the then current calendar year to the end of such calendar quarter, setting forth in each case in comparative form the figures for the corresponding calendar quarter in the

previous year, all certified as to fairness of presentation and conformity with GAAP (other than with respect to lack of footnotes and being subject to normal year-end adjustments) by a Responsible Officer of such Person;

(iii) all such financial statements shall be prepared in reasonable detail and in accordance with GAAP in all material respects applied consistently throughout the periods reflected therein and with prior periods (except as approved by such accountants or officer, as the case may be, and disclosed therein);

(iv) simultaneously with the delivery of each set of financial statements and financial information referred to in clauses (i) and (ii) above, a certificate of a Responsible Officer of the Borrower certifying (A) that the Borrower, the Parent and the Sponsor have complied with all covenants and agreements in the Facility Documents, (B) that no Accelerated Amortization Event, Unmatured Event of Default or Event of Default then exists and, otherwise, setting forth the details thereof and the action which the Borrower, the Parent or the Sponsor is taking or proposes to take with respect thereto and (C) attaching a Maximum Advance Rate Test Calculation Statement;

(v) as soon as possible and no later than one (1) Business Day after a Responsible Officer of the Borrower obtains actual knowledge of the occurrence and continuance of any (x) Unmatured Event of Default or (y) Event of Default, a certificate of a Responsible Officer of the Borrower setting forth the details thereof and the action which the Borrower is taking or proposes to take with respect thereto;

(vi) from time to time such additional information or documents regarding the Borrower's financial position or business and the Collateral (including reasonably detailed calculations of any Maximum Advance Rate Test, the Principal Loss Ratio and the Vintage Default Ratio) as the Administrative Agent or the Required Lenders (through the Administrative Agent) may reasonably request;

(vii) promptly after the occurrence of any ERISA Event, notice of such ERISA Event and copies of any communications with all Governmental Authorities or any Multiemployer Plan with respect to such ERISA Event;

(viii) promptly, and in any event within one (1) Business Day of receipt thereof, deliver to the Administrative Agent and each Lender each written notice of (A) without limiting the provisions of Section 5.02(j), any amendment, modification, supplement or waiver of any Credit Guidelines delivered by a Seller to the Borrower and any related information provided by a Seller to the Borrower pursuant to a Receivable Purchase Agreement and (B) without limiting the provisions of Section 5.02(j), any amendment, modification, supplement or waiver of the Servicing Guide delivered by the Servicer to the Borrower and any

related information provided by the Servicer to the Borrower pursuant to the Servicing Agreement;

(ix) (A) upon the earlier of (x) the date a Maximum Advance Rate Test Calculation Statement is due and (y) within five (5) Business Days following knowledge thereof by the Borrower, a written notice to the Administrative Agent and each Lender if any Obligor became subject to an Insolvency Event, is deceased or fraud is discovered in connection with the origination of the relevant Receivable, and (B) at any time upon the reasonable request by the Administrative Agent or the Required Lenders, the Borrower shall provide, or cause to be provided, to the Administrative Agent any information or document relating to the Collateral;

(x) if any information provided to the Administrative Agent or the Lenders pursuant to Section 4.01(i) hereof for any reason is not true, complete and correct in any material respect, the Borrower shall provide the true, complete and correct information to the Administrative Agent within five (5) Business Days following the earlier of (x) written notice to the Borrower by the Administrative Agent or (y) actual knowledge of a Responsible Officer of the Borrower;

(xi) promptly following any request therefor, the Borrower shall provide, to the extent commercially reasonable, information and documentation reasonably requested by the Administrative Agent or any Lender for purposes of compliance with applicable "know your customer" requirements under the PATRIOT Act, the Beneficial Ownership Regulation or other applicable anti-money laundering laws, including but not limited to a beneficial ownership certification in form reasonably acceptable to the Administrative Agent or the relevant Lender, as applicable;

(xii) promptly upon a Responsible Officer of the Borrower obtaining knowledge thereof, notice of any development that results in, or could reasonably be expected to result in, a Material Adverse Effect with respect to the Borrower, the Parent, the Sponsor, any Seller or the Servicer, including, without limitation, the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting the Borrower or any of its Affiliates or any Receivable or any portion of the Collateral that could reasonably be expected to result in a Material Adverse Effect with respect to the Borrower, the Parent, the Sponsor, any Seller or the Servicer;

(xiii) (A) on a biweekly basis, simultaneously with the delivery of the Biweekly Report, any reports and calculations prepared by a Seller and the Servicer and received by the Borrower with regard to the Receivables during the related Collection Period, if any, and (B) all reports and notices it receives pursuant to a Receivable Purchase Agreement and the Servicing Agreement within two (2) Business Days of the receipt thereof or within any shorter period as otherwise requested hereunder; and

(xiv) upon request by the Administrative Agent or any Lender, but no less frequently than on each Reporting Date, the Data Tape.

(e) *Access to Records and Documents*.

(i) Upon reasonable advance notice and during normal business hours, the Borrower shall permit the Administrative Agent, jointly with, at the invitation of the Administrative Agent, any Lender (or any Person designated by the Administrative Agent or such Lender) to visit and inspect and make copies thereof at reasonable intervals and conduct evaluations and appraisals of the Borrower's and the Servicer's, as applicable, computation of the Borrowing Base and the assets sold by the Seller included in the Borrowing Base and the components of the Weekly Report and the Biweekly Report (including cash receipt and application and calculation of ratios), but in any event no more than twice during any fiscal year of the Borrower (or as often and at any time in the sole discretion of the Administrative Agent following the occurrence and continuation of an Unmatured Event of Default or an Event of Default), of (x) the Servicer's, the Parent's and the Borrower's books, records and accounts relating to its business, financial condition, operations, assets, the Collateral and its performance under the Facility Documents and the Related Documents and to discuss the foregoing with its and such Person's officers, partners, employees and accountants, (y) all of the Related Documents, including access to each electronic portal maintained by the Servicer, the Borrower or any third-party service provider and (z) a list of all Receivables then owned by the Borrower, together with the Servicer's reconciliation of such list to that set forth in each of the Weekly Report and the Biweekly Report, indicating the cumulative addition, subtraction and repurchase of Receivables under each Receivable Purchase Agreement.

(ii) The Borrower shall be responsible for the reasonable costs and expenses for two visits per calendar year requested by the Administrative Agent, unless an Unmatured Event of Default or an Event of Default has occurred and is continuing, in which case the Borrower shall be responsible for all reasonable costs and expenses for each visit.

(iii) The Borrower shall (A) obtain and maintain similar inspection and audit rights under the Facility Documents with each Seller, the Servicer and the Backup Servicer, (B) consult with the Administrative Agent (or any Person designated by the Administrative Agent) in connection with, and allow Administrative Agent (or any Person designated by the Administrative Agent) to join the Borrower in, any exercise of any similar inspection or audit rights granted to it with respect to each Seller, the Servicer or the Backup Servicer, and (C) use commercially reasonable efforts to have the findings of any such inspection provided directly to the Administrative Agent, or promptly provide any such findings provided to it in connection with the exercise of such inspection rights to the Administrative Agent. In the event the Borrower has not exercised any such inspection rights granted to it, the Administrative Agent may request the

Borrower to exercise such rights, and the Borrower shall comply with any such reasonable request to exercise inspection and audit rights.

(f) *Use of Proceeds*. (i) It shall use the proceeds of the initial Advance made hereunder solely to fund or pay the purchase price of Collateral Receivables acquired by the Borrower from a Seller pursuant to a Receivable Purchase Agreement and all costs and expenses in connection with the transactions pursuant to Section 12.04(a) hereof; and

(ii) it shall use the proceeds of each subsequent Advance made hereunder solely:

(A) to fund or pay the purchase price of Collateral Receivables acquired by the Borrower from a Seller pursuant to a Receivable Purchase Agreement and for general working capital and corporate purposes permitted under the Facility Documents; and

(B) for such other legal and proper purposes as are consistent with all Applicable Laws to the extent the Borrower has received the prior written consent of the Administrative Agent.

Without limiting the foregoing, it shall use the proceeds of each Advance in a manner that does not, directly or indirectly, violate any provision of its Constituent Documents or any Applicable Law, including Regulation T, Regulation U and Regulation X.

(g) *Reports and Accountings*.

(i) The Borrower shall provide (or cause to be compiled and provided) to the Administrative Agent and the Backup Servicer a bi-weekly report on a settlement basis (each, a *"Biweekly Report"*) for the previous Collection Period no later than 1:00 p.m. on each Reporting Date. The Biweekly Report delivered for any Collection Period shall contain the information with respect to the Collateral Receivables included in the Collateral set forth in Schedule 8 hereto, and shall be determined as of the last day of the Collection Period applicable to such Biweekly Report. Each Biweekly Report shall also include a Maximum Advance Rate Test Calculation Statement, the calculation of the Principal Loss Ratio and the Vintage Default Ratio, and a Data Tape, in each case, as determined as of the last day of the Collection Period applicable to such Biweekly Report.

(ii) A week after each Reporting Date, no later than 1:00 p.m., the Borrower shall provide (or cause to be compiled and provided) to the Administrative Agent and the Backup Servicer on a settlement basis (each, a *"Weekly Report"*) an updated report in form and substance reasonably acceptable to the Administrative Agent for the period covering the last week of the prior Collection Period and the first week of the then current Collection Period. The Weekly Report shall contain an updated Data Tape, with current information on Delinquent Collateral Receivables and Defaulted Collateral Receivables.

(iii) Each delivery of a Weekly Report or a Biweekly Report shall be deemed a representation and warranty by the Borrower that each of the Collateral Receivables included in the Borrowing Base set forth therein satisfies each of the criteria set forth in the definition of Collateral Receivable.

(iv) Concurrently with the delivery to the Administrative Agent and Backup Servicer of the Biweekly Report and the Weekly Report, the Borrower shall deliver (or caused to be delivered) to the Backup Servicer the Biweekly Master File. Within five (5) Business Days following the delivery to the Backup Servicer of the Biweekly Master File, the Borrower shall cause the Backup Servicer to deliver to the Administrative Agent the Backup Servicer Certificate.

(h) *Notice of Proceedings*. It shall provide written notice to the Administrative Agent and each Lender of the occurrence of any proceeding, action, litigation or investigation pending before any Governmental Authority, or, to the actual knowledge of the Borrower, any non-frivolous threat thereof against the Borrower, which, if adversely determined, could reasonably be expected to have a Material Adverse Effect on the Borrower, within two (2) Business Days of the occurrence of any such pending proceeding, action, litigation or investigation or within two (2) Business Days upon becoming aware of any such non-frivolous threat of such proceeding, action, litigation or investigation.

(i) *No Other Business*. The Borrower shall not engage in any business or activity other than borrowing Advances pursuant to this Agreement, funding, acquiring, owning, holding, administering, selling, enforcing, exchanging, redeeming, pledging, contracting for the management of and otherwise dealing with Receivables and the other Collateral in connection therewith and entering into the Facility Documents, any applicable Related Documents and any other agreements contemplated by this Agreement, and shall not engage in any other activity or take any other action that would cause the Borrower to be subject to U.S. federal, state or local income tax on a net income basis.

(j) *Tax Matters.* The Borrower shall (and each Lender hereby agrees to) treat the Advances as debt for U.S. federal income tax purposes and will take no contrary position except to the extent that a Governmental Authority makes a determination that the Advances may not be treated as debt for such purposes. The Borrower shall at all times maintain its status as a "disregarded entity" for U.S. federal income tax purposes. The Borrower shall at all times ensure that it is owned by a single "United States person" as defined by Section 7701(a)(30) of the Code. In the event that the Borrower is classified as a partnership for federal income tax purposes, (i) the partnership representative (or comparable person under state or local law, as applicable) shall, to the extent eligible, make the election under Section 6221(b) of the Code (or any similar comparable provision of state or local tax law) with respect to the Borrower and take any other action such as filings, disclosures and notifications necessary to effectuate such election, and (ii) if the election described in the preceding clause (i) is not available, the partnership representative (or comparable person under state or local law, as applicable) shall, to the extent eligible, make the election under Section 6226(a) of the Code (or any similar comparable provision of state or local tax law) with respect to the Borrower and take any other action such as filings, disclosures and notifications necessary to effectuate such election.

(k) *Collections*. The Borrower shall cause, or shall direct the Servicer to cause, the Obligor of each Canadian Receivable to pay all Collections thereon directly to

the Canadian Collection Account and the Obligor of each U.S. Receivable to pay all Collections thereon directly to the U.S. Collection Account. Upon the occurrence and during the continuation of any Canadian Cash Transfer Event, the Borrower shall cause all amounts on deposit in the Canadian Collection Account to be transferred to the U.S. Collection Account on each Business Day during such Canadian Cash Transfer Event. If for any reason the Borrower or the Servicer or any of the Servicer's Affiliates receives any Collections, the Borrower or the Servicer or such Servicer's Affiliate, as applicable, shall deposit such Collections directly into the Canadian Collection Account or U.S. Collection Account, as applicable, within two (2) Business Days following the receipt thereof. Any such Collections received by the Borrower, the Servicer or such Servicer's Affiliate while in the possession of the Borrower, the Servicer or such Servicer's Affiliate shall be held in trust for the benefit of the Secured Parties and shall not be deposited in any bank or other securities account other than the Canadian Collection Account or the U.S. Collection Account. The Borrower shall at all times maintain an aggregate amount in the U.S. Collection Account equal to the U.S. Collection Account Required Amount. The Borrower shall ensure that no Person, other than as contemplated by and subject to this Agreement, has been granted dominion and control of the Canadian Collection Account or the U.S. Collection Account, or the right to take dominion and control of the Canadian Collection Account or the U.S. Collection Account at a future time or upon the occurrence of a future event.

(l) *Priority of Payments.* The Borrower shall ensure all Collections are applied solely in accordance with Section 9.01 and the other provisions of this Agreement.

(m) *Borrower May Own Ineligible Collateral Receivables*. For the avoidance of doubt, nothing in this Agreement shall prevent Borrower from purchasing Ineligible Collateral Receivables under a Receivable Purchase Agreement; *provided* that (i) proceeds of Advances shall not be utilized to pay the purchase price for Receivables which are Ineligible Collateral Receivables as of the related Purchase Date; (ii) such purchase will not result in the occurrence of an Unmatured Event of Default, Event of Default or Accelerated Amortization Event, and (iii) no Unmatured Event of Default, Event of Default or Accelerated Amortization Event has occurred and remains continuing at the time of such purchase.

(n) *Solvency*. After giving effect to each Advance hereunder, and the disbursement of the proceeds of such Advance, the Borrower, the Parent and the Sponsor on a consolidated basis shall remain Solvent.

(o) *Insolvency Events*. The Borrower shall timely object to all proceedings of the type described in clause (a) of the definition of "Insolvency Event" instituted against it.

(p) *Insurance.* The Borrower shall maintain, or cause to be maintained (which for the avoidance of doubt may be maintained by way of the Borrower having been named as a "named insured" under an insurance policy maintained by the Sponsor), insurance with financially sound and reputable insurers reasonably acceptable to the Administrative Agent providing coverages for (i) comprehensive "all risk" or special causes of loss form insurance, (ii) commercial general liability insurance, (iii) if applicable, worker's compensation and employer's liability subject to the worker's compensation and employer liability laws of the applicable state, (iv) umbrella and excess liability insurance in an amount not less than $5,000,000 per occurrence and (v) upon sixty (60) days' written notice, such other reasonable insurance, and in such reasonable amounts as the Administrative Agent from time to time may reasonably request against

such other insurable hazards which at the time are commonly insured against for property similar to the Collateral located in or around the region in which the Collateral is located.

(q) *Post-Closing Obligations.*

(i) By no later than sixty (60) days following the Closing Date (or such later date as the Administrative Agent may agree to in its sole discretion in writing), the Borrower shall have delivered to the Administrative Agent, in form and substance reasonably acceptable to the Administrative Agent, the Backup Servicing Agreement, which shall be in full force and effect. Notwithstanding anything to the contrary herein, any provision hereof requiring delivery of documents or items to or from the Backup Servicer shall be given no effect prior to the execution and delivery of the Backup Servicing Agreement in accordance with the immediately foregoing sentence; *provided, however*, that concurrently with the execution and delivery of the Backup Servicing Agreement, the Borrower shall have delivered to the Backup Servicer each document or item (whether or not electronic) comprising a Related Document with respect to the Receivables pledged hereunder since the Closing Date and the Borrower shall cause the Backup Servicer to deliver to the Administrative Agent a Backup Servicer Certificate in respect of such Receivables.

(ii) By no later than thirty (30) days following the Closing Date (or such later date as the Administrative Agent may agree to in its sole discretion in writing), the Borrower shall have delivered (or caused the Sponsor to deliver) to the Administrative Agent, in form and substance reasonably acceptable to the Administrative Agent, evidence that the Sponsor has complied with each of the requirements set forth on Schedule 10.

Section 5.02. Negative Covenants of the Borrower. The Borrower covenants and agrees that, until the Final Maturity Date (and thereafter until the date that all Obligations have been paid in full (other than contingent indemnity obligations not yet due and owing)):

(a) *Restrictive Agreements*. It shall not enter into or suffer to exist or become effective any agreement that prohibits, limits or imposes any condition upon its ability to create, incur, assume or suffer to exist any Lien (other than Permitted Liens) upon any of its property or revenues constituting Collateral, whether now owned or hereafter acquired, to secure its obligations under the Facility Documents other than this Agreement and the other Facility Documents.

(b) *Liquidation; Merger; Sale of Collateral*. It shall not consummate any plan of liquidation, dissolution, partial liquidation, merger or consolidation (or suffer any liquidation, dissolution or partial liquidation) nor sell, transfer, exchange or otherwise dispose of any of its assets, or enter into an agreement or commitment to do so or enter into or engage in any business with respect to any part of its assets, nor undertake any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws) except as expressly permitted by this Agreement and the other Facility Documents (including in connection with the repayment in full of the Obligations or a Permitted Sale).

(c) *Amendments to Constituent Documents and Facility Documents*. Without the written consent of the Administrative Agent, (i) it shall not amend, modify or take any action inconsistent with its Constituent Documents other than as permitted under Section 5.02(h) or any other amendment or modification of its Constituent Documents (other than of the Borrower LLC Agreement) that could not reasonably be expected to adversely affect the rights of the Administrative Agent or any Lender hereunder or under any other Facility Document (*provided, however*, that any amendments or modifications relating to the Independent Manager shall be subject to the Administrative Agent's prior written consent), and (ii) it shall not amend, modify or waive any term or provision in any Facility Document, or cause or permit any term or provision in any Facility Document to be amended, modified or waived.

(d) *ERISA*. Neither it nor any member of the ERISA Group shall establish any Plan or Multiemployer Plan or incur any liability with regard to a Plan or Multiemployer Plan (including any actual liability on account of a member of the ERISA Group).

(e) *Liens*. It shall not create, assume or suffer to exist any Lien on any of its assets now owned or hereafter acquired by it at any time, except for Permitted Liens or as otherwise expressly permitted by this Agreement and the other Facility Documents.

(f) *Margin Requirements*. It shall not (i) extend credit to others for the purpose of buying or carrying any Margin Stock in such a manner as to violate Regulation T or Regulation U or (ii) use all or any part of the proceeds of any Advance, whether directly or indirectly, and whether immediately, incidentally or ultimately, for any purpose that violates the provisions of the Regulations of the Board of Governors, including, to the extent applicable, Regulation U and Regulation X.

(g) *Restricted Payments*. It shall not make, directly or indirectly, any Restricted Payment (whether in the form of cash or other assets) or incur any obligation (contingent or otherwise) to do so; *provided, however,* that the Borrower shall be permitted to make Restricted Payments from funds distributed to it pursuant to the Priority of Payments.

(h) *Changes to Corporate Information*. Without not less than thirty (30) days' prior written notice to the Administrative Agent and each Lender (or such shorter period as the Administrative Agent may agree in writing), the Borrower shall not change (a) its corporate name, (b) the location of its chief executive office, its principal place of business, or the location of any office in which it maintains books or records relating to Collateral owned by it or any office or facility at which Collateral owned by it is located (including the establishment of any such new office or facility), (c) its identity, jurisdiction of organization or organizational structure or (d) its tax identification number, as applicable, and, in any event, no such change shall be effected or permitted unless all filings have been made (or will be made on a timely basis) under Applicable Laws or otherwise and all other actions have been taken (or will be taken on a timely basis) that are required in order for the Administrative Agent to continue at all times following such change to have a valid, legal and perfected security interest in all the Collateral, in each case, at the sole cost and expense of the Borrower.

(i) *Transactions with Affiliates*. It shall not sell, lease or otherwise transfer any property or assets to (other than in accordance with clause (g) above), or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates (including sales of

Defaulted Collateral Receivables and other Collateral Receivables) except as expressly contemplated by this

Agreement and the other Facility Documents, unless such transaction is upon terms no less favorable to the Borrower than it would obtain in a comparable arm's length transaction with a Person that is not an Affiliate (it being agreed that any purchase or sale at par shall be deemed to comply with this provision).

(j) *Amendments to Credit Guidelines and Servicing Guide.* The Borrower shall not make, and shall not permit or cause any Seller or the Servicer, as applicable, to make any material amendment, modification or supplement to the Credit Guidelines or Servicing Guide, without the prior consent of the Administrative Agent.

(k) ~~*Investment Company Restriction*. It shall not become required to register as an "investment company" under the Investment Company Act.~~

(l) *Subject Laws*. It shall not utilize directly or indirectly the proceeds of any Advance for the benefit of any Person whose name appears on the List of Specially Designated Nationals and Blocked Persons maintained by OFAC, and shall maintain and require that the Servicer maintain, internal controls and procedures designed to ensure its continued compliance with the applicable provisions of the Subject Laws.

(m) *No Claims Against Advances*. Subject to Applicable Law, it shall not claim any credit on, make any deduction from, or dispute the enforceability of payment of the principal or interest payable (or any other amount) in respect of the Advances, or assert any claim against any present or future Lender, by reason of the payment of any taxes levied or assessed upon any part of the Collateral.

(n) *Indebtedness; Guarantees; Securities; Other Assets*. It shall not incur or assume or guarantee any indebtedness, obligations (including contingent obligations) or other liabilities, or issue any additional securities, whether debt or equity, in each case other than (i) pursuant to or as expressly permitted by this Agreement and the other Facility Documents, (ii) obligations under its Constituent Documents or (iii) pursuant to customary indemnification and expense reimbursement and similar provisions under the Related Documents. The Borrower shall not acquire any Receivables or other property other than as expressly permitted hereunder and pursuant to the Receivable Purchase Agreements.

(o) *Validity of this Agreement*. It shall not (i) except as permitted by this Agreement, take any action that would permit the validity or effectiveness of this Agreement or any grant of Collateral hereunder to be impaired, or permit the lien of this Agreement to be amended, hypothecated, subordinated, terminated or discharged or permit any Person to be released from any covenants or obligations with respect to this Agreement and (ii) except as permitted by this Agreement, take any action that would permit the Lien of this Agreement not to constitute a valid first priority security interest in the Collateral (subject to Permitted Liens).

(p) *Subsidiaries*. It shall not have or permit the formation of any subsidiaries.

(q) *Name*. It shall not conduct business under any name other than its own.

(r) *Employees*. It shall not have any employees (other than officers and directors to the extent they are employees).

(s) *Non-Petition*. The Borrower shall not be party to any agreements other than the Facility Documents under which it has any material obligations or liability (direct or contingent) without including customary "non-petition" and "limited recourse"

provisions therein (and shall not amend or eliminate such provisions in any agreement to which it is party).

(t) *Certificated Securities*. The Borrower shall not acquire or hold any certificated securities in bearer form (other than securities not required to be in registered form under Section 163(f)(2)(A) of the Code) in a manner that does not satisfy the requirements of United States Treasury Regulations section 1.165-12(c) (as determined by the Borrower).

(u) *Accounts.* Other than as set forth in the Facility Documents, the Borrower shall not assign or grant an interest in any rights it may have in the Canadian Collection Account or the U.S. Collection Account. The Borrower shall not at any time invest, or permit any investment of, the funds deposited in the Canadian Collection Account or the U.S. Collection Account. The Borrower shall not close or agree to close the Canadian Collection Account or the U.S. Collection Account without the prior written consent of the Administrative Agent.

Section 5.03. Certain Undertakings Relating to Separateness. (a) Without limiting any, and subject to all, other covenants of the Borrower contained in this Agreement, the Borrower shall conduct its business and operations separate and apart from that of any other Person (including the holders of the Equity Interests of the Borrower and their respective Affiliates) and in furtherance of the foregoing, the Borrower shall:

(1) not become involved in the day-to-day management of any other Person;

(2) not permit the Parent or any of the Parent's Affiliates to become involved in the day-to-day management of the Borrower, except as permitted hereunder or to the extent provided in the Facility Documents and the Borrower LLC Agreement;

(3) not engage in transactions with any other Person other than entering into the Facility Documents and those activities permitted by the Borrower LLC Agreement, the Facility Documents and matters necessarily incident or ancillary thereto;

(4) observe all formalities required of a limited liability company under the laws of the State of Delaware;

(5) (i) maintain separate company records and books of account from any other Person and (ii) clearly identify its offices, if any, as its offices and, to the extent that the Borrower and its Affiliates have offices in the same location, allocate fairly and reasonably any overhead expenses that are shared with an Affiliate, including and for services performed by an employee of an Affiliate;

(6) except to the extent otherwise permitted by the Facility Documents, maintain its assets separately from the assets of any other Person (including through the maintenance of a separate bank account) in a manner that is not costly or difficult to segregate, identify or ascertain such assets;

(7) maintain separate financial statements (or if part of a consolidated group, then it will show as a separate member of such group), books and records from any other Person;

(8) allocate and charge fairly and reasonably any overhead shared with Affiliates;

(9) transact all business with Affiliates on an arm's length basis and pursuant to written, enforceable agreements, except to the extent otherwise provided in the Facility Documents;

(10) not assume, pay or guarantee any other Person's obligations or advance funds to any other Person for the payment of expenses or otherwise, except pursuant to the Facility Documents;

(11) conduct all business correspondence of the Borrower and other communications in the Borrower's own name, and use separate stationery, invoices, and checks;

(12) not act as an agent of any other Person in any capacity except pursuant to contractual documents indicating such capacity and only in respect of transactions permitted by the Borrower LLC Agreement, the Facility Documents and matters necessarily incident thereto;

(13) not act as an agent of the Parent or any of the Parent's Affiliates, and not permit the Parent or any of the Parent's Affiliates or agents of the Parent or any of the Parent's Affiliates to act as its agent, except for any agent to the extent permitted under the Borrower LLC Agreement and the Facility Documents;

(14) correct any known misunderstanding regarding the Borrower's separate identity from the Parent or any of the Parent's Affiliates;

(15) not permit any Affiliate of the Borrower to guarantee, provide indemnification for, or pay its obligations, except for any indemnities and guarantees in connection with any Facility Documents or any consolidated tax liabilities, or except as permitted by the Borrower LLC Agreement;

(16) compensate its consultants or agents, if any, from its own funds;

(17) except for invoicing for Collections and servicing of the Collateral Receivables, share any common logo with or hold itself out as or be considered as a department of the Parent or any of the Parent's Affiliates, (b) any Affiliate of a general partner, shareholder, principal or member of the Parent or any of the Parent's Affiliates, or (c) any other Person;

(18) maintain adequate capital in light of its contemplated business purpose, transactions and liabilities;

(19) fail at any time to have at least one (1) Independent Manager on its board of managers; *provided, however*, if such Independent Manager is deceased, withdraws or resigns, the Borrower shall have ten (10) Business Days to replace such Independent Manager with another Independent Manager acceptable to the Administrative Agent; *provided, further*, *however*, that during such period, no matter which requires the vote of the Independent Manager under the Borrower LLC Agreement shall be voted;

(20) appoint any Person as an Independent Manager of the Borrower (A) who does not satisfy the definition of an Independent Manager or (B), with respect to any Independent Manager appointed after the Closing Date, without giving ten (10) Business Days' prior written notice to the Administrative Agent and the Lenders;

(21) not amend, restate, supplement or otherwise modify its Constituent Documents in violation of this Agreement or in any respect that would impair its ability to comply with the Facility Documents;

(22) conduct its business and activities in all respects in compliance with the assumptions contained in the legal opinions of Carter Ledyard & Milburn LLP and Blake, Cassels & Graydon LLP dated on or about the Closing Date relating to true sale and substantive consolidation issues (the *"Bankruptcy Opinions"*), unless within ten (10) Business Days of obtaining knowledge or receiving notice of any non-compliance with such assumptions, it has caused to be delivered to the Lenders a legal opinion of Carter Ledyard & Milburn LLP or Blake, Cassels & Graydon LLP (or other counsel acceptable to the Administrative Agent) that such non-compliance will not adversely affect the conclusions set forth in the Bankruptcy Opinions; and

(23) require any representatives of the Borrower to act at all times with respect to the Borrower consistently and in furtherance of the foregoing.

(b) The Borrower hereby acknowledges that the Administrative Agent and each Lender is entering into the transactions contemplated by this Agreement in reliance upon the Borrower's identity as a legal entity that is separate from its Affiliates.

Article VI

Events of Default

Section 6.01. Events of Default. "*Event of Default*," wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) (i) a default in the payment, within one (1) Business Day from the due date thereof, of any interest on any Advance, or any other payment or deposit required to be made hereunder, or under any other Facility Documents or (ii) the failure to reduce the outstanding Advances to $0 on the Final Maturity Date; or

(b) failure to satisfy any Maximum Advance Rate Test for one (1) or more Business Days; or

(c) the Administrative Agent shall fail to have a first priority perfected security interest in the Collateral (other than with respect to a *de minimis* portion thereof and subject to Permitted Liens); or

(d) the failure of any representation or warranty of the Borrower, the Parent, the Servicer, any Seller or the Sponsor made in this Agreement, in any other Facility Document or in any certificate or other writing delivered pursuant hereto or thereto or in connection herewith or therewith to be correct in each case in all material respects when the same shall have been made (except to the extent any such representation or warranty is already qualified by materiality, in which case such representation and warranty shall be true and correct in all respects) and such failure shall remain uncured for a period in excess of fifteen (15) days after the earlier of (x) written notice to the Borrower (which

may be by email) by the Administrative Agent, and (y) actual knowledge of a Responsible Officer of the Borrower, the Parent or the Sponsor; or

(e) a default in the performance or breach of the covenants set forth in Section 5.01(a)(ii), 5.01(b), 5.01(j), 5.01(q), 5.02 or 5.03; or

(f) except as otherwise provided in this Section 6.01, a default in any material respect in the performance, or breach in any material respect, of any other covenant or other agreement of the Borrower, the Parent, the Sponsor, any Seller or the Servicer under this Agreement or the other Facility Documents and the continuation of such default or breach for a period of fifteen (15) days following the earlier of (x) written notice to the Borrower (which may be by email) by the Administrative Agent, and (y) actual knowledge of a Responsible Officer of the Borrower, the Parent or the Sponsor; or

(g) one or more non-appealable judgments or orders for the payment of an amount or adverse rulings (not fully paid or covered by insurance) shall be rendered against the Borrower, the Parent or the Sponsor (which, in the case of the Sponsor, exceeds $1,000,000) and with respect to which the Borrower, the Parent or the Sponsor has knowledge (or should have knowledge) and such judgment or ruling shall remain unsatisfied, unvacated, unbonded or unstayed for a period in excess of thirty (30) days; or

(h) an Insolvency Event relating to the Borrower, the Parent, the Servicer, any Seller or the Sponsor shall have occurred; or

(i) (i) either (A) any event that constitutes a Backup Servicer Event of Default shall have occurred and be continuing and shall not have been waived by the Borrower with the written consent of the Administrative Agent and the Required Lenders or (B) any Backup Servicing Agreement fails to be in place or is otherwise terminated and (ii) a successor Backup Servicer reasonably acceptable to the Administrative Agent is not appointed within thirty (30) days following the date of such default, occurrence, failure or termination; or

(j) (i) either (A) any event that constitutes a Servicer Event of Default or an event relating to any Servicer that would have a Material Adverse Effect shall have occurred and be continuing, and with respect to a Servicer Event of Default, shall not have been waived by the Borrower with the written consent of the Administrative Agent or (B) the Servicing Agreement fails to be in place or is otherwise terminated and (ii) the Borrower fails to appoint a replacement servicer acceptable to the Administrative Agent within thirty (30) days following the date of such default, occurrence, failure or termination (and the Administrative Agent acknowledges that the appointment of Carmel Solutions as a replacement servicer pursuant to the Backup Servicing Agreement is acceptable to the Administrative Agent); or

(k) a Change of Control shall have occurred; or

(l) the occurrence of a Material Adverse Effect with respect to the Borrower, the Parent or the Sponsor; or

(l) the Borrower or the Parent becomes an investment company required to be registered under the Investment Company Act; or

(m) the Borrower or the Servicer shall have failed to cause all Collections in respect of the Collateral to be deposited into the Canadian Collection Account or the U.S.

Collection Account, as applicable, pursuant to the terms of Section 5.01(k) or in any event within two (2) Business Days of receipt of such Collections; or

(n) (i) any Facility Document shall (except in accordance with its terms) terminate, cease to be effective or cease to be the legally valid, binding and enforceable obligation of the Borrower, the Parent, the Sponsor, any Seller, the Backup Servicer, the Servicer, the Canadian Collection Account Bank or the U.S. Collection Account Bank, as applicable, or (ii) the Borrower, the Sponsor, any Seller, the Backup Servicer, the Servicer, the Canadian Collection Account Bank or the U.S. Collection Account Bank shall, directly or indirectly, contest in any manner the effectiveness, validity, binding nature or enforceability of any Facility Document or any Lien purported to be created thereunder; or

(o) the Sponsor shall have defaulted or failed to perform under any (A) note, indenture, loan agreement, guaranty, swap agreement, loan and security agreement or similar credit facility or agreement for borrowed funds in an aggregate amount in excess of $1,000,000 or (B) any other contract, agreement or transaction (including, without limitation, any repurchase agreement) to which it is a party in connection with payment obligations in an aggregate amount in excess of $1,000,000, in each case after the earlier of (x) written notice to the Sponsor by the Administrative Agent (which may be by email), and (y) actual knowledge of a Responsible Officer of the Sponsor; or

(p) a Sponsor Indemnity Event of Default shall have occurred and be continuing; or

(q) the occurrence of any of the following:

(i) the Principal Loss Ratio shall be greater than 6.00%; or

(ii) as to any Vintage, the Vintage Default Ratio shall be greater than 5.25%.

Section 6.02. Remedies upon an Event of Default.

(a) Upon the occurrence and during the continuance of any Event of Default, in addition to all rights and remedies specified in this Agreement and the other Facility Documents, including Article VII, and the rights and remedies of a Secured Party under Applicable Law, including the UCC, the Administrative Agent, following the direction of, or consent by, the Required Lenders, by notice to the Borrower, shall declare the principal of and the accrued interest on the Advances and all other amounts whatsoever payable by the Borrower hereunder to be forthwith due and payable, whereupon such amounts shall be immediately due and payable without presentment, demand, protest or other formalities of any kind, all of which are hereby waived by the Borrower; *provided* that, upon the occurrence of any Event of Default described in clause (h) of Section 6.01, the Advances and all such other amounts shall automatically become due and payable, without any further action by any party.

(b) Upon the occurrence and during the continuation of an Event of Default, following written notice by the Administrative Agent (provided at the direction of the Required Lenders) of the exercise of control rights with respect to the Collateral pursuant to and in accordance with the UCC, the Borrower will sell or otherwise dispose of any Collateral

Receivable to repay the Obligations as directed by the Administrative Agent (at the direction of the Required Lenders), provided that any such sale or other disposition directed by the Administrative Agent shall be on commercially reasonable terms. The proceeds of any such sale or disposition shall be applied in accordance with the Priority of Payments. Notwithstanding anything herein to the contrary, the Administrative Agent shall not exercise any such control rights with respect to the Collateral during any period from the date of a Class B Buyout Triggering Event to the applicable Class B Buyout Exercise Date (or, if such Class B Buyout Option is not exercised by the Class B Lenders, the Class B Buyout Option Termination Date); *provided, however*, that any sale process may be commenced prior to the Class B Buyout Exercise Date or the Class B Buyout Option Termination Date, as applicable, at the discretion of the Administrative Agent.

Section 6.03. Class B Buyout Option.

(a) Following a Class B Buyout Triggering Event, the Class B Lenders (or any subset of them, each, a *"Class B Buyout Group"*) shall have the option exercised by delivery of a written notice to the Administrative Agent (a *"Class B Buyout Notice"*), to purchase all (but not less than all) of the aggregate principal amount of the Class A Advances (at par), together with interest and fees due with respect thereto, and all other Class A Obligations (collectively, the *"Class B Buyout Option"*). On the date of the Class B Buyout Triggering Event, the Administrative Agent shall deliver to the Class B Lenders written notice specifying the estimated amount of Class A Obligations (including, without limitation, the aggregate principal amount of all Class A Advances and all accrued and unpaid interest and fees with respect thereto) outstanding and unpaid as of the date that is ten (10) Business Days following the date of the Class B Buyout Triggering Event. Unless the Administrative Agent (acting at the direction of the Required Lenders) agrees in writing to a longer time period, the Class B Buyout Option shall be exercisable by any one or more Class B Lenders for a period of ten (10) Business Days (or, if such Class B Lender Group has provided the Administrative Agent with written evidence of a capital call in respect of the Class B Buyout Amount at the time of delivery of the Class B Buyout Notice, fifteen (15) Business Days), commencing on the date of the Class B Buyout Triggering Event (each date succeeding such 10th or 15th Business Day, as the case may be, a *"Class B Buyout Option Termination Date"*). Prior to the applicable Class B Buyout Option Termination Date, the Class B Buyout Group may exercise the Class B Buyout Option by delivering the Class B Buyout Notice to the Administrative Agent, which notice (i) shall be irrevocable, (ii) shall state that each Class B Lender in the Class B Buyout Group is electing to exercise the Class B Buyout Option (in such allocation as the Class B Buyout Group has agreed) and (iii) shall specify the date on which such right is to be exercised (such date, the *"Class B Buyout Exercise Date"*), which date shall be a Business Day not more than ten (10) Business Days after receipt by the Administrative Agent of such Class B Buyout Notice.

(b) On the Business Day prior to the Class B Buyout Exercise Date, the Administrative Agent shall deliver to the Class B Buyout Group written notice specifying the Class A Obligations (including, without limitation, the aggregate principal amount of all Class A Advances and all accrued and unpaid interest and fees with respect thereto) outstanding and unpaid as of the Class B Buyout Exercise Date (collectively, the *"Class B Buyout Amount"*). On the Class B Buyout Exercise Date, the Class A Lenders shall sell to the Class B Buyout Group

their respective *pro rata* portions of the Class B Buyout Amount, and the Class B Buyout Group shall purchase from the Class A Lenders, at their respective *pro rata* portions of the Class B Buyout Amount, all of the Class A Advances. Such Class B Buyout Amount shall be remitted by wire transfer of immediately available funds by the Class B Buyout Group to the Administrative Agent for disbursement to the Class A Lenders. Accrued and unpaid interest on the Class A Advances shall be calculated through the Business Day on which the foregoing purchase and sale shall occur and any amounts received by the Administrative Agent after 11:00 a.m. shall be deemed received on the next Business Day.

(c) By delivery of the Class B Buyout Notice, the Class B Buyout Group hereby agrees to indemnify and hold harmless the Administrative Agent and Class A Lenders from and against any loss, liability, claim, damage or expense (including reasonable fees and expenses of legal counsel and indemnification) arising out of any claim asserted by a third party as a direct result of any acts by the members of the Class B Buyout Group occurring after the date of such purchase (but excluding, for the avoidance of doubt, any such loss, liability, claim, damage or expense resulting from the gross negligence, bad faith or willful misconduct of any Class A Lender seeking indemnification).

(d) Any purchase pursuant to this Section 6.03 shall be expressly made without representation or warranty of any kind by the Class A Lenders or any other Person acting on their behalf, except that the Class A Lenders shall be deemed to represent and warrant, severally as to its Class A Advances: (i) the amount of such Class A Advances being purchased and that the purchase price and other sums payable by the Class B Buyout Group are true, correct and accurate, (ii) it has all right, title and interest in and to such Class A Advances free and clear of any Liens of such Class A Lender or created or suffered to exist by such Class A Lender, (iii) as to the absence of any claims made or threatened in writing against such Class A Lender related to such Class A Advances, and (iv) such Class A Lender is duly authorized to assign such Class A Advances.

Article VII

Pledge of Collateral; Rights of the Administrative Agent

Section 7.01. Grant of Security. (a) The Borrower hereby grants, pledges, transfers and collaterally assigns to the Administrative Agent, for the benefit of the Secured Parties, as collateral security for all Obligations, a continuing first priority security interest in, and a Lien upon, all of the Borrower's right, title and interest in, to and under, the following property, in each case whether tangible or intangible, wheresoever located, and whether now owned by the Borrower or hereafter acquired and whether now existing or hereafter coming into existence (all of the property described in this Section 7.01(a) being collectively referred to herein as the *"Collateral"*):

(i) all Receivables and the Related Documents (and all rights, remedies, powers, privileges and claims thereunder or in respect thereto, whether arising pursuant to the terms thereof or otherwise available to the Borrower at law or equity, including the right to enforce each such Related Document, both now and hereafter owned), including all Collections, insurance policies, insurance rights and other proceeds thereon or with

respect thereto and all interest, dividends, distributions and other money or property of any kind distributed in respect of thereto;

(ii) the Canadian Collection Account and the U.S. Collection Account and, in each case, all cash on deposit therein;

(iii) each Facility Document (other than this Agreement) and all rights, remedies, powers, privileges and claims thereunder or in respect thereto (whether arising pursuant to the terms thereof or otherwise available to the Borrower at law or equity), including the right to enforce each such Facility Document and to give or withhold any and all consents, requests, notices, directions, approvals, extensions or waivers under or with respect thereto, to the same extent as the Borrower could but for the collateral assignment and security interest granted to the Administrative Agent under this Agreement;

(iv) all rights to payment under all servicer contracts and other contracts and agreements associated with the Receivables and all recourse rights against any Seller;

(v) all accounts, chattel paper, deposit accounts, financial assets, general intangibles, instruments, investment property, letter-of-credit rights and other supporting obligations relating or credited to the foregoing (in each case as defined in the UCC), commercial tort claims and all other property of any type or nature in which the Borrower has an interest, whether tangible or intangible, and all other property of the Borrower which is delivered to the Administrative Agent or the Backup Servicer by or on behalf of the Borrower (whether or not constituting Collateral Receivables);

(vi) all other general intangibles and payment intangibles of the Borrower, including all general intangibles of the Borrower which are delivered to the Administrative Agent (or any custodian on its behalf) by or on behalf of the Borrower or held by any Person by or on behalf of the Borrower;

(vii) all security interests, Liens, collateral, property, equipment, guaranties, supporting obligations, insurance and other agreements or arrangements of whatever character from time to time supporting or securing payment of the assets, investments and properties described above; and

(viii) all Proceeds of any and all of the foregoing.

(b) All terms used in this Section 7.01 that are defined in the UCC but are not defined in Section 1.01 shall have the respective meanings assigned to such terms in the UCC. The Borrower hereby designates the Administrative Agent as its agent and attorney in fact to prepare and file any UCC financing statement, continuation statement and all other instruments, and take all other actions, required pursuant to Section 7.07. Such designation shall not impose upon the Administrative Agent, or release or diminish, the Borrower's obligations under this Section 7.01 or Section 7.07. The Borrower further hereby authorizes the Administrative Agent's or the Borrower's counsel to file, without the Borrower's signature, a UCC financing statement that name the Borrower as debtor and the Administrative Agent as secured party and that describe the Collateral in which the Administrative Agent has a grant of security hereunder and any amendments or continuation statements that may be necessary or desirable. The Borrower authorizes the UCC financing statement naming the Borrower as debtor to describe the Collateral therein as "all assets" or words of similar import.

(c) If the Borrower acquires any commercial tort claim after the date hereof, the Borrower shall promptly (but in any event within ten (10) Business Days after such acquisition) deliver to the Administrative Agent a written description of such commercial tort claim and shall deliver a written agreement, in form and substance satisfactory to the Administrative Agent, granting to the Administrative Agent, as security for the payment of the Obligations, a perfected security interest in all of Borrower's right, title and interest in and to such commercial tort claim.

Section 7.02. Release of Security Interest. If all Obligations have been paid in full, the Administrative Agent (for itself and on behalf of the other Secured Parties) shall, at the expense of the Borrower, promptly execute, deliver and file or authorize for filing such instruments as the Borrower shall reasonably request in order to reassign, release or terminate the Secured Parties' security interest in the Collateral. The Secured Parties acknowledge and agree that following the execution of a Consent and Release and upon the sale or disposition of any Collateral by the Borrower in compliance with the terms and conditions of this Agreement, the security interest of the Secured Parties in such Collateral shall immediately terminate and the Administrative Agent (for itself and on behalf of the other Secured Parties) shall, at the expense of the Borrower, execute, deliver and file or authorize for filing such instrument as the Borrower shall reasonably request to reflect or evidence such termination. Any and all actions under this Article VII in respect of the Collateral shall be without any recourse to, or representation or warranty by any Secured Party and shall be at the sole cost and expense of the Borrower. The Borrower shall not file, or consent to any third-party filing, any UCC financing statement or amendment thereof without the Administrative Agent's prior written consent.

Section 7.03. Rights and Remedies. The Administrative Agent (for itself and on behalf of the other Secured Parties) shall have all of the rights and remedies of a secured party under the UCC and other Applicable Law. Upon the occurrence and during the continuance of an Event of Default, the Administrative Agent shall (subject to direction by the Required Lenders), among other remedies: (i) instruct the Borrower to deliver any or all of the Collateral, the Related Documents and any other documents relating to the Collateral to the Administrative Agent or its designees and otherwise give all instructions for the Borrower regarding the Collateral; (ii) sell or otherwise dispose of the Collateral in a commercially reasonable manner, all without judicial process or proceedings; (iii) take control of the Proceeds of any such Collateral; (iv) subject to the provisions of the applicable Related Documents, exercise any consensual or voting rights in respect of the Collateral; (v) release, make extensions, discharges, exchanges or substitutions for, or surrender all or any part of the Collateral; (vi) enforce the Borrower's rights and remedies with respect to the Collateral; (vii) institute or prosecute legal and equitable proceedings to enforce collection of, or realize upon, any of the Collateral; (viii) require that the Borrower immediately take all actions necessary to cause the liquidation of the Collateral in order to pay all amounts due and payable in respect of the Obligations, in accordance with the terms of the Related Documents; (ix) redeem or withdraw or cause the Borrower to redeem or withdraw any asset of the Borrower to pay amounts due and payable in respect of the Obligations; (x) make copies of or, if necessary, remove from the Borrower's, the Backup Servicer's, the Servicer's and their respective agents' place of business all books, records and documents relating to the Collateral; and (xi) endorse the name of the Borrower upon any items of payment relating to the Collateral or upon any proof of claim in bankruptcy against an Obligor. The proceeds of any sale or disposition of the Collateral shall be applied in accordance with the Priority of Payments.

The Borrower hereby agrees that, upon the occurrence and during the continuance of an Event of Default, at the request of the Administrative Agent or the Required Lenders (acting through the Administrative Agent), it shall execute all documents and agreements which are reasonably necessary or appropriate to have the Collateral to be assigned to the Administrative Agent or its designee. For purposes of taking the actions described in clauses (i) through (xi) of this Section 7.03, the Borrower hereby irrevocably appoints the Administrative Agent as its attorney-in-fact (which appointment being coupled with an interest and is irrevocable while any of the Obligations remain unpaid, with power of substitution), in the name of the Administrative Agent or in the name of the Borrower or otherwise, for the use and benefit of the Administrative Agent (for the benefit of the Secured Parties), but at the cost and expense of the Borrower and, except as prohibited by Applicable Law, without notice to the Borrower.

Section 7.04. Remedies Cumulative. Each right, power, and remedy of the Administrative Agent and the other Secured Parties, or any of them, as provided for in this Agreement or in the other Facility Documents or now or hereafter existing at law or in equity or by statute or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power, or remedy provided for in this Agreement or in the other Facility Documents or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by the Administrative Agent or any other Secured Party of any one or more of such rights, powers, or remedies shall not preclude the simultaneous or later exercise by such Persons of any or all such other rights, powers, or remedies; *provided*, *however*, that no Secured Party may exercise any rights or remedies hereunder other than through the Administrative Agent or as consented to by the Administrative Agent; *provided*, *further*, *however*, that the Required Lenders may exercise any rights and remedies hereunder if, after directing the Administrative Agent in writing, the Administrative Agent does not comply with such instructions for any reason.

Section 7.05. Related Documents. (a) The Borrower hereby agrees that, to the extent not expressly prohibited by the terms of the Related Documents, after the occurrence and during the continuance of an Event of Default, it shall (i) upon the written request of the Administrative Agent, promptly forward to the Administrative Agent, the Servicer and the Backup Servicer (or other successor servicer) all material information and notices which it receives under or in connection with the Related Documents relating to the Collateral, and (ii) upon the written request of the Administrative Agent (as directed by the Required Lenders), act and refrain from acting in respect of any request, act, decision or vote under or in connection with the Related Documents relating to the Collateral only in accordance with the direction of the Administrative Agent (as directed by the Required Lenders).

(b) The Borrower agrees that, to the extent the same shall be in the Borrower's possession, it will hold all Related Documents and other documents relating to the Collateral in trust for the Administrative Agent on behalf of the Secured Parties, and upon request of the Administrative Agent or following the occurrence and during the continuance of an Event of Default or as otherwise provided herein, promptly deliver the same to the Administrative Agent or its designee (including the Backup Servicer). In addition, in accordance with the Backup Servicing Agreement, on each Reporting Date and once each week between Biweekly Reports, the Borrower shall, or shall cause the Servicer to, deliver to the Backup Servicer an electronic file containing all documents and information necessary to permit the Backup Servicer to service

the Receivables and any other information relating to each such Receivable required by the Backup Servicing Agreement.

Section 7.06. Borrower Remains Liable. (a) Notwithstanding anything herein to the contrary, (i) the Borrower shall remain liable under the contracts and agreements included in and relating to the Collateral (including the Related Documents) to the extent set forth therein, and shall perform all of its duties and obligations under such contracts and agreements to the same extent as if this Agreement had not been executed, and (ii) the exercise by any Secured Party of any of its rights hereunder shall not release the Borrower from any of its duties or obligations under any such contracts or agreements included in the Collateral.

(b) No obligation or liability of the Borrower is intended to be assumed by the Administrative Agent or any other Secured Party under or as a result of this Agreement or the other Facility Documents, and the transactions contemplated hereby and thereby, including under any Related Document or any other agreement or document that relates to Collateral and, to the maximum extent permitted under provisions of law, the Administrative Agent and the other Secured Parties expressly disclaim any such assumption.

Section 7.07. Protection of Collateral. The Borrower shall from time to time execute and deliver, or caused to be executed and delivered, all such supplements and amendments hereto and file or authorize the filing of all such UCC financing statements, continuation statements, instruments of further assurance and other instruments, and shall take such other action as may be necessary, advisable or desirable to secure the rights and remedies of the Secured Parties hereunder and to:

(i) grant security more effectively on all or any portion of the Collateral;

(ii) maintain, preserve and perfect any grant of security made or to be made by this Agreement or any other Facility Document including the first priority nature of the lien or carry out more effectively the purposes hereof;

(iii) perfect, publish notice of or protect the validity of any grant made or to be made by this Agreement (including any and all actions necessary or desirable as a result of changes in law or regulations);

(iv) enforce any of the Collateral or other instruments or property included in the Collateral;

(v) preserve and defend title to the Collateral and the rights therein of the Administrative Agent and the Secured Parties in the Collateral against the claims of all third parties; and

(vi) pay or cause to be paid any and all taxes levied or assessed upon all or any part of the Collateral.

The Borrower hereby designates the Administrative Agent as its agent and attorney in fact to prepare and file any UCC financing statement, continuation statement and all other instruments, and take all other actions, required pursuant to this Section 7.07. Such designation shall not impose upon the Administrative Agent, or release or diminish, the Borrower's obligations under this Section 7.07 or, in the case of the Borrower only, Section 5.01(c).

Article VIII

Accountings and Releases

Section 8.01. Collection of Money. Except as otherwise expressly provided herein, the Administrative Agent may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance of any fiscal agent or other intermediary, all Money and other property payable to or receivable by the Administrative Agent pursuant to this Agreement, including all payments due on the Collateral, in accordance with the terms and conditions of such Collateral. The Administrative Agent shall segregate and hold all such Money and property received by it in trust for the Secured Parties and shall apply it as provided in this Agreement. The Canadian Collection Account shall be established and maintained under a Canadian Collection Account Control Agreement with the Canadian Collection Account Bank. The U.S. Collection Account shall be established and maintained under an U.S. Collection Account Control Agreement with the U.S. Collection Account Bank. The Canadian Collection Account and the U.S. Collection Account may contain any number of subaccounts for the convenience of the Administrative Agent or for convenience in administering the Canadian Collection Account, the U.S. Collection Account or other Collateral. All monies deposited from time to time in the Canadian Collection Account shall be held by the Canadian Collection Account Bank as part of the Collateral and released to the Borrower only in accordance with Section 9.02. Upon the occurrence and during the continuation of a Canadian Cash Transfer Event, all monies on deposit in the Canadian Collection Account shall be transferred to the U.S. Collection Account on each Business Day during such Canadian Cash Transfer Event. All monies deposited from time to time in the U.S. Collection Account shall be held by the U.S. Collection Account Bank as part of the Collateral and shall be applied to the purposes herein provided and released to the Borrower only (i) on Payment Dates to the extent of funds available under Section 9.01(viii) and (ii) in accordance with Section 9.02.

Section 8.02. Release of Security. (a) In connection with any Permitted Sale of any Receivable, the Borrower shall deliver a Consent and Release to the Administrative Agent at least ten (10) Business Days prior to the settlement date for any sale of such Receivable certifying that such sale is a Permitted Sale and requesting that the Administrative Agent release or cause to be released such Receivable from the Lien of this Agreement, which notice shall be revocable up and until such settlement date.

(b) (i) The proceeds of any sale of a Receivable to a Seller pursuant to the terms of the applicable Receivable Purchase Agreement or to any other Person as permitted herein shall be deposited directly into the Canadian Collection Account or the U.S. Collection Account, as applicable (ii) the proceeds of any sale of a Defaulted Collateral Receivable or Ineligible Collateral Receivable shall be deposited directly into the Canadian Collection Account or the U.S. Collection Account, as applicable, following release from any applicable escrow arrangement and (iii) the proceeds of any Permitted Sale to a Securitization Vehicle shall be deposited into the U.S. Collection Account and shall be immediately applied to the payments described in Section 9.01.

(c) Subject to Borrower's compliance with this Section 8.02 and the Administrative Agent's execution of a Consent and Release, any Receivable that is sold pursuant to Section 8.02(a) shall automatically be released from the Lien of this Agreement.

(d) The Administrative Agent shall, upon receipt of a certificate of a Responsible Officer of the Borrower, at such time as all Obligations of the Borrower hereunder and under the other Facility Documents have been satisfied in full (other than contingent indemnity obligations not yet due and owing), release any remaining Collateral from the Lien of this Agreement.

(e) In connection with any release pursuant to this Section 8.02, the Administrative Agent is hereby irrevocably authorized by the Lenders to execute such documents as shall be reasonably requested by the Borrower to evidence the release of the Lien of this Agreement and the other Facility Documents.

Article IX

Application of Monies

Section 9.01. Disbursements of Monies from Collection Account. On each Payment Date, the Borrower shall direct the U.S. Collection Account Bank to disburse amounts on deposit in the U.S. Collection Account (other than the U.S. Collection Account Required Amount) with respect to the Collection Period ending immediately prior to such Payment Date in accordance with the following priorities (the *"Priority of Payments"*) and related Biweekly Report:

(i) *first*, to the Servicer, any accrued and unpaid Servicer Fees and collection expense reimbursements (excluding indemnities) that are reimbursable to the Servicer pursuant to the Servicing Agreement, *plus* any Servicer Fees and collection expense reimbursements (excluding indemnities) that are reimbursable to the Servicer pursuant to the Servicing Agreement which were not paid when due on any prior Payment Date;

(ii) *second*, on a pari passu and pro rata basis, to the Backup Servicer, the Canadian Collection Account Bank and the U.S. Collection Account Bank, any accrued and unpaid fees and reimbursable expenses (excluding indemnities) due and payable pursuant to the Facility Documents to which such Persons are a party, *plus* any fees and reimbursable expenses (excluding indemnities) due and payable to any such Person pursuant to such Facility Documents which were not paid when due on any prior Payment Date; *provided, however*, that the aggregate amount of expenses and other amounts payable under this clause (ii) shall not exceed $100,000 in aggregate in any calendar year;

(iii) *third*, to the Administrative Agent for distribution to each Class A Lender to pay (1) accrued and unpaid Interest on the Class A Advances, (2) amounts payable to each such Class A Lender or the Administrative Agent under Section 2.09(a), 2.10, 12.03(d) and 12.04, and (3) accrued and unpaid Prepayment Premiums, Exit Fees and Class A Unused Fees accrued during the related Interest Accrual Period due to each Class A Lender (in the case of each of subclauses (1), (2) and (3) above, *pro rata*, based on the respective amounts owed to each Class A Lender);

(iv) *fourth*,

(1) prior to the end of the Reinvestment Period and if the Class A Maximum Advance Rate Test or the Class A Maximum Committed Advance Rate Test, as applicable, is not satisfied as of the related Determination Date (without giving effect to amounts which are on deposit in the Canadian Collection Account or the U.S. Collection Account representing collections of principal payments received by the Borrower on the Collateral Receivables), to pay the outstanding principal of the Class A Advances of each Class A Lender (*pro rata*, based on each Class A Lender's Percentage) until the Class A Maximum Advance Rate Test or the Class A Maximum Committed Advance Rate Test, as applicable, is satisfied (on a pro forma basis as at such Determination Date); and

(2) if the Reinvestment Period has expired or an Accelerated Amortization Event or Event of Default has occurred and is continuing, to pay the outstanding principal amount of all Class A Advances of each Class A Lender (*pro rata*, based on each Class A Lender's Percentage) until paid in full;

(v) *fifth*, to the Administrative Agent for distribution to each Class B Lenders to pay (1) accrued and unpaid Interest on the Class B Advances, (2) amounts payable to each such Class B Lender or the Administrative Agent under Section 2.09(a), 2.10, 12.03(d) and 12.04, and (3) accrued and unpaid Prepayment Premium, and Class B Unused Fees accrued during the related Interest Accrual Period due to each Class B Lender (in the case of each of subclauses (1), (2) and (3) above, *pro rata*, based on the respective amounts owed to each Class B Lender);

(vi) *sixth*,

(1) prior to the end of the Reinvestment Period, if the Class B Maximum Advance Rate Test or the Class B Maximum Committed Advance Rate Test, as applicable, is not satisfied as of the related Determination Date (without giving effect to amounts which are on deposit in the Canadian Collection Account or the U.S. Collection Account representing collections of principal payments received by the Borrower on the Collateral Receivables), to pay the outstanding principal of the Class B Advances of each Class B Lender (*pro rata*, based on each Class B Lender's Percentage) until the Class B Maximum Advance Rate Test or the Class B Maximum Committed Advance Rate Test, as applicable, is satisfied (on a pro forma basis as at such Determination Date); and

(2) if the Reinvestment Period has expired or an Accelerated Amortization Event or Event of Default has occurred and is continuing, to pay the outstanding principal amount of all Class B Advances of each Class B Lender (*pro rata*, based on each Class B Lender's Percentage) until paid in full;

(vii) *seventh*, an amount equal to any other amounts due and owing to the Servicer, the Backup Servicer, the Canadian Collection Account Bank, the U.S. Collection Account Bank or any Secured Party pursuant to the Facility Documents shall be set aside in the U.S. Collection Account and paid to such Person, as the case may be, when due in accordance with the Facility Documents on a pro rata basis based on the amounts due and owing to each such Person as of the immediately preceding calendar month; and

(viii) *eighth*, the remainder to the Borrower or as directed by the Borrower.

Section 9.02. Recycling. Funds may be withdrawn from time to time from the Canadian Collection Account or the U.S. Collection Account no more than once per Business Day and no more than twice per week (and, to the extent a new Advance is being requested on such Withdrawal Date, solely simultaneously with such new Advance as part of the Notice of Borrowing) at the request of the Borrower to the Administrative Agent, in the form attached hereto as Exhibit A-2 (each, a "*Notice of Withdrawal*"), on any Business Day other than a Payment Date during the Reinvestment Period (each such date, a "*Withdrawal Date*"), and applied by the Borrower solely to purchase additional Collateral Receivables from a Seller under (and in accordance with) a Receivable Purchase Agreement; *provided*, that the withdrawal and transfer of such funds is subject to the satisfaction or waiver of the following conditions precedent as of the Withdrawal Date:

(a) after giving effect to such withdrawal, the amount on deposit in the U.S. Collection Account is not less than the U.S. Collection Account Required Amount;

(b) the Administrative Agent shall have received a Notice of Withdrawal with respect to such withdrawal at least one (1) Business Day prior to the Withdrawal Date (including the Maximum Advance Rate Test Calculation Statement attached thereto, all duly completed);

(c) together with delivery of the Notice of Withdrawal, the Administrative Agent shall have received (i) a Maximum Advance Rate Test Calculation Statement, demonstrating that immediately after giving effect to such withdrawal and the acquisition of any Collateral Receivables on such Withdrawal Date, each applicable Maximum Advance Rate Test shall be satisfied, and (ii) calculations evidencing that the Withdrawal Principal Loss Ratio was less than 5.00% and the Vintage Default Ratio was less than 4.00%, in each case, as of two (2) Business Days prior to such Withdrawal Date;

(d) each of the representations and warranties of the Borrower contained in this Agreement shall be true and correct in all material respects (except for representations and warranties already qualified by materiality or Material Adverse Effect, which shall be true and correct) as of such Withdrawal Date (except to the extent such representations and warranties expressly relate to any earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date as if made on such date);

(e) no Unmatured Event of Default, Event of Default, Accelerated Amortization Event, and in the case of a withdrawal from the Canadian Collection Account, no Canadian Cash Transfer Event, shall have occurred and be continuing at the time of such withdrawal or shall result upon such withdrawal;

(f) the Borrower shall have delivered, or caused to have been delivered, in accordance with the time and manner specified in the Backup Servicing Agreement, to the Backup Servicer and the Administrative Agent, the Receivable Schedule and each

document or item (whether or not electronic) comprising a Related Document with respect to the Receivables being pledged hereunder;

(h) all terms and conditions of the applicable Receivable Purchase Agreement required to be satisfied in connection with the assignment of each Receivable being pledged hereunder on such Withdrawal Date (and the Receivable and Related Documents related thereto), including the perfection of the Borrower's interests therein, shall have been satisfied in full, and all filings (including UCC and PPSA filings) required to be made by any Person and all actions required to be taken or performed by any Person in any jurisdiction to give the Administrative Agent, for the benefit of the Secured Parties, a first priority perfected security interest in all of the Borrower's right, title and interest in the related Receivables all payments from related Obligors, the Related Documents and all rights of the Borrower under the applicable Receivable Purchase Agreement, excluding any Collateral in which a security interest cannot be perfected under the UCC or the PPSA, shall have been made, taken or performed;

(i) the Borrower shall have taken all steps necessary under all Applicable Law in order to cause to exist in favor of the Administrative Agent, for the benefit of the Secured Parties, a valid, subsisting and enforceable first priority perfected security interest in the Borrower's right, title and interest in the Collateral related to each Receivable being pledged hereunder on such Withdrawal Date, including receipt by the Administrative Agent of evidence reasonably satisfactory to the Administrative Agent that all Liens (except for Permitted Liens) have been released on such Collateral; and

(j) the Borrower shall have delivered to the Administrative Agent a fully executed copy of the Purchase Confirmation relating to the Collateral Receivables in connection with such withdrawal.

The Borrower hereby acknowledges and agrees that, by delivering a Notice of Withdrawal, the Borrower will be deemed to have represented and warranted that on such date and immediately after giving effect to the proposed withdrawal on the relevant Withdrawal Date each of the conditions precedent set forth in Section 9.02 is satisfied.

Article X

Administration and Servicing of Collateral

Section 10.01. Designation of the Servicer. The servicing, administering and collection of the Collateral shall be conducted by the Person designated as a servicer in accordance with this Agreement, the Servicing Agreement or the Backup Servicing Agreement, as applicable. Borrower hereby acknowledges that each of the Secured Parties is a third-party beneficiary of the obligations taken by the Servicer and the Backup Servicer under the Servicing Agreement and the Backup Servicing Agreement, respectively.

Section 10.02. Authorization of the Servicer. Borrower shall furnish the Servicer (and any successors thereto) with any powers of attorney and other documents reasonably necessary to enable such Servicer to carry out its Collateral management duties under the Servicing Agreement, and shall cooperate with the Servicer to the fullest extent in order to ensure the collectability of the Collateral. Following the occurrence and continuance of

an Event of Default (unless otherwise waived by the Required Lenders in accordance with Section 12.01), the Administrative Agent (acting at the direction of the Required Lenders) may provide notice to the

Servicer (and any successors thereto) (with a copy to the Backup Servicer) that the Secured Parties are exercising their control rights with respect to the Collateral in accordance with Section 6.02.

Section 10.03. Payment of Certain Expenses by Servicer. The Borrower acknowledges and agrees that the Servicer (so long as such Servicer is an Affiliate of the Borrower) will be required to pay all expenses incurred by it in connection with its activities under the Servicing Agreement, including fees and disbursements of its independent accountants, taxes imposed on the Servicer, expenses incurred by the Servicer in connection with the production of reports pursuant to this Agreement, and all other fees and expenses not expressly stated under this Agreement and the Servicing Agreement to be for the account of the Borrower or except as otherwise expressly provided under this Agreement or the Servicing Agreement. The Borrower acknowledges and agrees that the Servicer will be required to pay such expenses for its own account and shall not be entitled to any payment therefor other than as provided under Section 9.01.

Section 10.04. Appointment of Backup Servicer. ~~Upon resignation of the Servicer under the Servicing Agreement or the occurrence and continuance of a Servicer Event of Default, the Administrative Agent may (with the consent of the Required Lenders) at any time require the Borrower to appoint the Backup Servicer, as servicer of the Receivables in accordance with the Backup Servicing Agreement. The Borrower shall promptly comply with any such request from the Administrative Agent. The Borrower shall provide direction to the Backup Servicer with respect to modifications of the terms of the Receivables in accordance with the requirements set forth in the Servicing Agreement, and shall comply with all restrictions with respect to the release, discharge, termination or cancellation of any Receivable.~~

Article XI

The Administrative Agent

Section 11.01. Authorization and Action. Each Lender hereby irrevocably appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement and, to the extent applicable, the other Facility Documents as are delegated to the Administrative Agent by the terms hereof and thereof, together with such powers as are reasonably incidental thereto, subject to the terms hereof. The Administrative Agent shall distribute a copy of all material modifications, amendments, extensions, consolidations, restatements, alterations, changes or revisions to any one or more of the Facility Documents (including, without limitation, waiver or consents entered into, executed or delivered by the Administrative Agent, but excluding the Administrative Agent Fee Letter), to each of the Lenders. The Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein or in the other Facility Documents, or any fiduciary relationship with any Secured Party, and no implied covenants, functions, responsibilities, duties or obligations or liabilities on the part of the Administrative Agent shall be read into this Agreement or any other Facility Document to which the Administrative Agent is a party (if any) as duties on its part to be performed or observed. The Administrative Agent shall not have or be construed to have any other duties or responsibilities in respect of this Agreement and the transactions contemplated hereby. As to any matters not expressly provided for by this Agreement or the other Facility Documents, the Administrative Agent shall not be required to exercise any discretion or take any

action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the written instructions of the Required Lenders; *provided* that the Administrative Agent shall not be required to take any action which exposes the Administrative Agent, in its judgment, to personal liability, cost or expense or which is contrary to this Agreement, the other Facility Documents or Applicable Law, or would be, in its judgment, contrary to its duties hereunder, under any other Facility Document or under Applicable Law. Each Lender agrees that in any instance in which the Facility Documents provide that the Administrative Agent's consent may not be unreasonably withheld, provide for the exercise of the Administrative Agent's reasonable discretion, or provide to a similar effect, it shall not in its instructions (or, by refusing to provide instruction) to the Administrative Agent withhold its consent or exercise its discretion in an unreasonable manner.

Section 11.02. Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement and each other Facility Document by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

Section 11.03. Agent's Reliance, Etc. (a) Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement or any of the other Facility Documents, except for its or their own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and non-appealable judgment. Without limiting the generality of the foregoing, the Administrative Agent: (i) may consult with legal counsel (including counsel for the Borrower or any Servicer or any of their Affiliates) and independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (ii) makes no warranty or representation to any Secured Party or any other Person and shall not be responsible to any Secured Party or any Person for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement or the other Facility Documents; (iii) shall not have any duty to monitor, ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement, the other Facility Documents or any Related Documents on the part of the Borrower or any Servicer or any other Person or to inspect the property (including the books and records) of the Borrower or such Servicer; (iv) shall not be responsible to any Secured Party or any other Person for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of any Collateral, this Agreement, the other Facility Documents, any Related Document or any other instrument or document furnished pursuant hereto or thereto or for the validity, perfection, priority or enforceability of the Liens on the Collateral; and (v) shall incur no liability under or in respect of this Agreement or any other Facility Document by relying on, acting upon (or by refraining from action in reliance on) any notice, consent, certificate (including for the avoidance of doubt, the Biweekly Report), instruction or waiver, report, statement, opinion, direction or other instrument or writing (which may be delivered by email) believed by it to be genuine and believe by it to be signed or sent by the proper party or parties. The Administrative Agent shall not have any liability to the Borrower or any Lender or any other Person for the Borrower's, any

Servicer's or any Lender's, as the case may be, performance of, or failure to perform, any of their respective obligations and duties under this Agreement or any other Facility Document.

(b) The Administrative Agent shall not be liable for the actions or omissions of any other agent (including concerning the application of funds), or under any duty to monitor or investigate compliance on the part of any other agent with the terms or requirements of this Agreement, any Facility Documents or any Related Documents, or their duties thereunder. The Administrative Agent shall be entitled to assume the due authority of any signatory and genuineness of any signature appearing on any instrument or document it may receive (including each Notice of Borrowing received hereunder). The Administrative Agent shall not be liable for any action taken in good faith and reasonably believed by it to be within the powers conferred upon it, or taken by it pursuant to any direction or instruction by which it is governed, or omitted to be taken by it by reason of the lack of direction or instruction required hereby for such action (including for refusing to exercise discretion or for withholding its consent in the absence of its receipt of, or resulting from a failure, delay or refusal on the part of the Required Lenders to provide, written instruction to exercise such discretion or grant such consent from the Required Lenders) except as determined by a court of competent jurisdiction by final and non-appealable judgment that it was the result of the Administrative Agent's willful misconduct or gross negligence. The Administrative Agent shall not be liable for any error of judgment made in good faith unless it shall be determined by a court of competent jurisdiction by final and non-appealable judgment that the Administrative Agent was grossly negligent in ascertaining the relevant facts. Nothing herein or in any Facility Documents or Related Documents shall obligate the Administrative Agent to advance, expend or risk its own funds, or to take any action which in its reasonable judgment may cause it to incur any expense or financial or other liability for which it is not adequately indemnified. The Administrative Agent shall not be liable for any indirect, special, punitive or consequential damages (included but not limited to lost profits) whatsoever, even if it has been informed of the likelihood thereof and regardless of the form of action. The Administrative Agent shall not be charged with knowledge or notice of any matter unless actually known to a Responsible Officer of the Administrative Agent, or unless and to the extent written notice of such matter is received by the Administrative Agent at its address in accordance with Section 12.02. Any permissive grant of power to the Administrative Agent hereunder shall not be construed to be a duty to act. The Administrative Agent shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, entitlement order, approval or other paper or document. The Administrative Agent shall not be liable for any error of judgment, or for any act done or step taken or omitted by it, in good faith, or for any mistakes of fact or law, or for anything that it may do or refrain from doing in connection herewith except as shall be determined by a court of competent jurisdiction by final and non-appealable judgment that it was the result of its willful misconduct or grossly negligent performance or omission of its duties.

(c) The Administrative Agent shall not be responsible or liable for delays or failures in performance resulting from acts beyond its control. Such acts shall include but not be limited to acts of God, strikes, lockouts, riots, acts of war, epidemics, governmental regulations imposed after the fact, fire, communication line failures, computer viruses, power failures, earthquakes or other disasters.

Section 11.04. Indemnification. To the extent the Borrower for any reason fails to indefeasibly pay any amount required under Section 12.04 (and without limiting the obligation of the Borrower to do so), each of the Lenders severally agrees to pay to the Administrative Agent such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought based on each Lender's Percentage at such time) of such unpaid amount (including any such unpaid amount in respect of a claim asserted by such Lender); provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent; *provided, further,* that no Lender shall be liable to the Administrative Agent for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and non-appealable judgment. The obligations of the Lenders under this paragraph (c) are subject to the provisions of Section 2.08. Any amounts paid by any Lender pursuant to this Section 11.04 shall constitute Obligations.

Section 11.05. Successor Administrative Agent. Subject to the terms of this Section 11.05, the Administrative Agent may resign as Administrative Agent in the Administrative Agent's sole discretion at any time upon thirty (30) days' notice to the Lenders and the Borrower. If the Administrative Agent shall resign then the Required Lenders shall appoint a successor agent. If for any reason a successor agent is not so appointed and does not accept such appointment within thirty (30) days of notice of resignation the Administrative Agent may appoint a successor agent. The appointment of any successor Administrative Agent shall be subject to the prior written consent of the Borrower (which consent shall not be unreasonably withheld, conditioned or delayed); *provided* that the consent of the Borrower to any such appointment shall not be required if (i) an Event of Default shall have occurred and is continuing or, (ii) if such successor Administrative Agent is a Lender or an Affiliate of such Administrative Agent or any Lender. Any resignation of the Administrative Agent shall be effective upon the appointment of a successor agent pursuant to this Section 11.05. After the effectiveness of the retiring Administrative Agent's resignation hereunder as the Administrative Agent, the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Facility Documents and the provisions of this Article XI shall continue in effect for its benefit with respect to any actions taken or omitted to be taken by it while it was the Administrative Agent under this Agreement and under the other Facility Documents. Any Person (i) into which the Administrative Agent may be merged or consolidated, (ii) that may result from any merger or consolidation to which the Administrative Agent shall be a party, or (iii) that may succeed to the properties and assets of the Administrative Agent substantially as a whole, shall be the successor to the Administrative Agent under this Agreement without further act of any of the parties to this Agreement.

Section 11.06. Administrative Agent's Capacity as a Lender. The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such Person and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrower or any Affiliate thereof as if it were not the Administrative Agent hereunder.

Section 11.07. Certain ERISA Matters.

(a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and not, for the avoidance of doubt, to or for the benefit of the Borrower, that at least one of the following is and will be true:

(i) such Lender is not using "plan assets" (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Lender's entrance into, participation in, administration of and performance of the Advances or this Agreement,

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of the Advances and this Agreement,

(iii) (A) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Advances and this Agreement, (C) the entrance into, participation in, administration of and performance of the Advances and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Advances and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless either (1) clause (i) in the immediately preceding clause (a) is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant in accordance with clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and not, for the avoidance of doubt, to or for the benefit of the Borrower, that the Administrative Agent is not a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Advances and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Facility Document or any documents related hereto or thereto).

Section 11.08. Erroneous Payments.

(a) If the Administrative Agent notifies a Lender or another, Secured Party, or any Person who has received funds on behalf of a Lender or another a Secured Party (any such

Lender, Secured Party or other recipient, a "*Payment Recipient*") that the Administrative Agent has determined in its sole discretion that any funds received by such Payment Recipient from the Administrative Agent or any of its Affiliates were erroneously transmitted to, or otherwise erroneously or mistakenly received by, such Payment Recipient (whether or not known to such Lender, Secured Party or other Payment Recipient on its behalf) (any such funds, whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise, individually and collectively, an "*Erroneous Payment*") and demands the return of such Erroneous Payment (or a portion thereof), such Erroneous Payment shall at all times remain the property of the Administrative Agent and shall be segregated by the Payment Recipient and held in trust for the benefit of the Administrative Agent, and such Lender or Secured Party shall (or, with respect to any Payment Recipient who received such funds on its behalf, shall cause such Payment Recipient to) promptly, but in no event later than two (2) Business Days thereafter, return to the Administrative Agent the amount of any such Erroneous Payment (or portion thereof) as to which such a demand was made, in same day funds (in the currency so received), together with interest thereon in respect of each day from and including the date such Erroneous Payment (or portion thereof) was received by such Payment Recipient to the date such amount is repaid to the Administrative Agent in same day funds at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation from time to time in effect. A notice of the Administrative Agent to any Payment Recipient under this clause (a) shall be conclusive, absent manifest error.

(b) Without limiting immediately preceding clause (a), each Payment Recipient hereby further agrees that if it receives a payment, prepayment or repayment (whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise) from the Administrative Agent (or any of its Affiliates) (x) that is in a different amount than, or on a different date from, that specified in a notice of payment, prepayment or repayment sent by the Administrative Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment, (y) that was not preceded or accompanied by a notice of payment, prepayment or repayment sent by the Administrative Agent (or any of its Affiliates), or (z) that such Lender, Secured Party, or other such recipient, otherwise becomes aware was transmitted, or received, in error or by mistake (in whole or in part):

(i) (A) in the case of immediately preceding clauses (x) or (y), an error shall be presumed to have been made (absent written confirmation from the Administrative Agent to the contrary) or (B) an error has been made (in the case of immediately preceding clause (z)), in each case, with respect to such payment, prepayment or repayment; and

(ii) such Lender or Secured Party shall (and shall cause any other recipient that receives funds on its respective behalf to) promptly (and, in all events, within one (1) Business Day of its knowledge of such error) notify the Administrative Agent of its receipt of such payment, prepayment or repayment, the details thereof (in reasonable detail) and that it is so notifying the Administrative Agent pursuant to this Section 11.08(b).

(c) Each Lender and other Secured Party hereby authorizes the Administrative Agent to set off, net and apply any and all amounts at any time owing to such Lender, or Secured Party under any Facility Document, or otherwise payable or distributable by the Administrative Agent to such Lender or Secured Party from any source, against any amount due to the Administrative Agent under immediately preceding clauses (a) and (b) or under the indemnification provisions of this Agreement.

(d) In the event that an Erroneous Payment (or portion thereof) is not recovered by the Administrative Agent for any reason from any Payment Recipient that has received such

Erroneous Payment (or portion thereof) (and/or from any Payment Recipient who received such Erroneous Payment (or portion thereof) on its respective behalf) (such unrecovered amount, an "*Erroneous Payment Return Deficiency*"), upon the Administrative Agent's notice to such Payment Recipient at any time, (i) such Payment Recipient, if a Lender, shall be deemed to have assigned its Advances (but not its commitments) of the relevant Class with respect to which such Erroneous Payment was made (the "*Erroneous Payment Impacted Class*") in an amount equal to the Erroneous Payment Return Deficiency (or such lesser amount as the Administrative Agent may specify) (such assignment of the Advances (but not commitments) of the Erroneous Payment Impacted Class, the "*Erroneous Payment Deficiency Assignment*") at par plus any accrued and unpaid interest (with the assignment fee to be waived by the Administrative Agent in such instance), and is hereby (together with the Borrower) deemed to execute and deliver an Assignment and Acceptance (and such Lender shall deliver any notes evidencing such Advances to the Administrative Agent, (ii) the Administrative Agent as the assignee Lender shall be deemed to acquire the Erroneous Payment Deficiency Assignment, (iii) upon such deemed acquisition, the Administrative Agent as the assignee Lender shall become a Lender hereunder with respect to such Erroneous Payment Deficiency Assignment and the assigning Lender shall cease to be a Lender hereunder with respect to such Erroneous Payment Deficiency Assignment, excluding, for the avoidance of doubt, its obligations under the indemnification provisions of this Agreement and its applicable commitments which shall survive as to such assigning Lender and (iv) the Administrative Agent may reflect in the Register its ownership interest in the Advances subject to the Erroneous Payment Deficiency Assignment. The Administrative Agent may, in its discretion, sell any Advances acquired pursuant to an Erroneous Payment Deficiency Assignment and upon receipt of the proceeds of such sale, the Erroneous Payment Return Deficiency owing by the applicable Lender shall be reduced by the net proceeds of the sale of such Advances (or portion thereof), and the Administrative Agent shall retain all other rights, remedies and claims against such Lender (and/or against any recipient that receives funds on its respective behalf). For the avoidance of doubt, no Erroneous Payment Deficiency Assignment will reduce the commitments, if any, of any Lender and such commitments shall remain available in accordance with the terms of this Agreement. In addition, each party hereto agrees that, except to the extent that the Administrative Agent has sold a Advances (or portion thereof) acquired pursuant to an Erroneous Payment Deficiency Assignment, and irrespective of whether the Administrative Agent may be equitably subrogated, the Administrative Agent shall be contractually subrogated to all the rights and interests of the applicable Lender or other Secured Party under the Facility Documents with respect to each Erroneous Payment Return Deficiency.

(e) The parties hereto agree that an Erroneous Payment shall not pay, prepay, repay, discharge or otherwise satisfy any Obligations owed by the Borrower or any Affiliate thereof.

(f) To the extent permitted by applicable law, no Payment Recipient shall assert any right or claim to an Erroneous Payment, and hereby waives, and is deemed to waive, any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by the Administrative Agent for the return of any Erroneous Payment received, including without limitation waiver of any defense based on "discharge for value" or any similar doctrine.

(g) Each party's obligations, agreements and waivers under this Section 11.08 shall survive the resignation or replacement of the Administrative Agent, any transfer of rights or obligations by, or the replacement of, a Lender, the termination of the commitments and/or the repayment, satisfaction or discharge of all Obligations (or any portion thereof) under any Facility Document.

Article XII

Miscellaneous

Section 12.01. No Waiver; Modifications in Writing. (a) No failure or delay on the part of any Secured Party exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. Any waiver of any provision of this Agreement, and any consent to any departure by any party to this Agreement from the terms of any provision of this Agreement, shall be effective only in the specific instance and for the specific purpose for which given. No notice to or demand on the Borrower in any case shall entitle the Borrower to any other or further notice or demand in similar or other circumstances.

(b) No amendment, modification, supplement or waiver of this Agreement shall be effective unless signed by the Borrower, the Administrative Agent and the Required Lenders, *provided* that:

(i) subject to clauses (iii) and (iv) below, any Fundamental Amendment shall require the written consent of each affected Lender;

(ii) no such amendment, modification, supplement or waiver shall amend, modify or otherwise affect the rights, duties, immunities or liabilities of the Administrative Agent without the prior written consent of the Administrative Agent;

(iii) the parties acknowledge and agree that increases in

(A) (x) the Committed Facility Amount shall be allocated pro rata between the Class A Committed Facility Amount and the Class B Committed Facility Amount and (y) the Incremental Amount shall be allocated pro rata between the Class A Incremental Amount and the Class B Incremental Amount,

(B) the Class A Committed Facility Amount or Class A Incremental Amount, may be allocated at the Administrative Agent's sole discretion (which may not be on a pro-rata basis) among the existing Class A Lenders agreeing to provide such increased amount, or any new Class A Lender joining this Agreement (subject to the requirements of Section 13.02) (such existing and new Class A Lenders, collectively, the "*Class A Increasing Lenders*"), and

(C) the Class B Committed Facility Amount or Class B Incremental Amount (x) shall be first offered by the Administrative Agent to the existing Class B Lenders on a pro-rata basis, who may decide in their sole discretion to accept such offer (the "*Accepting Class B Lenders*") and (y) if any such Class B Lender declines to accept such offer, such Class B Lender's applicable pro-rata portion may be allocated at the Administrative Agent's sole discretion (which may not be on a pro-rata basis) among the Accepting Class B Lenders, or any new Class B Lender joining this Agreement (subject to the requirements of Section 13.02) (the Accepting Class B Lenders and the new Class B Lenders, collectively, the "*Class B Increasing Lenders*"), and

in the case of clauses (A) through (C) above, shall require the written consent of solely the Borrower, the Administrative Agent, the Class A Increasing Lenders and the Class B Increasing Lenders; and

(iv) the parties acknowledge and agree that decreases in the Committed Facility Amount shall be allocated pro rata (x) between the Class A Committed Facility Amount and the Class B Committed Facility Amount and (y) among all Lenders in accordance with their respective Percentages.

Section 12.02. Notices, Etc. Except as otherwise provided herein, all notices and other communications hereunder to any party shall be in writing and sent by certified or registered mail, return receipt requested, by overnight delivery service, with all charges prepaid, by hand delivery, or by e-mail, to such party's address or e-mail address set forth in Schedule 3 hereto, or at such other address or e-mail address as such party may hereafter specify in a notice given in the manner required under this Section 12.02. All such notices and correspondence shall be deemed given (a) if sent by certified or registered mail, three (3) Business Days after being postmarked, (b) if sent by overnight delivery service or by hand delivery, when received at the above stated addresses or when delivery is refused and (c) if sent by electronic transmission, upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement). The Borrower hereby irrevocably consents and agrees to the service of any and all legal process, summons, notices and documents out of any courts in any action, suit or proceeding in connection with this Agreement by serving a copy thereof upon the Borrower or by mailing copies thereof by regular or overnight mail, postage prepaid, to the Borrower at its address specified in Schedule 3. For the avoidance of doubt, with respect to any notices required to be delivered and sent to the Administrative Agent, the Administrative Agent shall distribute a copy thereof to the Lenders.

Section 12.03. Taxes. (a) For purposes of this Section 12.03, the term Applicable Law includes FATCA.

(b) Any and all payments by or on account of any obligation of the Borrower under this Agreement and any other Facility Document shall be made, in accordance with this Agreement or the related Facility Document, free and clear of and without deduction for any and all Taxes, except as required by Applicable Law. If the Borrower or Administrative Agent shall be required by Applicable Law (as determined in the good faith discretion of the Borrower or Administrative Agent, as applicable)) to deduct or withhold any Taxes from or in respect of any sum payable by it hereunder or under any other Facility Document to any Secured Party, then the Borrower or Administrative Agent, as applicable, shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with Applicable Law and, if such payment is an Indemnified Tax, the sum payable by the Borrower shall be increased as necessary so that after such deduction or withholding has been made (including deductions applicable to additional sums payable under this Section 12.03) such Secured Party receives an amount equal to the sum it would have received had no such deductions or withholding been made.

(c) In addition, the Borrower agrees to timely pay any present or future stamp, sales, court or documentary, intangible, recording, filing or similar Taxes or any other excise or property Taxes, charges or similar levies which arise from any payment made by the Borrower hereunder or under any other Facility Document or from the execution, delivery, performance,

enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, this Agreement or under any other Facility Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Sections 2.09(b), 2.11(b) or 12.03(h)) (hereinafter referred to as *"Other Taxes"*).

(d) The Borrower agrees to indemnify each of the Secured Parties, within 10 days after demand therefor, for the full amount of Indemnified Taxes, including any Indemnified Taxes imposed or asserted by any jurisdiction on amounts payable under this Section 12.03 payable by such Secured Party or required to be withheld or deducted from a payment to such Secured Party and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Secured Party (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Secured Party, shall be conclusive absent manifest error.

(e) As soon as practicable after the date of any payment of Taxes to a Governmental Authority pursuant to this Section 12.03, the Borrower will furnish to the Administrative Agent the original or a certified copy of a receipt issued by the relevant Governmental Authority evidencing payment thereof (or a copy of the return reporting such payment or other evidence of payment as may be reasonably satisfactory to the Administrative Agent).

(f) If any payment is made by the Borrower to or for the account of any Secured Party after deduction for or on account of any Taxes, and an indemnity payment or additional amounts are paid by the Borrower pursuant to this Section 12.03, then, if such Secured Party, in its sole discretion exercised in good faith, determines that it has received a refund of such Taxes, such Secured Party shall reimburse to the Borrower such amount of any refund received (net of reasonable out-of-pocket expenses incurred) as such Secured Party shall determine in its sole discretion to be attributable to the relevant Taxes; *provided* that in the event that such Secured Party is required to repay such refund to the relevant taxing authority, the Borrower agrees to return the refund to such Secured Party. Notwithstanding anything to the contrary in this paragraph (f), in no event will the Secured Party be required to pay any amount to the Borrower pursuant to this paragraph (f) the payment of which would place the Secured Party in a less favorable net after-Tax position than the Secured Party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid.

(g) *Status of Lender.*

(i) Each Lender that is a "United States person" as that term is defined in Section 7701(a)(30) of the Code (a "*U.S. Person*") hereby agrees that it shall, no later than the Closing Date or, in the case of a Lender which becomes a party hereto pursuant to Section 12.06, the date upon which such Lender becomes a party hereto (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), deliver to the Borrower and the Administrative Agent, if applicable, two accurate, complete and executed copies of U.S. Internal Revenue Service Form W-9 or

successor form, certifying that such Lender is on the date of delivery thereof entitled to an exemption from United States backup withholding tax.

(ii) Each Lender that is not a U.S. Person (a "*Non-U.S. Lender*") shall, no later than the date on which such Lender becomes a party hereto (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), deliver to the Borrower and the Administrative Agent two copies of properly completed and duly executed copies of either U.S. Internal Revenue Service Form W-8BEN, W8BEN-E, W-8ECI or W-8IMY or any subsequent versions thereof or successors thereto, in the case of a Non-U.S. Lender claiming the benefits of an income tax treaty to which the United States is a party, with respect to payments of interest hereunder, establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty, and establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business" profits or "other income" article of such treaty, with respect to any other applicable payments hereunder. In addition, in the case of a Non-U.S. Lender claiming exemption from U.S. federal withholding tax under Section 871(h) or 881(c) of the Code, such Non-U.S. Lender shall deliver to the Borrower and Administrative Agent (in such number of copies as shall be requested by the recipient), no later than the date on which such Non-U.S. Lender becomes a party hereto (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), a certificate to the effect that such Non-U.S. Lender is not a bank for purposes of Section 881(c) of the Code, is not a 10-percent shareholder (within the meaning of Section 871(h)(3)(B) of the Code) of the Borrower and is not a controlled foreign corporation related to the Borrower (within the meaning of Section 881(c)(3)(C) of the Code) substantially in the form of Exhibit E hereto (a "*U.S. Tax Compliance Certificate"*), and such Non-U.S. Lender agrees that it shall notify the Borrower and the Administrative Agent in the event any such certificate is no longer accurate. In addition, to the extent a Non-U.S. Lender is not the beneficial owner, such Non-U.S. Lender shall also provide a U.S. Tax Compliance Certificate or other certification documents from each beneficial owner, as applicable, provided that if the Non-U.S. Lender is a partnership and one or more direct or indirect partners of such Non-U.S. Lender are one or more direct or indirect partners of such Non-U.S. Lender are claiming the portfolio interest exemption, such Non-U.S. Lender may provide a U.S. Tax Compliance Certificate on behalf of each such direct and indirect partner. Such forms shall be delivered by each Non-U.S. Lender on or before the date it becomes a party to this Agreement and on or before the date, if any, such Non-U.S. Lender designates a new lending office. In addition, each Non-U.S. Lender shall deliver such forms as promptly as practicable after receipt of a written request therefor from the Borrower or the Administrative Agent. Notwithstanding any other provision of this Section 12.03, a Non-U.S. Lender shall not be required to deliver any form pursuant to this Section 12.03(g) that such Non-U.S. Lender is not legally able to deliver.

(iii) Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative in writing of its legal inability to do so.

(h) If any Secured Party requires the Borrower to pay any additional amount to such Secured Party or any taxing Governmental Authority for the account of such Secured Party or to indemnify such Secured Party pursuant to this Section 12.03, then such Secured Party shall use reasonable efforts to designate a different lending office for funding or booking its Advances hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if such Lender determines, in its sole discretion, that such designation or assignment

(i) would eliminate or reduce amounts payable pursuant to this Section 12.03 in the future and (ii) would not subject such Secured Party to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Secured Party. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(i) Nothing in this Section 12.03 shall be construed to require any Secured Party to make available its tax returns (or any other information relating to its taxes that it deems confidential) to the Borrower or any other Person.

(j) *Compliance with FATCA.* If a payment made to a Lender under this Agreement would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by Applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount, if any, to deduct and withhold from such payment. Solely for purposes of this clause (j), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(k) *Survival.* Each party's obligations under this Section 12.03 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender and the repayment, satisfaction or discharge of all amounts owing under any Facility Document.

Section 12.04. Costs and Expenses; Indemnification. (a) The Borrower agrees to pay all reasonable and documented out-of-pocket costs and expenses of the Administrative Agent, the Backup Servicer, the Canadian Collection Account Bank, the U.S. Collection Account Bank and the other Lenders in connection with the preparation, review, negotiation, reproduction, execution and delivery of this Agreement and the other Facility Documents, including the reasonable fees and disbursements of outside counsel for each such Person and any auditors, accountants, consultants, appraisers and rating agency or other professional advisors and agents engaged by the Administrative Agent; UCC and PPSA filing fees and all other related fees and expenses in connection therewith; and in connection with any modification or amendment of this Agreement or any other Facility Document. Further, the Borrower shall pay (A) all reasonable and documented out-of-pocket costs and expenses (including all reasonable and documented fees, expenses and disbursements of legal counsel), and any auditors, accountants, consultants or appraisers or other professional advisors and agents engaged by the Administrative Agent and incurred by the Administrative Agent or any Lender in the preparation, execution, delivery, filing, recordation, administration, performance or enforcement of this Agreement or any other Facility Document or any consent, amendment, waiver or other modification relating thereto, (B) all reasonable out-of-pocket costs and expenses of creating, perfecting, releasing or enforcing the

Administrative Agent's security interests in the Collateral, including filing and recording fees, expenses and Other Taxes, search fees, and title insurance premiums, and (C) after the occurrence of any Event of Default, all costs and expenses incurred by the Administrative Agent and the other Secured Parties in connection with the preservation, collection, foreclosure or enforcement of the Collateral subject to the Facility Documents or any interest, right, power or remedy of the Administrative Agent and the other Secured Parties or in connection with the collection or enforcement of any of the Obligations or the proof, protection, administration or resolution of any claim based upon the Obligations in any insolvency proceeding, including all reasonable and documented fees and disbursements of attorneys, accountants, auditors, consultants, appraisers and other professionals engaged by the Administrative Agent and the other Secured Parties. The undertaking in this Section shall survive repayment of the Obligations, any foreclosure under, or modification, release or discharge of, any or all of the Related Documents, termination of this Agreement and the other Facility Documents and the resignation or replacement of the Administrative Agent. Without prejudice to its rights hereunder, the expenses and the compensation for the services of the Administrative Agent are intended to constitute expenses of administration under any applicable bankruptcy law.

(b) The Borrower agrees to indemnify and hold harmless each Secured Party and each of their Affiliates and the respective officers, directors, employees, agents, managers of, and any Person controlling any of, the foregoing (each, an "*Indemnified Party*") from and against any and all claims, damages, losses, liabilities, obligations, expenses, penalties, actions, suits, judgments and disbursements of any kind or nature whatsoever (including the reasonable and documented fees and disbursements of counsel) that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or by reason of the execution, delivery, enforcement, performance, administration of or otherwise arising out of or incurred in connection with this Agreement, any other Facility Document, any Related Document or any transaction contemplated hereby or thereby (and regardless of whether or not any such transactions are consummated) (collectively, the "*Liabilities*"), including any such Liability that is incurred or arises out of or in connection with, or by reason of any one or more of the following: (i) preparation for a defense of any actual or prospective investigation, litigation or proceeding arising out of, related to or in connection with this Agreement, any other Facility Document, any Related Document or any of the transactions contemplated hereby or thereby; (ii) any breach of any covenant by the Borrower, the Parent, the Sponsor, the Canadian Collection Account Bank, the U.S. Collection Account Bank, any Seller, any Servicer or any Backup Servicer contained in any Facility Document; (iii) any representation or warranty made or deemed made by the Borrower, the Parent, the Sponsor, the Canadian Collection Account Bank, the U.S. Collection Account Bank, any Seller, any Backup Servicer or any Servicer contained in any Facility Document or in any certificate, statement or report delivered in connection therewith is false or misleading; (iv) any failure by the Borrower, the Parent, the Sponsor, the Canadian Collection Account Bank, the U.S. Collection Account Bank, any Seller, any Servicer or any Backup Servicer to comply with any Applicable Law or contractual obligation binding upon it; (v) any failure to vest, or delay in vesting, in the Administrative Agent (for the benefit of the Secured Parties) a perfected first priority security interest in all of the Collateral free and clear of all Liens; (vi) any action or omission, not expressly authorized by the Facility Documents, by the Borrower or any Affiliate of the Borrower which has the effect of reducing or impairing the Collateral or the rights of the Administrative Agent or the Secured

Parties with respect thereto; (vii) the failure to file, or any delay in filing, financing statements, continuation statements or other similar instruments or documents under the UCC or PPSA, as applicable, of any applicable jurisdiction or other Applicable Law with respect to any Collateral, whether at the time of any Advance or at any subsequent time; (viii) any dispute, claim, offset or defense (other than the discharge in bankruptcy of an Obligor) of an Obligor to the payment with respect to any Collateral (including a defense based on any Receivable (or the Related Documents evidencing such Collateral Receivable) not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms), or any other claim resulting from any related property; (ix) the commingling of Collections on the Collateral at any time with other funds; (x) any failure by the Borrower to give reasonably equivalent value to any Seller, in consideration for the transfer by such Seller to the Borrower of any item of Collateral or any attempt by any Person to void or otherwise avoid any such transfer under any statutory provision or common law or equitable action, including any provision of the Bankruptcy Code; and (xi) any Unmatured Event of Default or Event of Default; *provided*, that the Borrower shall not be liable (A) for any Liability or losses arising due to the deterioration in the credit quality or market value of the Collateral Receivables or other Collateral hereunder to the extent that such credit quality or market value was not misrepresented in any material respect by the Borrower or any of its Affiliates or (B) to the extent any such Liability is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's fraud, bad faith, gross negligence or willful misconduct; *provided* however that in no event will such Indemnified Party have any liability for any special, exemplary, indirect, punitive or consequential damages in connection with or as a result of such Indemnified Party's activities related to this Agreement or any Facility Document or any agreement or instrument contemplated hereby or thereby or referred to herein or therein; *provided, further,* that any payment hereunder which relates to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim, or additional sums described in Sections 2.09 or 2.10, shall not be covered by this Section 12.04(b).

(c) All amounts due under this Section 12.04 shall be payable not later than three (3) Business Days after demand therefor.

Section 12.05. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Agreement. Delivery of an executed signature page of this Agreement by facsimile or other electronic transmission shall be effective as delivery of a manually executed counterpart hereof. The parties hereto agree that "execution," "signed," "signature," and words of like import in this Agreement, shall be deemed to include electronic signatures, authentication, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based record keeping system, as the case may be, to the extent and as provided for in any Applicable Law, including the Electronic Signatures in Global and National Commerce Act, the Uniform Electronic Transactions Act as in effect in any state, the New York Electronic Signatures and Records Act (N.Y. State Tech. §§ 301-309), the Illinois Electronic Commerce Security Act (5 ILCS 175/1-101 et seq.), or the Uniform Commercial Code, and the parties hereto hereby waive any objection to the contrary.

Section 12.06. Assignability. The Borrower may not assign its rights or obligations hereunder or any interest herein without the prior written consent of the Administrative Agent. The Lenders may assign their rights, interests or obligations under this Agreement as permitted under Section 13.02. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns (including by operation of law).

Section 12.07. Governing Law. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF (EXCEPT FOR SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

Section 12.08. Severability of Provisions. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 12.09. Confidentiality. Each Secured Party agrees to keep all Borrower Information confidential; *provided* that nothing herein shall prevent any Secured Party from disclosing any Borrower Information (a) in connection with this Agreement and the other Facility Documents and not for any other purpose, (x) to any Secured Party or any Affiliate of a Secured Party, or (y) any of their respective Affiliates, employees, directors, agents, representatives, consultants, attorneys, accountants and other professional advisors (collectively, the *"Secured Party Representatives"*), it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Borrower Information, (b) subject to an agreement to comply with the provisions of this Section (or other provisions at least as restrictive as this Section), (i) to any actual or bone fide prospective permitted assignees and Participants in any of the Secured Parties' interests under or in connection with this Agreement, (ii) to any prospective agent or co-agent of the Administrative Agent, (iii) as reasonably required by any direct or indirect contractual counterparties or professional advisors thereto, to any swap or derivative transaction relating to the Borrower and the Obligations, and (iv) to any provider of credit protection to a Lender or any provider of a hedge for the benefit of a Lender, (c) to any Governmental Authority purporting to have jurisdiction over any Secured Party or any of its Affiliates or any Secured Party Representative, (d) in response to any order of any court or other Governmental Authority or as may otherwise be required or requested to be disclosed pursuant to any Applicable Law, (e) that is a matter of general public knowledge or that has heretofore been made available to the public by any Person other than any Secured Party or any Secured Party Representative in violation hereof, (f) any rating agency or a nationally recognized statistical rating organization in connection with Rule 17g-5 promulgated by the SEC, (g) in connection with the exercise of any remedy hereunder or under any other Facility Document and (h) to any Seller, the Servicer, the Backup Servicer, the Canadian Collection Account Bank and the U.S. Collection Account Bank in connection with the administration of this credit facility or the enforcement of the Facility Documents. In addition, each Secured Party may disclose the existence of this Agreement and information about this Agreement to market

data collectors, similar service providers to the lending industry and service providers to the Secured Parties in connection with the administration and management of this Agreement and the other Facility Documents.

Section 12.10. Merger. This Agreement and the other Facility Documents executed by the Administrative Agent or the Lenders taken as a whole incorporate the entire agreement between the parties thereto concerning the subject matter thereof and such Facility Documents supersede any prior agreements among the parties relating to the subject matter thereof.

Section 12.11. Survival. All representations and warranties made hereunder, in the other Facility Documents and in any certificate delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery of this Agreement and the making of the Advances hereunder. The agreements in Sections 2.09, 2.10, 2.13, the final sentence of Section 7.02, 7.06(b), 12.02, 12.03, 12.04, 12.07, 12.08, 12.12, 12.13, 12.14, 12.16, 12.18, 12.19 and 12.23 and this Section 12.11 shall survive the termination of this Agreement in whole or in part and the payment in full of the principal of and interest on the Advances.

Section 12.12. Submission to Jurisdiction; Waivers; Etc. Each party hereto hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement or the other Facility Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the exclusive general jurisdiction of the courts of the State of New York located in the County of New York, the courts of the United States of America for the Southern District of New York, and the appellate courts of any of them;

(b) consents that any such action or proceeding may be brought in any court described in Section 12.12(a) and waives to the fullest extent permitted by Applicable Law any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such party at its address referenced in Section 12.02 or at such other address as may be permitted thereunder;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding against any party hereto or any Secured Party arising out of or relating to this Agreement or any other Facility Document any special, exemplary, indirect, punitive or consequential damages (as opposed to direct or actual damages) (whether or not the claim therefor is based on contract, tort or duty imposed by any applicable legal requirement).

Section 12.13. Waiver of Jury Trial. Each of the parties hereto hereby irrevocably and unconditionally waives trial by jury in any legal action or proceeding relating to this Agreement or any other Facility Document or for any counterclaim therein or relating thereto.

Section 12.14. Service of Process. EACH OF THE PARTIES HERETO WAIVES PERSONAL SERVICE OF PROCESS AND IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 12.02. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY TO THIS AGREEMENT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

Section 12.15. Waiver of Setoff. The Borrower hereby waives any right of setoff it may have or to which it may be entitled under this Agreement from time to time against any Lender or its assets.

Section 12.16. PATRIOT Act Notice. Each Lender and the Administrative Agent hereby notifies the Borrower that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law on October 26, 2001)) (the *"PATRIOT Act"*) and the Beneficial Ownership Regulation, it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower, a Beneficial Ownership Certification and other information that will allow the Lenders to identify the Borrower in accordance with the PATRIOT Act and the Beneficial Ownership Regulation. The Borrower shall provide to the extent commercially reasonable, such information and take such actions as are reasonably requested by any Lender in order to assist such Lender in maintaining compliance with the PATRIOT Act and the Beneficial Ownership Regulation.

Section 12.17. Business Days. In the event that the date of any Payment Date, date of prepayment or Final Maturity Date shall not be a Business Day, then notwithstanding any other provision of this Agreement or any Facility Document, payment need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the nominal date of any such Payment Date, date of prepayment or Final Maturity Date, as the case may be, and interest shall accrue on such payment for the period from and after any such nominal date to but excluding such next succeeding Business Day.

Section 12.18. Third-Party Beneficiary. The parties hereto acknowledge and agree that the Indemnified Parties and the Affected Persons are third party beneficiaries of this Agreement.

Section 12.19. No Fiduciary Duty. The Administrative Agent, each Lender and their Affiliates (collectively, solely for purposes of this paragraph, the "*Lenders*"), may have economic interests that conflict with those of the Borrower, its stockholders or their Affiliates. The Borrower agrees that nothing in the Facility Documents or otherwise will be deemed to create an advisory, fiduciary or agency relationship or fiduciary or other implied duty between any Lender, on the one hand, and the Borrower, its stockholders or its Affiliates, on the other. The Borrower acknowledges and agrees that (i) the transactions contemplated by the Facility Documents (including the exercise of rights and remedies hereunder and thereunder) are arm's length commercial transactions between the Lenders, on the one hand, and the Borrower, on the other, and (ii) in connection therewith and with the process leading thereto, (x) no Lender has assumed an advisory or fiduciary responsibility in favor of the Borrower, its stockholders or its Affiliates with respect to the transactions contemplated hereby (or the exercise of rights or remedies with respect thereto) or the process leading thereto (irrespective of whether any Lender has advised, is currently advising or will advise the Borrower, its stockholders or its Affiliates on

other matters) or any other obligation to the Borrower except the obligations expressly set forth in the Facility Documents and (y) each Lender is acting solely as principal and not as the agent or fiduciary of the Borrower, its management, stockholders, creditors or any other Person. The Borrower acknowledges and agrees that it has consulted its own legal and financial advisors to the extent it deemed appropriate and that it is responsible for making its own independent judgment with respect to such transactions and the process leading thereto. The Borrower agrees that it will not claim that any Lender has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Borrower, in connection with such transaction or the process leading thereto.

Section 12.20. Non-Reliance on Administrative Agent and other Lenders. Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Affiliates or the respective officers, directors, employees, agents, managers of, and any Person controlling any of, the foregoing, and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Affiliates or the respective officers, directors, employees, agents, managers of, and any Person controlling any of, the foregoing, and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Facility Document or any related agreement or any document furnished hereunder or thereunder.

12.21. Acknowledgement and Consent to Bail-In of Affected Financial Institutions. Notwithstanding anything to the contrary in any Facility Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Facility Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and

(b) the effects of any Bail-in Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Facility Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of the applicable Resolution Authority.

Section 12.22. Acknowledgement Regarding Any Supported QFCs. To the extent that the Facility Documents provide support, through a guarantee or otherwise, for hedging agreements or any other agreement or instrument that is a QFC (such support, "*QFC Credit Support*" and each such QFC a "*Supported QFC*"), the parties acknowledge and agree with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "*U.S. Special Resolution Regimes*") in respect of such Supported QFC and QFC Credit Support (with this Section 12.22 applicable notwithstanding that the Facility Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York or of the U.S. or any other state of the U.S.) that in the event a Covered Entity that is party to a Supported QFC (each, a "*Covered Party*") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the U.S. or a state of the U.S. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Facility Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Facility Documents were governed by the laws of the U.S. or a state of the U.S.

Section 12.23. Non-Petition.

(a) Each of the parties hereto (other than the Administrative Agent acting at the direction of the Required Lenders) hereby covenants and agrees that, prior to the date that is one (1) year and one (1) day after the payment in full of all outstanding Advances, it shall not institute against, or join any other Person in instituting against, the Borrower any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under the laws of the United States or any state of the United States or any other jurisdiction.

(b) Each of the parties hereto (other than Administrative Agent acting at the direction of the Required Lenders) hereby covenants and agrees that it shall not at any time institute against, solicit or join or cooperate with or encourage any institution against Borrower of, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under any United States federal or state bankruptcy or similar law.

(c) Nothing in this Section 12.23 shall preclude, or be deemed to estop, any of the foregoing Persons from taking (to the extent such action is otherwise permitted to be taken by such Person hereunder) or omitting to take any action prior to such date in (i) any case or proceeding with respect to Borrower voluntarily filed or commenced by or on

behalf of Borrower under or pursuant to any such law or (ii) any involuntary case or proceeding pertaining to Borrower under or pursuant to any such law, which involuntary use was not commenced by any of the foregoing Persons.

Article XIII

Syndication

Section 13.01. Syndication. The Lenders may at any time sell, assign or participate any portion or all of the Advances and the Facility Documents to one or more Persons subject to the terms and conditions of this Article XIII.

Section 13.02. Assignment of Advances, Participations and Servicing, Appointment of Agent. (a) The Lenders may, at their individual option, sell and assign all or any part of their right, title and interest in, and to, and under the Advances and this Agreement, on a pro rata basis, in the sole discretion of such Lender, subject to, other than in connection with the exercise of the Class B Buyout Option or an assignment to a Lender or any Affiliate of a Lender, the prior written consent of the Administrative Agent (not to be unreasonably withheld, conditioned or delayed) (the "*Syndication*"), to one or more additional lenders; *provided, however*, that no assignment shall be made to (x) a natural Person (or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural Person), (y) the Borrower or any of the Borrower's Affiliates or (z) without the Borrower's written consent, a Competitor. Each additional Lender shall enter into and deliver to the Administrative Agent an Assignment and Acceptance whereby the existing Lender (the "*Assigning Lender*") assigns to such new Lender a portion of its rights under the Advances, and pursuant to which the new Lender accepts such assignment. From and after the effective date specified in the Assignment and Acceptance (i) each new Lender shall be a party hereto and to each applicable Facility Document to the extent of the applicable percentage or percentages and, if applicable, priorities, set forth in the Assignment and Acceptance and, except as specified otherwise herein, shall succeed to the rights of the Assigning Lender hereunder in respect of the Advances, and (ii) the Assigning Lender shall, to the extent such rights and obligations have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations hereunder and under the Facility Documents.

The liabilities of each of the Lenders shall be several and not joint, and any Lender's Percentage shall be reduced by the amount of each such Assignment and Acceptance. No Lender shall be responsible for the obligations of any other Lender.

(b) The Borrower agrees that it shall reasonably cooperate, in connection with any sale of all or any portion of the Advances permitted under Section 13.02(a), whether in whole or to an additional Lender or Participant, to furnish to Administrative Agent, any information as reasonably requested by any additional Lender or Participant in performing its due diligence in connection with its purchase of an interest in the Advances.

(c) The Borrower acknowledges that the Administrative Agent shall have the sole and exclusive authority to execute and perform this Agreement and each Facility Document on behalf

of itself and as agent for the Secured Parties. The Lenders acknowledge that, subject to Section 12.01(b), the Administrative Agent shall retain the exclusive right to grant approvals and give consents required to be delivered hereunder. Except as otherwise provided herein, the Borrower shall have no obligation to recognize or deal directly with any Lender, and no Lender shall have any right to deal directly with the Borrower with respect to the rights, benefits and obligations of the Borrower under this Agreement, the Facility Documents or any one or more documents or instruments in respect thereof, except as explicitly provided herein or therein.

(d) Notwithstanding any provision to the contrary in this Agreement, the Administrative Agent shall not have any duties or responsibilities except those expressly set forth herein and no covenants, functions, responsibilities, duties, obligations or liabilities of the Administrative Agent shall be implied by or inferred from this Agreement or any other Facility Document, or otherwise exist against Administrative Agent.

(e) Except to the extent its obligations hereunder and its interest in the Advances have been assigned pursuant to one or more Assignments and Acceptances, if the Administrative Agent is also a Lender, the Administrative Agent shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not the Administrative Agent, respectively. The Lenders and their respective Affiliates may accept deposits from, lend money to, act as trustee under indentures of, and generally engage in any kind of business with, the Borrower, or any Affiliate of the Borrower and any Person who may do business with or own securities of the Borrower or any Affiliate of the Borrower, all as if they were not serving in such capacities hereunder and without any duty to account therefor to each other.

(f) If required by any Lender, the Borrower hereby agrees to execute notes in the principal amount of such Lender's Percentage of the Advances, and such note shall (i) be payable to order of such Lender, (ii) be dated as of the effective date specified in the Assignment and Acceptance (or, if later, the date that such Lender became a Lender hereunder), and (iii) mature on the Termination Date. Such note shall provide that it evidences a portion of the existing Obligations hereunder and not any new or additional indebtedness of the Borrower.

(g) The Administrative Agent, acting solely for this purpose as a non-fiduciary agent of the Borrower, shall maintain at one of its offices a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and principal amounts (and stated interest) of the Advances owing to, each Lender pursuant to the terms hereof from time to time (the "*Register*"). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be made available by the Administrative Agent for inspection by the Borrower and any Lender, at any reasonable time and from time to time, upon reasonable prior written request to the Administrative Agent.

(h) Any Lender may at any time sell participations to any Person (other than (A) a natural Person (or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural Person), (B) the Borrower or any of the Borrower's Affiliates or

subsidiaries or (C) without the prior written consent of the Borrower and the Administrative Agent, a Competitor) (each, a "*Participant*") in all or a portion of such Lender's rights or obligations under this Agreement (including all or a portion of the Advances owing to it); *provided* that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, and (iii) the Borrower, the Administrative Agent and Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. For the avoidance of doubt, each Lender shall be responsible for the payments made under Section 2.09 with respect to any payments made by such Lender to its Participant(s).

(i) Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in Section 12.01 that affects such Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.09, 12.03 and 12.04 (subject to the requirements and limitations therein, including the requirements under Section 12.03(g) (it being understood that the documentation required under Section 12.03(g) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that such Participant shall not be entitled to receive any greater payment under Section 2.09 or 12.03, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a change in Applicable Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Advances or other obligations under the Facility Documents (the "*Participant Register*"); *provided* that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Facility Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(j) Notwithstanding any other provision set forth in this Agreement, any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including amounts owing to it in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System), provided that no such security interest or the exercise by the secured party of any of its rights thereunder shall

release such Lender from any of its funding obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

Section 13.03. Cooperation in Syndication. (a) The Borrower agrees to use commercially reasonable efforts to assist the Lenders and the Administrative Agent, upon reasonable request, in completing a Syndication. Such assistance may include (i) direct contact between senior management and advisors of the Borrower and the proposed Lenders, (ii) assistance in the preparation of a confidential information memorandum and other marketing materials to be used in connection with the Syndication, (iii) the hosting, with the Lenders and the Administrative Agent, of one or more meetings of prospective Lenders or with the credit rating agencies, (iv) the delivery of appraisals reasonably satisfactory to the Lenders and the Administrative Agent if required, and (v) working with the Lenders and the Administrative Agent to procure a rating for the Advances by the credit rating agencies.

(b) The Lenders and the Administrative Agent shall manage all aspects of any Syndication of the Advances, including decisions as to the selection of institutions to be approached and when they will be approached, when their commitments will be accepted, which institutions will participate, the allocations of the commitments among the Lenders and the amount and distribution of fees among the Lenders. To assist the Lenders and the Administrative Agent in their Syndication efforts, the Borrower agrees promptly to prepare and provide to the Lenders and the Administrative Agent all information with respect to the Borrower, the Parent, the Sponsor, each Seller and the Servicer contemplated hereby, including all financial information and projections (the "*Projections*"), as the Lenders and the Administrative Agent may reasonably request in connection with the Syndication of the Advances. The Borrower hereby represents and covenants that (i) all information other than the Projections (the "*Information*") that has been or will be made available to the Lenders and the Administrative Agent by the Borrower or any of their representatives is or will be, when furnished, complete and correct in all material respects and does not or will not, when furnished, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not materially misleading in light of the circumstances under which such statements are made and (ii) the Projections that have been or will be made available to the Lenders and the Administrative Agent by the Borrower or any of its representatives have been or will be prepared in good faith based upon reasonable assumptions. The Borrower understands that in arranging and syndicating the Advances, the Administrative Agent, the Lenders and, if applicable, the credit rating agencies, may use and rely on the Information and Projections without independent verification thereof.

(c) If required in connection with the Syndication, the Borrower hereby agrees to:

(i) deliver updated financial and operating statements and other information reasonably required by the Lenders and the Administrative Agent to facilitate the Syndication;

(ii) deliver reliance letters reasonably satisfactory to the Lenders and the Administrative Agent with respect to any environmental assessments and reports delivered to the Lenders and the Administrative Agent, which will run to the Lender and their respective successors and assigns;

(iii) execute modifications to the Facility Documents required by the Lenders, provided that such modification will not change any material or economic terms of the Facility Documents, or otherwise materially increase the obligations or materially decrease the rights of the Borrower pursuant to the Facility Documents; and

(iv) if the Lenders and the Administrative Agent elect, in their respective individual sole discretion, prior to or upon a Syndication, to split the Advances into two or more parts, or any note into multiple component notes or tranches which may have different interest rates, principal amounts, payment priorities and maturities, the Borrower agrees to cooperate with Lenders and the Administrative Agent, at no cost or expense to the Borrower, in connection with the foregoing and to execute the required modifications and amendments to any note, this Agreement and the other Facility Documents and to provide opinions necessary to effectuate the same. Such notes or components may be assigned different interest rates, so long as (x) with respect to Class A Advances, the weighted average of such interest rates does not exceed the Class A Interest and (y) with respect to Class B Advances, the weighted average of such interest rates does not exceed the Class B Interest, in each case, without giving effect to any deviation attributable to the imposition of any Post-Default Rate or prepayments pursuant to Section 2.06 hereof and without the prior consent of the Borrower and the Administrative Agent.

[Signature Pages to Follow]

In Witness Whereof, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

Sezzle Funding SPE II, LLC, as Borrower

By:
Name:
Title:

[Signature Page Revolving Credit and Security Agreement]

Goldman Sachs Bank USA, as Administrative Agent and Class A Lender

By:
Name:
Title:

Bastion Consumer Funding II LLC, as Class B Lender

By:
Name:
Title:

Schedule 1-A

Lenders – percentage

Lender	Percentage	Committed Facility Amount	Incremental Amount
Goldman Sachs Bank USA	77.78%	$97,220,000	$97,220,000
Bastion Consumer Funding II LLC	22.22%	$27,780,000	$27,780,000
Aggregate Percentage:	100%	$125,000,000	$125,000,000

Schedule 1-B

Lenders – Class Percentages

Class A Lender	Percentage of Class A Advances	Class A Committed Facility Amount	Class A Incremental Amount
Goldman Sachs Bank USA	100%	$97,220,000	$97,220,000
Total:	100%	$97,220,000	$97,220,000

Class B Lender	Percentage of Class B Advances	Class B Committed Facility Amount	Class B Incremental Amount
Bastion Consumer Funding II LLC	100%	$27,780,000	$27,780,000
Total:	100%	$27,780,000	$27,780,000

Schedule 2

Collateral Receivable

As used in this Agreement, "*Collateral Receivable*" means a Receivable that at all times satisfies each of the following conditions, unless such condition is expressly waived by the Administrative Agent in writing:

(a) such Receivable was originated during the period beginning on January 1, 2021 and ending on the Scheduled Reinvestment Period Termination Date;

(b) such Receivable is serviced by the Servicer under the Servicing Agreement or by the Backup Servicer under the Backup Servicing Agreement;

(c) the applicable Seller, the Borrower and the Servicer have, and had at the time such Receivable was originated, purchased or serviced, as applicable, all material licenses and other governmental approvals required for the origination, purchase or servicing, as applicable, of such Receivable;

(d) the collection and servicing practices used since the origination of such Receivable have been (i) legal and customary in the consumer retail installment financing and servicing industry, and (ii) in accordance with the terms of such Receivable;

(e) by the related Purchase Date and on each relevant date thereafter the applicable Seller, the Borrower and the Servicer will have caused the portions of their respective servicing records relating to such Receivable to be clearly and unambiguously marked to show that such Receivable is owned by the Borrower and constitutes part of the Collateral;

(f) (i) such Receivable does not contain any provisions pursuant to which installment payments are paid by any source other than the applicable Obligor, (ii) all Collections relating to such Receivable are required pursuant to the terms of the relevant Contract to be directly deposited into, and are directly deposited into, the Canadian Collection Account or the U.S. Collection Account, as applicable and (iii) such Receivable is subject to a first priority perfected security interest in favor of the Administrative Agent for the benefit of the Secured Parties (subject to Permitted Liens);

(g) such Receivable was originated in, and is subject to the laws of, a jurisdiction under the laws of which the grant of the security interest in such Receivable to the Administrative Agent hereunder is lawful, valid and enforceable;

(h) such Receivable was originated by the applicable Seller in connection with the sale of goods or rendering of services by the related Merchant in the ordinary course of business, such sale of goods or rendering of services has been consummated by the Merchant and the performance of the Contract or other Related Documents with respect to such Receivable have been completed by the applicable Seller, the Merchant and any other parties thereto (other than the payment in full thereof by the related Obligor);

Schedule 2-1

(i) such Receivable was originated by the applicable Seller in the ordinary course of its business (i) in accordance with the Credit Guidelines, and (ii) in accordance with, and serviced in compliance with all requirements of Applicable Laws, including all applicable nondiscrimination, usury, consumer credit laws, disclosure laws, MLA, SCRA, credit reporting laws and equal credit opportunity laws, as applicable to such Receivable;

(j) (i) the applicable Obligor had, as of the corresponding time of origination, the legal capacity to enter into such Receivable and to execute and deliver the Related Documents related to such Receivable, and (ii) such Related Documents are enforceable against the applicable Obligor (except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally or general principles of equity, regardless of whether considered in a proceeding in equity or at law (to the extent not related to inequitable conduct of the Borrower)) and have been duly executed and delivered by the applicable Obligor;

(k) each of the Related Documents related to such Receivable (i) is complete and, if applicable, such Related Documents include all amendments, supplements and modifications thereto and (ii) is in form and substance reasonably satisfactory to the Administrative Agent;

(l) the Servicer and the Backup Servicer are in possession of a copy of the Contract and each other Related Document on behalf of the Administrative Agent and the Lenders and any original version or instrument of the relevant Contract are, or after giving effect to the Borrower's purchase of such Receivable, will be, in the possession of the Backup Servicer if it is not an electronic document;

(m) the Related Documents related to such Receivable do not prohibit (nor require the related Obligor to consent to, or be notified of) the transfer, pledge, sale or assignment of such Receivable and Related Documents or the rights and duties of the applicable Seller, the Borrower or any transferee or assignee thereunder;

(n) such Receivable was sold to the Borrower by the applicable Seller pursuant to the applicable Receivable Purchase Agreement, free and clear of any Lien (other than Permitted Liens), defense, offset, counterclaim, recoupment or other adverse claim, in an arm's length transaction in exchange for payment of an amount which constitutes fair market value, fair consideration and reasonably equivalent value;

(o) (i) at the time such Receivable was sold to the Borrower, the applicable Seller had good and indefeasible title to, and was the sole owner of, such Receivable; and (ii) no Person has a Lien on or other interest in, or a participation in, or other right to receive, proceeds of such Receivable (other than Permitted Liens);

(p) (i) if such Receivable is a U.S. Receivable, such Receivable is denominated and payable in U.S. Dollars and (ii) if such Receivable is a Canadian Receivable, such Receivable is denominated and payable in Canadian Dollars;

Schedule 2-2

(q) such Receivable is an obligation of an Obligor that is an individual who (i) is domiciled in the United States of America or Canada; (ii) is not a business, a corporation, institution or other legal entity; (iii) is not a Governmental Authority, and (iv) is not a Person whose name appears on the "List of Specially Designated Nationals" and "Blocked Persons" maintained by the OFAC;

(r) such Receivable has been fully disbursed and funded (and no obligation for making any future advance to the related Obligor exists or is contemplated with respect to such Receivable);

(s) except in the case of a Zero Down Receivable, the Obligor of such Receivable made the initial scheduled installment payment at the time such Receivable was originated and such payment has cleared;

(t) (i) at the time such Receivable was acquired by the Borrower, it was not defaulted or delinquent and (ii) on and after acquisition by the Borrower, such Receivable is not a Delinquent Collateral Receivable or a Defaulted Collateral Receivable~~;~~

(u) such Receivable was originated by the applicable Seller and sold by such Seller to the Borrower without any fraud or misrepresentation on the part of such Seller or on the part of the related Obligor;

(v) the Obligor of which is not deceased and is not the subject of (i) the filing by or against such Obligor of any proceeding in bankruptcy, receivership, insolvency, reorganization, liquidation, conservatorship or any similar proceeding or the occurrence of any other Insolvency Event or (ii) any assignment by such Obligor for the benefit of creditors**;**

(w) with respect to which, neither the related Merchant nor the applicable Seller is liable to the Obligor for goods sold or services rendered to the Obligor;

(x) (i) except in the case of a Rescheduled Receivable, a Bass Pro Shops 5-month Receivable or a Zero Down Receivable, such Receivable is payable in four (4) equal, interest-free installments payable over a period not to exceed six (6) weeks, (ii) if such Receivable (other than a Bass Pro Shops Receivable or a Zero Down Receivable) is a Rescheduled Receivable, such Receivable is payable in four (4) equal, interest-free installments payable over a period not to exceed eight (8) weeks, and (iii) if such Receivable is a Bass Pro Shops 5-month Receivable, such Receivable is payable in six (6) equal, interest-free installments payable over a period not to exceed five (5) months, with the first such payment made at the time such Receivable is originated, unless such Bass Pro Shops 5-month Receivable is a Rescheduled Receivable, in which case, such Bass Pro Shops 5-month Receivable is payable in six (6) equal, interest-free installments payable over a period not to exceed nine (9) months, with the first such payment made at the time such Receivable is originated, and (iv) if such Receivable is a Zero Down Receivable, such Receivable is payable in four (4) equal, interest-free installments payable over a period not to exceed eight (8) weeks, unless such Zero Down Receivable is a Rescheduled Receivable, in which case, such Zero Down Receivable is payable in four (4) equal, interest-free installments payable over a period not to exceed ten (10) weeks, and in the case of each of

Schedule 2-3

clauses (i) through (iv), such Receivable is otherwise on terms and conditions that are reasonably acceptable to the Administrative Agent;

(y) (i) the Obligor of such Receivable does not reside in a Contingent Jurisdiction, or (ii) if the Obligor of such Receivable resides in a Contingent Jurisdiction, then, (A) for a Receivable related to a Contract originated on or prior to March 15, 2021, neither an Account Reactivation Fee nor a Rescheduling Fee has been charged and neither such fee is permitted to be charged in respect to such related Contract or (B) the Receivable relates to a Contract originated after the date when the Administrative Agent has approved (in writing) Contracts originated in a Contingent Jurisdiction, which approval shall not be unreasonably withheld;

(z) (i) the Obligor of such Receivable does not reside in the Province of Saskatchewan, or (ii) if the Obligor of such Receivable resides in the Province of Saskatchewan, the Borrower has delivered (or shall cause the Canadian Seller to deliver) evidence reasonably acceptable to the Administrative Agent that the Canadian Seller has obtained all Governmental Authorizations or Private Authorizations necessary to originate Receivables in the Province of Saskatchewan;

(aa) such Receivable does not arise from product returns or exchanges with respect to the underlying sale;

(ab) such Receivable is not a Receivable for which the Administrative Agent in its good faith business judgment determines collection to be doubtful;

(ac) such Receivable is not subject to a Regulatory Event;

(ad) the Original Receivable Balance of such Receivable does not exceed $2,500;

(ae) such Receivable and the applicable Related Documents have not been subject to a Material Modification (other than a Rescheduled Receivable) and such Receivable has not otherwise been modified or re-aged except in accordance with the Servicing Guide and with the prior written consent of the Administrative Agent;

(af) all information provided to the Administrative Agent as to such Receivable (including, but not limited to, information relating to the purchase and servicing of such Receivable) is true and correct in all material respects (without duplicating any materiality qualifiers therein);

(ag) no selection procedures were used by the Borrower with respect to such Receivable that are adverse in any material respect to the interests of the Secured Parties;

(ah) each representation and warranty contained in this Agreement with respect to such Receivable shall be true and correct in all material respects (except to the extent any such representation or warranty is already qualified by materiality, in which case such representation and warranty shall be true and correct in all respects);

Schedule 2-4

(ai) if such Receivable is a (i) U.S. Receivable, it constitutes an "account", "payment intangible", "instrument" or proceeds thereof within the meaning of the UCC, or (ii) Canadian Receivable, it constitutes an "account" within the meaning of the PPSA, in each case of (i) and (ii), does not constitute "electronic chattel paper" or "chattel paper" within the meaning of the UCC or PPSA, as applicable;

(aj) (ii) with respect to which the Borrower has a valid and binding ownership interest in such Receivable its entirety (and not a fractional interest in such Receivable);

(ak) such Receivable was originated without discrimination against the applicable Obligor based upon race, color, religion, national origin, sex, marital status, age (other than confirming such Obligor was not a minor);

(al) if a FICO Score was obtained for the relevant Obligor, the Obligor of which had a FICO Score obtained at the time of origination thereof of at least the minimum FICO Score required pursuant to the Credit Guidelines; and

(am) the purchase of such Receivable by the Borrower would not cause the number of Contracts related to the Receivables sold to the Borrower on a given day (or other interval) for which a FICO Score was obtained with respect to the relevant Obligor to be less than five percent (5%) of the aggregate number of Contracts related to the Receivables sold to the Borrower on such day (or for such other interval);

provided, that any Collateral Receivable shall only consist of those Receivables which have been fully earned**.**

Schedule 3

Notice Information

If to the Administrative Agent or any Lender:	Goldman Sachs Bank USA 200 West Street New York, NY 10282 Attention: Mortgage Trading/Warehouse Lending and IBD Structured Finance Group Telephone No.: (212) 902-0974 Email: gs-sf-consumer-ny@gs.com, gs-asset-financing@gs.com and gs-consumer-am@gs.com
with copies (which shall not constitute notice) to:	Goldman Sachs Warehouse Lending 2001 Ross Avenue, Suite 2800 Dallas, TX 75201 Attention: Jeff Hartwick, Peter McGrane and Mohamad Kaafarani Telephone No.: (972) 368-2952, (972) 368-2256 and (972) 368-2064 Email: jeff.hartwick@gs.com, peter.mcgrane@gs.com and mohamad.kaafarani@gs.com
If to the Borrower:	Sezzle Funding SPE II, LLC 251 1st Avenue North, Suite 200 Minneapolis, MN 55401 Attention: Karen Hartje Telephone No: 651.442.0363 Email: karen.hartje@sezzle.com

Schedule 4

Account Details

Schedule 4-1

Schedule 5

Credit Guidelines

Schedule 5-1

Schedule 6

Servicing Guide

Schedule 6-1

Schedule 7

Data Tape Information

Schedule 7-1

Schedule 8

Form of Biweekly Report

Schedule 8-1

Schedule 9

Competitors

Schedule 9-1

Schedule 10

Post-Closing Compliance Requirements

(1) The Sponsor shall have revised its Unfair Deceptive or Abusive Acts or Practices (*"UDAAP"*) policy to (i) provide an explanation of how each element thereof actually works in practice, (ii) provide examples thereof relevant to the Sponsor's products and services, (iii) describe how the Sponsor ensures compliance with such UDAAP policy and (iv) discuss whether and how the Sponsor analyzes consumer complaints for potential UDAAPs;

(2) The Sponsor shall have reviewed its Truth in Lending Act (*"TILA"*) disclosures (e.g., disclosure of creditor, narrative format of payment schedule and undefined purchase amount) in respect of its Contracts offered to Obligors in respect of Receivables payable in six (6) equal, interest-free installments (including Bass Pro Shops Receivables) in consultation with legal counsel and shall have made revisions to such disclosures as such counsel may recommend to ensure compliance with TILA;

(3) The Sponsor shall have developed and implemented a refund policy that describes its processes for effectuating refunds to Obligors by Merchants both in the U.S. and Canada;

(4) The Sponsor shall have conducted a review of applicable state-specific disclosures required to be included in a Contract (at minimum (i) for all jurisdictions in which the Sponsor is licensed and (ii) with respect to Contracts offered to Obligors in respect of Receivables payable in six (6) equal, interest-free installments (including Bass Pro Shops Receivables), in states that have adopted the Uniform Consumer Credit Code) and implement any required changes;

(5) The Sponsor shall have memorialized in writing its existing onboarding and oversight processes for Merchants in a comprehensive "Merchant Policy", that provides for, among other things, the scope of onboarding reviews of Merchants, review of Merchant eligibility per the Sponsor's "Authorized Use Policy", the training of Merchant analysts, Merchant escalations, on-going oversight activities conducted, and off-boarding or termination of Merchants;

(6) The Sponsor shall have developed and implemented a complaint policy that details its handling of Obligor complaints, including review of Obligor complaints, disposition, and trending / root cause analysis;

(7) The Sponsor shall have implemented change management policies and procedures;

(8) The Sponsor shall have revised its "Hardship Policy" to state that fees will not be charged in the Province of Quebec;

(9) The Sponsor shall have revised its "Data Privacy Policy" to describe what information the Sponsor receives from and provides to Merchants, and how such information may be processed by each of the Sponsor and such Merchants and the Sponsor shall have

Schedule 10-1

included provisions in each of the Sponsor's agreements with such Merchants that restricts the use of such information by such Merchants solely to the purpose for such disclosure; and

(10) The Sponsor shall have revised its "Data Privacy Policy" to fully describe what personal information in respect of any Obligor the Sponsor collects, how that information may be used and disclosed, and any options the user of such information may have, with particular consideration to the Sponsor's practices with respect to fraud prevention and data sharing with Merchants. Any instances where the Sponsor's "Data Privacy Policy" does not reflect its actual practices (e.g., statements that the Sponsor may draw on bank accounts absent a pre-authorized debit agreement), shall have been aligned with actual practice.

(11) The Sponsor shall have revised the "Initial Statement" in respect of each Contract for a Canadian Receivable to disclose the "Outstanding Balance" and "Loan Amount" instead of the "Payment Schedule" referred to therein and the Administrative Agent shall have received a form of e-mail communication sent to Obligors containing their Contract for such Canadian Receivables, each in form and substance reasonably satisfactory to the Administrative Agent.

Schedule 10-2

Exhibit 10.7

Amendment No. 2 to Revolving Credit and Security Agreement

This Amendment No. 2 to Revolving Credit and Security Agreement (this "*Agreement*") is entered into as of October 15, 2021 by and among Sezzle Funding SPE II, LLC, a Delaware limited liability company, as borrower (the *"Borrower"*), the Lenders party hereto and Goldman Sachs Bank USA, as administrative agent for the Secured Parties (in such capacity, together with its successors and assigns, the "*Administrative Agent*").

Recitals

Whereas, the Borrower has entered into that certain Revolving Credit and Security Agreement, dated as of February 10, 2021, by and among the Borrower, the Administrative Agent and the lenders party thereto from time to time (the *"Lenders"*) (as amended, restated, supplemented or otherwise modified from time to time, the *"Credit Agreement"*); and

Whereas, in accordance with the terms of the Credit Agreement, the Borrower has requested, and the Administrative Agent and the Required Lenders have agreed to, modify certain provisions of the Credit Agreement, upon the terms and subject to the conditions set forth herein.

Now, Therefore, in consideration of the mutual covenants set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

Agreement

1. *Defined Terms.* Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Credit Agreement.

2. *Amendment to the Credit Agreement.* Upon satisfaction of the conditions set forth in Section 3 hereof, the Borrower, the Administrative Agent and the Required Lenders, agree that the Credit Agreement is hereby amended by incorporating the changes shown on the marked copy of the Credit Agreement attached hereto as Exhibit A (it being understood that language which appears "~~struck out~~" has been deleted and language which appears as "double-underlined" has been added).

3. *Conditions Precedent.* The effectiveness of this Agreement is subject to the receipt by the Administrative Agent of the following, each in form and substance acceptable to the Administrative Agent:

(a) this Agreement duly executed and delivered by the parties hereto; and

(b) evidence that the accrued reasonable and documented fees and expenses of Chapman and Cutler LLP, counsel to the Administrative Agent and the Initial Class A Lender in connection with the transactions contemplated hereby, shall have been paid by the Borrower.

4. *Representations and Warranties of Borrower*. The Borrower hereby represents and warrants to the Administrative Agent and each Lender that:

(a) the representations and warranties of Borrower contained in the Credit Agreement are true and correct in all material respects (except in the case of any representation and warranty qualified by materiality or Material Adverse Effect, which is true and correct in all respects) as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all material respects

(except in the case of any representation and warranty qualified by materiality or Material Adverse Effect, which is true and correct in all respects) as of such earlier date;

(b) no Unmatured Event of Default, Event of Default or Accelerated Amortization Event has occurred and is continuing;

(c) the Borrower has all requisite power and authority and all requisite governmental licenses, permits, authorizations, consents and approvals to execute, deliver and perform its obligations under this Agreement and the Facility Documents as amended hereby;

(d) no approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Borrower of this Agreement; and

(e) this Agreement has been duly executed and delivered by the Borrower and constitutes a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

5. *Effect on the Credit Agreement and Ratification*. (a) Except as expressly set forth herein, nothing contained herein shall be deemed to constitute a waiver of compliance with any term or condition contained in the Credit Agreement or any of the other Facility Documents or constitute a course of conduct or dealing among the parties. Except as expressly set forth herein, the Administrative Agent and the Lenders reserve all rights, privileges and remedies under the Facility Documents. The consents and waivers contained herein do not and shall not create (nor shall the Borrower rely upon the existence of or claim or assert that there exists) any obligation of the Administrative Agent or the Lenders to consider or agree to any further amendment or any waiver or consent and, in the event the Administrative Agent or the Lenders subsequently agree to consider any further amendments or any waiver or consent, neither the consents or waivers contained herein nor any other conduct of the Administrative Agent or the Lenders shall be of any force or effect on the Administrative Agent's or the Lenders' consideration or decision with respect to any such requested waiver, consent or amendment and neither the Administrative Agent nor any Lender shall have any further obligation whatsoever to consider or agree to further waiver or consent or any amendment or other agreement. The Credit Agreement, as hereby amended, and all other Facility Documents are hereby ratified and re-affirmed in all respects and shall remain unmodified and in full force and effect. All references in the Facility Documents to the Credit Agreement shall be deemed to be references to the Credit Agreement as modified hereby. This Agreement shall constitute a Facility Document.

(b) The relationship of the Administrative Agent and the Lenders, on the one hand, and the Borrower, on the other hand, has been and shall continue to be, at all times, that of creditor and debtor and not as joint venturers or partners. Nothing contained in this Agreement, any instrument, document or agreement delivered in connection herewith or in the Credit Agreement or any of the other Facility Documents shall be deemed or construed to create a fiduciary relationship between or among the parties.

6. *No Novation.* This Agreement is not intended by the parties to be, and shall not be construed to be, a novation of the Credit Agreement or any other Facility Document or an accord and satisfaction in regard thereto.

7. *Successors and Assigns.* The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted

assigns; *provided* that the Borrower may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of the Administrative Agent.

8. *Headings*. The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

9. *Incorporation of Credit Agreement.* The provisions contained in Section 12.05 (Execution in Counterparts), Section 12.07 (Governing Law), Section 12.08 (Severability of Provisions), Section 12.12 (Submission to Jurisdiction; Waivers; Etc.) and Section 12.13 (Waiver of Jury Trial) of the Credit Agreement are incorporated herein by this reference, *mutatis mutandis*.

remainder of page intentionally blank; signatures follow.

In Witness Whereof, the parties have caused this Agreement to be duly executed and delivered by its duly authorized officer as of the day and year first above written.

Sezzle Funding SPE II, LLC, as Borrower

By: /s/ Karen Hartje
Name: Karen Hartje
Title: CFO

Goldman Sachs Bank USA,
as Administrative Agent and Class A Lender

By: /s/ Jeff Hartwick
Name: Jeff Hartwick
Title: Authorized Signatory

Exhibit A

Marked Credit Agreement

(See attached)

Revolving Credit and Security Agreement

among

Sezzle Funding SPE II, LLC,
as Borrower,

the Lenders from time to time parties hereto,

and

Goldman Sachs Bank USA,
as Administrative Agent

Dated as of February 10, 2021

Table of Contents

Section Heading Page

Schedules

Exhibits

Revolving Credit and Security Agreement

Revolving Credit and Security Agreement, dated as of February 10, 2021 among Sezzle Funding SPE II, LLC, a Delaware limited liability company, as borrower (together with its permitted successors and assigns, the *"Borrower"*), the Lenders from time to time party hereto, and Goldman Sachs Bank USA, as administrative agent for the Secured Parties (as hereinafter defined) (in such capacity, together with its successors and assigns, the *"Administrative Agent"*).

Recitals

Whereas, the Borrower desires that the Lenders make advances on a revolving basis to the Borrower on the terms and subject to the conditions set forth in this Agreement; and

Whereas, each Lender may make such advances to the Borrower on the terms and subject to the conditions set forth in this Agreement.

Now, Therefore, in consideration of the premises and of the mutual covenants herein contained, the parties hereto agree as follows:

Article I

Definitions; Rules of Construction; Computations

Section 1.01. Definitions. As used in this Agreement, the following terms shall have the meanings indicated:

"Accelerated Amortization Event" means, as of any date of determination, the occurrence of any of the following:

(a) the Principal Loss Ratio shall be greater than 5.00%;

(b) as to any Vintage, the Vintage Default Ratio shall be greater than 4.00%;

(c) an Unmatured Event of Default or an Event of Default; *provided, however*, that if such Unmatured Event of Default or an Event of Default is cured within the applicable time period or an Event of Default is waived, the related Accelerated Amortization Event shall cease to exist;

(d) the Servicing Agreement or the Backup Servicing Agreement expires or is otherwise terminated; *provided*, *however*, that if a successor Servicing Agreement or a successor Backup Servicing Agreement, as applicable, reasonably acceptable to the Administrative Agent is entered into ~~within thirty (30) days~~ following the date of such termination, the related Accelerated Amortization Event shall cease to exist; or

(e) ~~a Regulatory Event that causes a Material Adverse Effect on the Sponsor, the Parent, the Borrower, the Servicer, any Seller or the Collateral.~~

Notwithstanding anything in the foregoing to the contrary, any Accelerated Amortization Events caused by the occurrence of any of the events set forth in clauses (a) or (b) above

shall cease to exist if, such clauses (a) or (b), as applicable, are satisfied and cured for four (4) consecutive Collection Periods as of the relevant Reporting Date occurring after such Accelerated Amortization Event as evidenced in Biweekly Reports.

"Account Reactivation Fee" means, with respect to any Receivable, a fee imposed by the Servicer as a result of an installment payment that is past due, including, but not limited to, a fee denominated as an Account Reactivation Fee in the Related Documents.

"Adjusted Benchmark Rate" means, for any Interest Accrual Period, an interest rate *per annum* equal to a fraction, expressed as a percentage, (a) the numerator of which is equal to the Benchmark for such Interest Accrual Period and (b) the denominator of which is equal to 100% *minus* the Applicable Reserve Percentage for such Interest Accrual Period.

"Administrative Agent" has the meaning specified in the introduction to this Agreement.

"Administrative Agent Fee Letter" means that certain Administrative Agent Fee Letter dated as of the Closing Date, by and among the Borrower, the Sponsor, the Administrative Agent and the Initial Class A Lender.

"*Advance*" shall have the meaning specified in Section 2.01.

"Affected Financial Institution" means (a) any EEA Financial Institution or (b) any UK Financial Institution.

"Affected Person" means (a) each Lender and each of its Affiliates, and (b) any assignee or participant of any Lender.

"Affiliate" means, in respect of a referenced Person, another Person Controlling, Controlled by or under common Control with such referenced Person.

"*Affiliate Fees*" means fees received from affiliate partners based on lead generation.

"Aggregate Receivable Balance" means, when used with respect to all or a portion of the Collateral Receivables, the sum of the Receivable Balances of all or of such portion of such Collateral Receivables, as applicable.

"Agreement" means this Revolving Credit and Security Agreement.

"Applicable Law" means any Law of any Governmental Authority, including all federal, state, provincial, territorial or local laws and of other local regulatory authorities, to which the Person in question is subject or by which it or any of its assets or properties are bound.

"Applicable Margin" means, (a) with respect to Class A Advances, 3.375% and (b) with respect to Class B Advances, 10.689%.

"Applicable Reserve Percentage" means, for any period, the percentage, if any, applicable during such period (or, if more than one such percentage shall be so applicable, the daily average of such percentages for those days in such period during which any such

percentage shall be so applicable) under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including any basic, emergency, supplemental, marginal or other reserve requirements) with respect to liabilities or assets consisting of or including Eurocurrency Liabilities having a term of three months.

"*Asset Balance Disbursed*" means, as of any date, with respect to each Collateral Receivable, (a) the applicable amount actually disbursed by the Sponsor to the Merchant with respect to such Collateral Receivable *minus* (b) any other amounts received by the Sponsor from the Merchant or otherwise in connection with such Collateral Receivable on the date such Collateral Receivable was originated.

"Assigning Lender" has the meaning specified in Section 13.02(a).

"Assignment and Acceptance" means an Assignment and Acceptance in substantially the form of Exhibit C hereto, entered into by a Lender, an assignee and the Administrative Agent and, if applicable, the Borrower.

"Available Receivable Balance" means, with respect to any Collateral Receivable, (a) the Receivable Balance of such Collateral Receivable *less* (b) the Excess Concentration Amount, if any, in respect of such Collateral Receivable.

"Available Tenor" means, as of any date of determination and with respect to the then-current Benchmark, as applicable, any tenor for such Benchmark or payment period for interest calculated with reference to such Benchmark, as applicable, that is or may be used for determining the length of an Interest Accrual Period pursuant to this Agreement as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of "Interest Accrual Period" pursuant to clause (d) of Section 2.12.

"Backup Servicer" means Carmel Solutions, or such other qualified servicer approved by the Administrative Agent in writing, all in accordance with the terms, provisions and conditions of the Backup Servicing Agreement.

"Backup Servicer Certificate" means a certificate, in form and substance acceptable to the Administrative Agent, delivered by the Backup Servicer to the Borrower, the Servicer and the Administrative Agent in compliance with the terms and provisions of the Backup Servicing Agreement.

"Backup Servicer Event of Default" means (a) an event of default under the Backup Servicing Agreement or (b) ~~a Regulatory Event that causes a Material Adverse Effect on the Backup Servicer~~.

"Backup Servicing Agreement" means the Backup Servicing Agreement, by and between the Borrower, the Administrative Agent, the Servicer and the Backup Servicer, or any replacement backup servicing agreement reasonably acceptable to the Administrative Agent.

"Bail-In Action" means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

"Bail-In Legislation" means (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

"Bankruptcy Code" means Title XI of the United States Code.

"Base Rate" means, on any date of determination, a fluctuating interest rate *per annum* equal to the higher of (a) the Federal Funds Rate plus 0.50% and (b) the Prime Rate. Interest calculated pursuant to clause (a) above will be determined based on a year of 365 days or 366 days, as applicable, and the actual days elapsed. Interest calculated pursuant to clause (b) above will be determined based on a year of 360 days and the actual days elapsed.

"Bass Pro Shops" means BPS Direct, LLC doing business as Bass Pro Shops.

"Bass Pro Shops 5-month Receivable" means a Bass Pro Shops Receivable that is payable in six (6) equal, interest-free installments over a period not to exceed five (5) months, with the first such payment made at the time such Receivable is originated, unless such Receivable is a Rescheduled Receivable, in which case, such Receivable is payable in six (6) equal, interest-free installments payable over a period not to exceed nine (9) months, with the first such payment made at the time such Receivable is originated.

"Bass Pro Shops Receivable" means a Collateral Receivable in respect of which Bass Pro Shops is the related Merchant.

"Benchmark" means, initially, the LIBOR Rate; provided that if a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date have occurred with respect to the LIBOR Rate or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to clause (a) of Section 2.12.

"Benchmark Disruption Event" means the occurrence of any of the following: (a) any Lender shall have notified the Administrative Agent of a determination by such Lender or any of its assignees or participants that it would be contrary to law or to the directive of any central bank or other governmental authority (whether or not having the force of law) to obtain U.S. Dollars in the London interbank market to fund any Advance, (b) any Lender shall have notified the Administrative Agent of the inability, for any reason, of such Lender or any of its assignees or participants to determine the Adjusted Benchmark Rate, (c) any Lender shall have notified the Administrative Agent of a determination by such Lender or any of its assignees or participants that the rate at which deposits of U.S. Dollars are being offered to such Lender or any of its assignees or participants in the

London interbank market does not accurately reflect the cost to such Lender, such assignee or such participant of making, funding or maintaining any Advance,

or (d) any Lender shall have notified the Administrative Agent of the inability of such Lender or any of its assignees or participants to obtain U.S. Dollars in the London interbank market to make, fund or maintain any Advance; *provided, however*, that a Benchmark Disruption Event shall not cover or be triggered by a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date with respect to the LIBOR Rate or the then-current Benchmark.

"Benchmark Replacement" means, for any Available Tenor, the first alternative set forth in the order below that can be determined by the Administrative Agent for the applicable Benchmark Replacement Date:

(1) the sum of: (a) Term SOFR and (b) the related Benchmark Replacement Adjustment;

(2) the sum of: (a) Daily Simple SOFR and (b) the related Benchmark Replacement Adjustment;

(3) the sum of: (a) the alternate benchmark rate that has been selected by the Administrative Agent and the Borrower as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement for the then-current Benchmark for U.S. dollar-denominated syndicated or bilateral credit facilities at such time and (b) the related Benchmark Replacement Adjustment;

provided that, in the case of clause (1), such Unadjusted Benchmark Replacement is displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion. If the Benchmark Replacement as determined pursuant to clause (1), (2) or (3) above would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Facility Documents.

"Benchmark Replacement Adjustment" means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement for any applicable Interest Accrual Period and Available Tenor for any setting of such Unadjusted Benchmark Replacement:

(1) for purposes of clauses (1) and (2) of the definition of "Benchmark Replacement," the first alternative set forth in the order below that can be determined by the Administrative Agent:

(a) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) as of the Reference Time such Benchmark Replacement is first set for such Interest Accrual Period that has been selected or recommended by the Relevant Governmental Body for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for the applicable Corresponding Tenor;

(b) the spread adjustment (which may be a positive or negative value or zero) as of the Reference Time such Benchmark Replacement is first set for such Interest Accrual Period that would apply to the fallback rate for a derivative transaction referencing the ISDA Definitions to be effective upon an index

cessation event with respect to such Benchmark for the applicable Corresponding Tenor; and

(2) for purposes of clause (3) of the definition of "Benchmark Replacement," the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Administrative Agent and the Borrower for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body on the applicable Benchmark Replacement Date or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated syndicated or bilateral credit facilities at such time;

provided that, in the case of clause (1) above, such adjustment is displayed on a screen or other information service that publishes such Benchmark Replacement Adjustment from time to time as selected by the Administrative Agent in its reasonable discretion.

"Benchmark Replacement Conforming Changes" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Business Day," the definition of "Interest Accrual Period," timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, length of lookback periods, the applicability of breakage provisions, and other technical, administrative or operational matters) that the Administrative Agent decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of such Benchmark Replacement exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Facility Documents.

"Benchmark Replacement Date" means the earliest to occur of the following events with respect to the then-current Benchmark:

(1) in the case of clause (1) or (2) of the definition of "Benchmark Transition Event," the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof);

(2) in the case of clause (3) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information referenced therein; or

(3) in the case of an Early Opt-in Election, the sixth (6th) Business Day after the date notice of such Early Opt-in Election is provided to Borrower, so long as the Administrative Agent has not received,

by 5:00 p.m. on the fifth (5th) Business Day after the date notice of such Early Opt-in Election is provided to Borrower, written notice of objection to such Early Opt-in Election from Borrower.

For the avoidance of doubt, (i) if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination and (ii) the "Benchmark Replacement Date" will be deemed to have occurred in the case of clause (1) or (2) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Transition Event" means the occurrence of one or more of the following events with respect to the then-current Benchmark:

(1) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(2) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Federal Reserve Board, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are no longer representative.

For the avoidance of doubt, a "Benchmark Transition Event" will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Unavailability Period" means the period (if any) (x) beginning at the time that a Benchmark Replacement Date pursuant to clauses (1) or (2) of that definition has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Facility Document in accordance with Section 2.12 and (y) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Facility Document in accordance with Section 2.12.

"Beneficial Ownership Certification" means a certification regarding beneficial ownership required by the Beneficial Ownership Regulation.

"Beneficial Ownership Regulation" means 31 C.F.R. § 1010.230.

"Benefit Plan" means any of (a) an "employee benefit plan" (as defined in ERISA) that is subject to Title I of ERISA, (b) a "plan" as defined in and subject to Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such "employee benefit plan" or "plan".

"BHC Act Affiliate" of a party means an "affiliate" (as such term is defined under and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

"Biweekly Master File" means a detailed master file containing the information necessary for the Backup Servicer to verify the information with respect to the Receivables set forth in the Backup Servicing Agreement in computer readable format reasonably acceptable to the Backup Servicer and the Administrative Agent.

"Biweekly Report" has the meaning specified in Section 5.01(g).

"Borrower" has the meaning specified in the introduction to this Agreement.

"Borrower Information" means the non-public or proprietary information provided hereunder by the Borrower with respect to the Borrower, the Parent, the Sponsor, their respective Affiliates or any other non-public information relating to the foregoing furnished to any Secured Party pursuant to this Agreement or any other Facility Document. Notwithstanding the foregoing, the term "Borrower Information" shall not include any information which (a) is or becomes generally available to the public other than as a result of a breach of Section 12.09, (b) becomes available to the Administrative Agent, or any Lender or any of their respective Affiliates on a nonconfidential basis from a source other than the Borrower or (c) was available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by the Borrower hereunder.

"Borrower LLC Agreement" means that certain Amended and Restated Limited Liability Company Agreement of the Borrower, dated as of the Closing Date, by and between the Parent, as sole member, and Ricardo Orozco, as Independent Manager.

"Borrowing" has the meaning specified in Section 2.01.

"Borrowing Base" means the sum of the Class A Borrowing Base and the Class B Borrowing Base.

"Borrowing Date" means the date of a Borrowing.

"Business Day" means any day other than (a) a Saturday or Sunday, (b) the days on which banks are authorized or required to close in New York, New York, Minneapolis, Minnesota or Toronto, Ontario, or a legal or federal holiday and (c) if the applicable Business Day relates to the advance or continuation of, or conversion into, or payment of an Advance bearing interest at the Benchmark or the determination of the Benchmark, the days on which banks dealing in U.S. Dollar deposits in the interbank market in London, England, Wilmington, Delaware or New York, New York are authorized or required to be closed.

"CAD FX Rate" shall mean, for each date of determination, the closing spot rate for converting Canadian Dollars to U.S. Dollars as published on Reuters or Bloomberg (or such other source acceptable to the Administrative Agent) for the date prior to such date of determination.

"Canadian Cash Transfer Event" means, (a) the expiration of the Reinvestment Period, (b) the occurrence and continuation of any Accelerated Amortization Event, Unmatured Event of Default or Event of Default or (c) as of any date of determination, the amounts on deposit in the U.S. Collection Account shall be (i) less than the U.S. Collection Account Required Amount or (ii) insufficient to pay all amounts then due and owing pursuant to Sections 9.01(i) through 9.01(vii) as of the immediately preceding Payment Date.

"Canadian Collection Account" means the account established at the Canadian Collection Account Bank in the name of the Borrower, which account has been designated as the Canadian Collection Account and which shall at all times be the subject of a Canadian Collection Account Control Agreement.

"Canadian Collection Account Bank" means (a) Bank of Montreal or (b) another Qualified Institution reasonably acceptable to the Administrative Agent.

"Canadian Collection Account Control Agreement" means each agreement in form reasonably acceptable to the Administrative Agent among the Borrower, the Administrative Agent and the Canadian Collection Account Bank over the Canadian Collection Account or such other account as may be applicable from time to time, in each case pursuant to which the Administrative Agent has the right to take dominion and control of the Canadian Collection Account upon the occurrence of an Event of Default.

"Canadian Dollars" means lawful money of Canada.

"Canadian Receivable" means each Receivable sold to the Borrower by the Canadian Seller pursuant to the terms and subject to the conditions set forth in the Canadian Receivable Purchase Agreement.

"Canadian Receivable Purchase Agreement" means (a) the Canadian Receivable Purchase Agreement, by and among the Canadian Seller, the Borrower and the Administrative Agent, in form and substance acceptable to the Administrative Agent or (b) such other receivable purchase agreement among the Canadian Seller, the Borrower and the Administrative Agent, that is in form and substance satisfactory to the Administrative Agent.

"Canadian Seller" means Sezzle Canada Corp., a company formed under the laws of the Province of Nova Scotia.

"Change of Control" means, at any time, the occurrence of one or more of the following events: (a) other than a Permitted Holder, any Person or group (within the meaning of the Securities and Exchange Act of 1934 and the rules of the Securities and Exchange Commission thereunder, as in effect on the date hereof), shall acquire ownership, directly or indirectly, beneficially or of record of the Equity Interests of the Sponsor representing more than 35% of the

aggregate ordinary voting power represented by the issued and outstanding Equity Interests of the Sponsor, (b) individuals who as of the Closing Date constitute the board of directors of the Sponsor cease for any reason to constitute a majority of the board of directors of or Control (in their capacity as directors) the Sponsor at any time, (c) the Sponsor fails to directly own, legally and beneficially, 100% of the Equity Interests of the Parent at any time, (d) the Sponsor ceases to have the power or authority to Control or direct the management and policies of the Parent at any time, (e) the Parent fails to directly own, legally and beneficially, 100% of the Equity Interests of the Borrower at any time or (f) the Parent ceases to have the power or authority to Control or direct the management and policies of the Borrower at any time.

"Class A Advance" has the meaning specified in Section 2.01.

"Class A Advance Rate" means, as of any date of determination, (a) if the Weighted Average FICO Score of all Collateral Receivables for which a FICO Score has been obtained around the time the Receivable was originated is greater than or equal to 580 on such date, 70% and (b) if the Weighted Average FICO Score of all Collateral Receivables for which a FICO Score has been obtained around the time the Receivable was originated is less than 580 on such date, 65%.

"Class A Borrowing Base" means, as of any date of determination, with respect to all Collateral Receivables, the sum of the Class A Borrowing Base Amounts of all such Collateral Receivables.

"Class A Borrowing Base Amount" means, as of any date of determination, with respect to each Collateral Receivable, the lesser of (a) the product of (i) the Class A Advance Rate and (ii) the Available Receivable Balance as of such date of such Collateral Receivable and (b) the product of (i) the Class A Advance Rate, (ii) the Available Receivable Balance as of such date of such Collateral Receivable and (iii) the Disbursed Percentage.

"Class A Committed Facility Amount" means (a) on or prior to the Termination Date, $97,220,000 and (b) following the Termination Date, the outstanding principal balance of all the Class A Committed Advances.

"Class A Committed Advance" has the meaning specified in Section 2.01.

"Class A Incremental Advance" has the meaning specified in Section 2.01.

"Class A Incremental Amount" means $97,220,000.

"Class A Interest" means, for each day during an Interest Accrual Period and each outstanding Class A Advance on such day, the sum of the products (for each day during such Interest Accrual Period) of:

$$IR \times P \times 1/D$$

where:

IR = the Interest Rate for such Class A Advance on such day;

P = the principal amount of such Class A Advance on such day; and

D = 360.

"Class A Lender" means each Person listed on Schedule 1-B, a Class A Lender and any other Person that shall have become a party hereto as a Class A Lender in accordance with the terms hereof, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Acceptance.

"Class A Maximum Advance Rate Test" means a test that will be satisfied at any time if (a) the aggregate outstanding principal balance of the Class A Advances is less than or equal to (b) the Class A Maximum Available Amount at such time.

"Class A Maximum Available Amount" means, at any time, the lesser of:

(a) the Class A Program Limit; and

(b) the Class A Borrowing Base at such time.

For the avoidance of any doubt, on any Borrowing Date the amount of any Borrowings hereunder against the Class A Maximum Available Amount shall be subject to the satisfaction of the conditions precedent set forth in Section 3.02(b).

"Class A Maximum Committed Advance Rate Test" means a test that will be satisfied at any time if (a) the aggregate outstanding principal balance of the Class A Committed Advances is less than or equal to (b) the Class A Maximum Committed Available Amount at such time.

"Class A Maximum Committed Available Amount" means, at any time, the lesser of:

(a) the Class A Committed Facility Amount; and

(b) the Class A Borrowing Base at such time.

For the avoidance of any doubt, on any Borrowing Date the amount of any Borrowings hereunder against the Class A Maximum Committed Available Amount shall be subject to the satisfaction of the conditions precedent set forth in Section 3.02(b).

"Class A Obligations" means all Obligations owed to the Class A Lenders.

"Class A Program Limit" means the Class A Committed Facility Amount *plus* the Class A Incremental Amount.

"Class A Unused Fee" means, for each Interest Accrual Period that occurs during the Reinvestment Period, the product of (a) the Class A Unused Premium, (b) the greater of (i) zero and (ii) the excess of (A) the average of the Class A Committed Facility Amount during such Interest Accrual Period over (B) the average outstanding principal amount of all of the Class A Advances during such Interest Accrual Period, and (c) a fraction, the numerator of which is the number of days in such Interest Accrual Period and the denominator of which is 360.

"Class A Unused Premium" means, as of each Interest Accrual Period during the Reinvestment Period:

(a) except for each Interest Accrual Period that occurs during the first three months following the Closing Date, if the average outstanding principal amount of all of the Class A Advances during such Interest Accrual Period is less than 33.3% of the Class A Committed Facility Amount, 0.65%;

(b) for each Interest Accrual Period that occurs during the first three months following the Closing Date, if the average outstanding principal amount of all of the Class A Advances during such Interest Accrual Period is less than 33.3% of the Class A Committed Facility Amount, 0.50%;

(c) if the average outstanding principal amount of all of the Class A Advances during such Interest Accrual Period is greater than or equal to 33.3% of the Class A Committed Facility Amount but less than 66.6% of the Class A Committed Facility Amount, 0.50%; and

(d) if the average outstanding principal amount of all of the Class A Advances during such Interest Accrual Period is greater than 66.6% of the Class A Committed Facility Amount, 0.35%.

"Class B Advance" has the meaning specified in Section 2.01.

"Class B Advance Rate" means, as of any date of determination, (a) if the Weighted Average FICO Score of all Collateral Receivables for which a FICO Score has been obtained around the time the Receivable was originated is greater than or equal to 580 on such date, 90% and (b) if the Weighted Average FICO Score of all Collateral Receivables for which a FICO Score has been obtained around the time the Receivable was originated is less than 580 on such date, 85%.

"Class B Borrowing Base" means, as of any date of determination, (a) with respect to all Collateral Receivables, the sum of the Class B Borrowing Base Amounts of all such Collateral Receivables *minus* (b) the Class A Borrowing Base at such time.

"Class B Borrowing Base Amount" means, as of any date of determination, with respect to each Collateral Receivable, the lesser of (a) the product of (i) the Class B Advance Rate and (ii) the Available Receivable Balance as of such date of such Collateral Receivable and (b) the product of (i) the Class B Advance Rate, (ii) the Available Receivable Balance as of such date of such Collateral Receivable and (iii) the Disbursed Percentage.

"Class B Buyout Amount" has the meaning specified in Section 6.03.

"Class B Buyout Exercise Date" has the meaning specified in Section 6.03.

"Class B Buyout Group" has the meaning specified in Section 6.03.

"Class B Buyout Notice" has the meaning specified in Section 6.03.

"Class B Buyout Option" has the meaning specified in Section 6.03.

"Class B Buyout Option Termination Date" has the meaning specified in Section 6.03.

"Class B Buyout Triggering Event" means (a) any time the Final Maturity Date is declared by the Class A Lenders pursuant to Section 6.02(a) or automatically occurs pursuant to Section 6.01(h) or (b) following the Administrative Agent's receipt of notice of the occurrence and continuation of an Event of Default from the Class B Lenders then holding a majority of the outstanding principal amount of the Class B Advances, and subject to any waiver of such Event of Default by the Administrative Agent and the Lenders in accordance with Section 12.01 or any applicable cure period set forth in clause (f) of the definition of "Fundamental Amendments", the Administrative Agent (at the direction of the Required Lenders) has not declared the Final Maturity Date or otherwise exercised the remedies available to it pursuant to Section 6.02, (i) within fifteen (15) Business Days following the end of such cure period, or (y) if the Administrative Agent entered into good faith negotiations with the Borrower to remedy such Event of Default, within twenty (20) Business Days following the end of such cure period.

"*Class B Committed Facility Amount*" means (a) on or prior to the Termination Date, $27,780,000 and (b) following the Termination Date, the outstanding principal balance of all the Class B Committed Advances.

"Class B Committed Advance" has the meaning specified in Section 2.01.

"Class B Incremental Advance" has the meaning specified in Section 2.01.

"Class B Incremental Amount" means $27,780,000.

"Class B Interest" means, for each day during an Interest Accrual Period and each outstanding Class B Advance on such day, the sum of the products (for each day during such Interest Accrual Period) of:

$$IR \times P \times 1/D$$

where:

IR = the Interest Rate for such Class B Advance on such day;

P = the principal amount of such Class B Advance on such day; and

D = 360.

"Class B Lender" means each Person listed on Schedule 1-B, as a Class B Lender and any other Person that shall have become a party hereto as a Class B Lender in accordance with the terms hereof, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Acceptance.

"Class B Maximum Advance Rate Test" means a test that will be satisfied at any time if (a) the aggregate outstanding principal balance of the Class B Advances is less than or equal to (b) the Class B Maximum Available Amount at such time.

"Class B Maximum Available Amount" means, at any time, the lesser of:

(a) the Class B Program Limit; and

(b) the Class B Borrowing Base at such time.

For the avoidance of any doubt, on any Borrowing Date the amount of any Borrowings hereunder against the Class B Maximum Available Amount shall be subject to the satisfaction of the conditions precedent set forth in Section 3.02(b).

"Class B Maximum Committed Advance Rate Test" means a test that will be satisfied at any time if (a) the aggregate outstanding principal balance of the Class B Committed Advances is less than or equal to (b) the Class B Maximum Committed Available Amount at such time.

"Class B Maximum Committed Available Amount" means, at any time, the lesser of:

(a) the Class B Committed Facility Amount; and

(b) the Class B Borrowing Base at such time.

For the avoidance of any doubt, on any Borrowing Date the amount of any Borrowings hereunder against the Class B Maximum Committed Available Amount shall be subject to the satisfaction of the conditions precedent set forth in Section 3.02(b).

"Class B Program Limit" means the Class B Committed Facility Amount *plus* the Class B Incremental Amount.

"Class B Unused Fee" means, for each Interest Accrual Period that occurs during the Reinvestment Period, the product of (a) the Class B Unused Premium, (b) the greater of (i) zero and (ii) the excess of (A) the average of the Class B Committed Facility Amount during such Interest Accrual Period over (B) the average outstanding principal amount of all of the Class B Advances during such Interest Accrual Period, and (c) a fraction, the numerator of which is the number of days in such Interest Accrual Period and the denominator of which is 360.

"Class B Unused Premium" means, as of each Interest Accrual Period during the Reinvestment Period:

(a) except for each Interest Accrual Period that occurs during the first three months following the Closing Date, if the average outstanding principal amount of all of the Class B Advances during such Interest Accrual Period is less than 33.3% of the Class B Committed Facility Amount, 0.65%;

(b) for each Interest Accrual Period that occurs during the first three months following the Closing Date, if the average outstanding principal amount of all of the Class B Advances during such Interest Accrual Period is less than 33.3% of the Class B Committed Facility Amount, 0.50%;

(c) if the average outstanding principal amount of all of the Class B Advances during such Interest Accrual Period is greater than or equal to 33.3% of the Class B Committed Facility Amount but less than 66.6% of the Class B Committed Facility Amount, 0.50%; and

(d) if the average outstanding principal amount of all of the Class B Advances during such Interest Accrual Period is greater than 66.6% of the Class B Committed Facility Amount, 0.35%.

"Closing Date" means February 10, 2021.

"Code" means the Internal Revenue Code of 1986.

"Collateral" has the meaning specified in Section 7.01(a).

"Collateral Receivable" has the meaning ascribed to such term on Schedule 2 hereto.

"Collection Period" means (a) the period beginning on (and including) the Closing Date and ending on (and including) February 26, 2021, and (b) each two week period thereafter beginning on (and including) a Saturday ending on (and including) the Friday two weeks thereafter.

"Collections" means all cash collections, distributions, payments and other amounts received, and to be received by a Seller, the Servicer, the Backup Servicer or the Borrower, from any Person in respect of any Receivables any Related Documents, including, but not limited to, all principal, late fees and any other fees (including, without limitation, Affiliate Fees and interchange fees), repurchase proceeds, interchange fee rebates and recoveries payable to the Borrower under or in connection with any such Receivables and all Proceeds from any sale or disposition of any such Receivables and Related Documents or of any merchandise that gave rise to such Receivables or Related Documents, including, but not limited to, all realized loss cap clawbacks and all other reimbursements or payments received from Merchants; *provided*, that "Collections" shall not include, in respect of any Receivable, referral fees from Ally Bank or other affiliate partners where such Receivable is not originated.

"Committed Facility Amount" means $125,000,000.

"Competitor" means a competitor of the Borrower or Sponsor listed on Schedule 9, which may be modified by the Borrower from time to time upon the Administrative Agent's prior written consent (not to be unreasonably withheld).

"Concentration Limitations" means, as of any date of determination, the following limitations applied, without duplication, to the Collateral Receivables owned (or, in relation to a proposed purchase of a Receivable, proposed to be owned) by the Borrower, and in each case in accordance with the procedures set forth in Section 1.04:

(a) no more than the Aggregate Receivable Balance of such Collateral Receivables represented by Canadian Receivables may exceed 10.0% of the Aggregate Receivable Balance of all Collateral Receivables on such date;

(b) no more than the Aggregate Receivable Balance of such Collateral Receivables represented by Promotional Receivables and Extended Term Receivables, collectively, may exceed 10.0% of the Aggregate Receivable Balance of all Collateral Receivables on such date;

(c) [reserved];

(d) no more than the Aggregate Receivable Balance of such Collateral Receivables represented by Past Due Collateral Receivables may exceed 4.0% of the Aggregate Receivable Balance of all Collateral Receivables on such date;

(e) no more than the Aggregate Receivable Balance of such Collateral Receivables for which the Merchant Discount Rate is greater than 8.0% (other than Bass Pro Shops 5-month Receivables) may exceed 3.0% of the Aggregate Receivable Balance of all Collateral Receivables on such date;

(f) the Aggregate Receivable Balance of all Collateral Receivables (other than Bass Pro Shops 5-month Receivables) on such date that would cause the Weighted Average Merchant Discount Rate to be greater than or equal to 3.0%;

(g) no more than the Aggregate Receivable Balance of such Collateral Receivables represented by any single Merchant (other than the Target Corporation) may exceed 15.0% of the Aggregate Receivable Balance of all Collateral Receivables on such date;

(h) no more than the Aggregate Receivable Balance of such Collateral Receivables represented by any Obligor that had not been an Obligor under any previous Receivable and satisfied all the obligations thereunder on or prior to the date the relevant Receivable was originated may exceed 35.0% of the Aggregate Receivable Balance of all Collateral Receivables on such date;

(i) no more than the Aggregate Receivable Balance of such Collateral Receivables represented by any Obligor that had not been an Obligor under any previous Receivable and satisfied all the obligations thereunder (other than any Receivables for which the Target Corporation is the Merchant) on or prior to the date the relevant Receivable was funded may exceed 30.0% of the Aggregate Receivable Balance of all Collateral Receivables on such date;

(j) no more than the Aggregate Receivable Balance of such Collateral Receivables represented by Rescheduled Receivables may exceed 12.5% of the Aggregate Receivable Balance of all Collateral Receivables on such date;

(k) no more than the Aggregate Receivable Balance of such Collateral Receivables represented by Rescheduled Receivables which the related Obligor has rescheduled an installment payment more than once may exceed 2.5% of the Aggregate Receivable Balance of all Collateral Receivables on such date; and

(l) no more than the Aggregate Receivable Balance of such Collateral Receivables for which the Original Receivable Balance is greater than $500 may exceed 10.0% of the Aggregate Receivable Balance of all Collateral Receivables on such date.

"Connection Income Taxes" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"Consent and Release" means a consent and release letter executed by the Administrative Agent in substantially the form of Exhibit D hereto or any other form reasonably acceptable to the Administrative Agent.

"Constituent Documents" means in respect of any Person, the certificate or articles of formation or organization, trust agreement, limited liability company agreement, operating agreement, partnership agreement, joint venture agreement or other applicable agreement of formation or organization (or equivalent or comparable

constituent documents) and other organizational documents and by-laws and any certificate of incorporation, certificate of

formation, certificate of limited partnership and other agreement, similar instrument filed or made in connection with its formation or organization.

"Contingent Jurisdiction" means Alaska, Arizona, California, Colorado, the District of Columbia, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Louisiana, Maine, Mississippi, Missouri, North Carolina, North Dakota, South Dakota, Oklahoma, Texas, Utah, Virginia, West Virginia, Wisconsin and Wyoming.

"Contract" means, either: (a) a retail installment sale contract or other loan contract executed by an Obligor under which an extension of credit by a Seller is made in the ordinary course of business to such Obligor, or (b) an agreement between an Obligor and a Seller for the purpose of financing the purchase of goods and/or services from a Merchant, together, in each case, with the original endorsements or assignments showing the chain of ownership thereof, if any.

"Control" means the direct or indirect possession of the power to direct or cause the direction of the management or policies of a Person, whether through ownership, by contract, arrangement or understanding, or otherwise. *"Controlled"* and *"Controlling"* have the meaning correlative thereto.

"Corresponding Tenor" with respect to any Available Tenor means, as applicable, either a tenor (including overnight) or an interest payment period having approximately the same length (disregarding business day adjustment) as such Available Tenor.

"Covered Entity" means any of the following: (i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

"Covered Party" has the meaning specified in Section 12.22.

"Credit Approval Date" means, with respect to any Receivable, the date on which a Seller granted credit approval for the Obligor in accordance with the Credit Guidelines.

"Credit Guidelines" means the credit or underwriting guidelines applicable to the Obligors of the Receivables, listed on Schedule 5, which may be amended, modified or supplemented by the Sponsor subject to Section 5.02(j).

"Current Collateral Receivable" means any Collateral Receivable, other than a Defaulted Collateral Receivable, as to which all scheduled installment payments are less than fifteen (15) days past due.

"Daily Simple SOFR" means, for any day, SOFR, with the conventions for this rate (which will include a lookback) being established by the Administrative Agent in accordance with the conventions for this rate selected or recommended by the Relevant Governmental Body for determining "Daily Simple SOFR" for business loans; provided, that if the Administrative Agent decides that any such convention is not administratively feasible for the Administrative Agent, then the Administrative Agent may establish another convention in its reasonable discretion.

"Data Tape" means a data tape, which shall include with respect to each Collateral Receivable the information set forth on Schedule 7.

"Default Right" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"Defaulted Collateral Receivable" means, at any time, a Collateral Receivable or a Vintage Receivable as to which any of the following occurs:

(a) all or any portion of one or more scheduled installments are past due with respect to such Collateral Receivable or Vintage Receivable for a period of ninety (90) days or more past the scheduled Due Date for such installment payment;

(b) an Insolvency Event relating to the related Obligor of such Receivable or Vintage Receivable has occurred or such Obligor is deceased;

(c) the Borrower or the Servicer has determined in good faith in accordance with the Servicing Guide that such Collateral Receivable or Vintage Receivable shall be placed on "non-accrual" status or "not collectible," or has reserved against it; or

(d) such Collateral Receivable or Vintage Receivable is charged-off by the Servicer (or would be required to be charged off by the Servicer in accordance with the charge-off policies in the Servicing Guide in effect as of the Closing Date unless the Administrative Agent and the Required Lenders have approved in writing any changes to such charge-off policy following the Closing Date that would result in a Collateral Receivable or Vintage Receivable no longer being subject to charge off).

"Delinquent Collateral Receivable" means any Collateral Receivable other than a Defaulted Collateral Receivable as to which any scheduled installment payment is more than 28 days past due.

"Determination Date" means the last day of each Collection Period.

"*Disbursed Percentage*" means with respect to any Collateral Receivable, the ratio of the Asset Balance Disbursed for such Collateral Receivable divided by the Transaction Value for such Collateral Receivable.

"Due Date" means each date on which any installment payment is due on a Collateral Receivable in accordance with its terms.

"Early Opt-in Election" means, if the then-current Benchmark is LIBOR Rate, the occurrence of:

(1) a notification by the Administrative Agent to (or the request by the Borrower to the Administrative Agent to notify) each of the other parties hereto that at least five currently outstanding U.S. dollar-denominated syndicated or bilateral credit facilities at such time contain (as a result of amendment or as originally executed) a SOFR-based rate (including SOFR, a term SOFR or any other rate based upon SOFR) as a benchmark rate (and such syndicated or bilateral credit facilities are identified in such notice and are publicly available for review), and

(2) the joint election by the Administrative Agent and the Borrower to trigger a fallback from LIBOR Rate and the provision by the Administrative Agent of written notice of such election to the Lenders.

"EEA Financial Institution" means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"EEA Resolution Authority" means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"EFTA" means the Electronic Fund Transfer Act and the rules and regulations promulgated thereunder.

"Equity Interests" means, with respect to any Person, all of the shares of capital stock of (or other ownership (including beneficial ownership) or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership (including beneficial ownership) or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership (including beneficial ownership) or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership (including beneficial ownership) or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

"ERISA" means the Employee Retirement Income Security Act of 1974, and the regulations promulgated and rulings issued thereunder.

"ERISA Event" means (a) any "reportable event," as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the thirty (30) day notice requirement is waived); (b) the failure with respect to any Plan to satisfy the "minimum funding standard" (as defined in Section 412 of the Code or Section 302 of ERISA); (c) the filing pursuant to Section 412(c) of the Code or Section 302 of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) a determination that any Plan is, or is expected to be, in "at risk" status (as defined in Section 430 of the Code or Section 303 of ERISA); (e) the incurrence by the Borrower or any member of its ERISA Group of any liability under Title IV of ERISA with respect to the termination of any Plan; (f) (i) the receipt by the Borrower or any member of its ERISA Group from the PBGC of a notice of determination that the PBGC intends to seek termination of any Plan or to have a trustee appointed for any Plan, or (ii) the filing by the Borrower or any member of its ERISA Group of a notice of intent to terminate any Plan; (g) the incurrence by the Borrower or any

member of its ERISA Group of any liability (i) with respect to a Plan pursuant to Sections 4063 and 4064 of ERISA, (ii) with respect to a facility closing pursuant to Section 4062(e) of ERISA, or (iii) with respect to the withdrawal or partial withdrawal from any Multiemployer Plan; (h) the receipt by the Borrower or any member of its ERISA Group of any notice concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, in endangered status or critical status, within the meaning of Section 432 of the Code or Section 305 of ERISA or is or is expected to be insolvent, within the meaning of Title IV of ERISA; or (i) the failure of the Borrower or any member of its ERISA Group to make any required contribution to a Multiemployer Plan.

"ERISA Group" means each controlled group of corporations or trades or businesses (whether or not incorporated) under common control that is treated as a single employer under Section 414(b) or (c) of the Code (or Section 414(m) or (o) of the Code for purposes of provisions related to Section 412 of the Code) with the Borrower.

"Erroneous Payment" has the meaning set forth in Section 11.08(a).

"Erroneous Payment Deficiency Assignment" has the meaning set forth in Section 11.08(d).

"Erroneous Payment Impacted Class" has the meaning set forth in Section 11.08(d).

"Erroneous Payment Return Deficiency" has the meaning set forth in Section 11.08(d).

"EU Bail-In Legislation Schedule" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"Eurocurrency Liabilities" is defined in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Event of Default" has the meaning specified in Section 6.01.

"Excess Concentration Amount" means, at any time in respect of which any one or more of the Concentration Limitations are exceeded, the portion (calculated by the Borrower or the Servicer without duplication in accordance with Section 1.04) of the Receivable Balance of each Collateral Receivable that causes such Concentration Limitations to be exceeded.

"Exchange Act" means the Securities Exchange Act of 1934, and the rules and regulations promulgated thereunder, all as from time to time in effect, or any successor law, rules or regulations, and any reference to any statutory or regulatory provision shall be deemed to be a reference to any successor statutory or regulatory provision.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to a Secured Party or required to be withheld or deducted from a payment to a Secured Party, (a) Taxes imposed on or measured by net

income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed in the case of any Secured Party, by the

jurisdiction (or any political subdivision thereof) under the laws of which such Secured Party is organized or in which its principal office is located, or in the case of any Lender, in which its applicable lending office is located, or (ii) that are Other Connection Taxes, (b) in the case of any Lender, any U.S. federal withholding taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in an Obligation pursuant to a law in effect on the date on which (i) such Lender acquires such interest in an Obligation or otherwise becomes a party to this Agreement (other than pursuant to an assignment under Sections 2.09(b), 2.11(b) or 12.03(h)) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 12.03, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Secured Party's failure to comply with Section 12.03(g), and (d) any U.S. federal withholding Taxes under FATCA.

"*Exit Fee*" has the meaning specified in the Administrative Agent Fee Letter.

"Extended Term Receivable" means a Receivable for which (a) the related Contract provides for the final scheduled installment payment to be made by the Obligor more than 42 days after the origination thereof (including each Zero Down Receivable), (b) the Obligor is in compliance with the terms of such Contract and (c) as of the origination date of such Receivable, such Obligor had previously had one or more Receivables outstanding, was always in compliance with the terms of such Receivables and had completed all payments associated with at least 1 (one) Receivable.

"Facility Documents" means this Agreement, the Administrative Agent Fee Letter, the Backup Servicing Agreement, the Borrower LLC Agreement, the Canadian Collection Account Control Agreement, the Canadian Receivable Purchase Agreement, the Parent LLC Agreement, the Parent Pledge and Guaranty Agreement, the Sponsor Indemnity Agreement, the Servicing Agreement, the U.S. Collection Account Control Agreement, the U.S. Receivable Purchase Agreement, and any other agreements, documents, security agreements and other instruments entered into or delivered by or on behalf of the Borrower, the Backup Servicer, the Canadian Collection Account Bank, the Canadian Seller, the Parent, the Servicer, the Sponsor, the U.S. Collection Account Bank or the U.S. Seller, in connection with this Agreement or pursuant to Section 5.01(c) to create, perfect or otherwise evidence the Administrative Agent's security interest in the Collateral.

"FATCA" means Code Sections 1471 through 1474, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Code.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business

Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by it; *provided* that, if at any time a Lender is borrowing overnight funds from a Federal Reserve Bank that day, the Federal Funds Rate for such Lender for such day shall be the average rate per annum at which such overnight borrowings are made on that day as promptly reported by such Lender to the Borrower and the Administrative Agent in writing. Each determination of the Federal Funds Rate by a Lender pursuant to the foregoing proviso shall be conclusive and binding except in the case of manifest error.

"FICO Score" means, with respect to an Obligor of a Receivable, the credit score of the Obligor of a Receivable based on methodology developed by Fair Isaac Corporation and used by a Seller or its agents to determine credit risk when underwriting such Receivable. For purposes of clarification, the "FICO Score" of any Obligor shall mean the most recent FICO Score used to make a credit decision with respect to such Obligor, by the Borrower or the applicable Seller, as the case may be.

"Final Maturity Date" means the earliest of (a) June 12, 2023 (or such later date as may be agreed by the Borrower and each of the Lenders and notified in writing to the Administrative Agent), (b) the date of the acceleration of the Advances pursuant to Section 6.02, or (c) the date on which all Obligations shall have been paid in full (other than contingent indemnity obligations not yet due and owing).

"Floor" means 0.25%.

"Fundamental Amendment" means any amendment, modification, waiver or supplement of or to this Agreement that would (a) extend or increase the term of the commitments (other than an increase in the commitment of a particular Lender or addition of a new Lender hereunder agreed to by the relevant Lender(s) and the Administrative Agent pursuant to the terms of this Agreement) or change the Final Maturity Date, (b) extend the date fixed for the payment of principal of or interest on any Advance or any fee hereunder, (c) reduce the amount of any such payment of principal, (d) reduce the rate at which interest or premium is payable thereon or any fee is payable hereunder, (e) release any material portion of the Collateral, except in connection with dispositions permitted hereunder, (f) alter, amend or waive the terms of Section 5.01(j), Section 5.01(k) (solely to the extent such alteration would reduce the amount of Collections to be deposited into the U.S. Collection Account or the Canadian Collection Account (other than in connection with a Canadian Cash Transfer Event)), Section 5.01(l), Section 6.01 (*provided, however,* that, notwithstanding anything to the contrary in Section 6.01 or the foregoing clause (b), the Administrative Agent and the Required Lenders, in their sole discretion, may allow the Borrower to cure any Event of Default within no more than three (3) Business Days after the occurrence of such Event of Default (including the lapse of any applicable grace period) and, if the Borrower cures such Event of Default to the satisfaction of the Administrative Agent and the Required Lenders within such period of time, such Event of Default shall be deemed waived by the Lenders; *provided, further*, that any extensions of such cure period shall require the prior written consent of each Lender), Section 6.02, Section 6.03, Section 9.01, Section 12.01(b), Section 12.06 or Article XIII, (g) modify the definition of the terms

"Accelerated Amortization Event," "Applicable Margin", "Borrowing Base," "Class A Advance Rate," "Class A Borrowing Base," "Class A Borrowing Base Amount," "Class A Interest," "Class A Maximum Advance Rate Test," "Class A Maximum Available Amount," "Class A Maximum Committed Advance Rate Test," "Class A Maximum Committed Available Amount," "Class B Advance Rate", "Class B Borrowing Base," "Class B Borrowing Base Amount," "Class B Buyout Triggering Event," "Class B Interest," "Class B Maximum Advance Rate Test," "Class B Maximum Available Amount," "Class B Maximum Committed Advance Rate Test," "Class B Maximum Committed Available Amount," "Defaulted Collateral Receivable," "Delinquent Collateral Receivable," "Fundamental Amendment," "Interest Rate," "Maximum Advance Rate Test," "Maximum Available Amount," "Maximum Committed Advance Rate Test," "Maximum Committed Available Amount," "Percentage" (*provided, however*, that an update to Schedule 1-A or Schedule 1-B, as applicable, in accordance with such definition shall not be deemed to be a modification to such definition), "Principal Loss Ratio," "Post-Default Rate," "Post-Reinvestment Period Rate," "Required Lenders," "Vintage Default Ratio" or modify in any other manner the number or percentage of the Lenders required to make any determinations or waive any rights hereunder or to modify any provision hereof, (h) extend the Reinvestment Period, (i) release the Sponsor from its obligations under the Sponsor Indemnity Agreement, (j) release the Parent from its obligations under the Parent Pledge and Guaranty Agreement, (k) terminate or remove a Seller's obligations to repurchase receivables pursuant to any Receivable Purchase Agreement, (l) change the currency required for payments of Obligations under this Agreement or (m) alter the pro rata sharing of payments required hereunder.

"Funded Facility Amount" means, on any day, the aggregate principal amount of Advances made on or prior to such day, reduced from time to time by payments and distributions in respect of principal of such Advances.

"Funding Account" means a deposit account directed by the Borrower to the Administrative Agent in writing (email is acceptable).

"GAAP" means generally accepted accounting principles in effect from time to time in the United States of America.

"Governmental Authority" means any nation or government, any state, province or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, quasi-regulatory authority, administrative tribunal, central bank, public office, court, arbitration or mediation panel, or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of government, including the SEC, the stock exchanges, any federal, state, provincial, territorial, county, municipal or other government or governmental agency, arbitrator, board, body, branch, bureau, commission, court, department, instrumentality, master, mediator, panel, referee, system or other political unit or subdivision or other entity of any of the foregoing, whether domestic or foreign.

"Governmental Authorizations" means all franchises, permits, licenses, approvals, consents and other authorizations of all Governmental Authorities.

"Governmental Filings" means all filings, including franchise and similar tax filings, and the payment of all fees, assessments, interests and penalties associated with such filings with all Governmental Authorities. For the avoidance of doubt, "Governmental Filings" do not include filings of financing statements under the UCC, the PPSA or comparable laws.

"Incremental Advance" means a Class A Incremental Advance or a Class B Incremental Advance, as the context may require.

"Incremental Amount" means $125,000,000.

"Indemnified Party" has the meaning specified in Section 12.04(b).

"Indemnified Taxes" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrower under any Facility Document and (b) to the extent not otherwise described in (a), Other Taxes.

"Independent Manager" means an individual who is natural person and who: (i) for the five-year period prior to such person's appointment as Independent Manager has not been, and during the continuation of such person's service as Independent Manager is not: (A) an employee, director, stockholder, member, manager, partner or officer of the Sponsor or any of its Affiliates (other than such person's service as an Independent Manager of or Special Member to the Parent or the Borrower); (B) a customer or supplier of the Sponsor or any of its Affiliates (other than such person's service as an Independent Manager of or Special Member to the Parent or the Borrower); or (C) any member of the immediate family of a person described in the foregoing clause (A) or (B); and (ii) has (A) prior experience as an Independent Manager for a corporation or limited liability company whose charter or organizational documents required the unanimous consent of all Independent Managers thereof before such corporation or limited liability company could consent to the institution of bankruptcy or insolvency proceedings against it or could file a petition seeking relief under any applicable federal or state law relating to bankruptcy; and (B) at least three years of employment experience with one or more entities that provide, in the ordinary course of their respective businesses, advisory, management or placement services (including providing independent managers or Managers) to issuers of securitization or structured finance instruments, agreements or securities.

"Ineligible Collateral Receivable" means, as of any date of determination, a Receivable that is not a Collateral Receivable.

"Information" has the meaning specified in Section 13.03(b).

"Initial Class A Lender" means Goldman Sachs Bank USA.

"Insolvency Event" means with respect to a specified Person, (a) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of such Person or any substantial part of its property in an involuntary case under the Bankruptcy Code or any other applicable insolvency law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or ordering the winding-up or liquidation of such Person's affairs, and

such decree or order shall remain unstayed and in effect for a period of sixty (60) consecutive days; or (b) the commencement by such Person of a voluntary case under the Bankruptcy Code or any

other applicable insolvency law now or hereafter in effect, or the consent by such Person to the entry of an order for relief in an involuntary case under any such law, or the consent by such Person to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or the making by such Person of any general assignment for the benefit of creditors, or the failure by such Person generally to pay its debts as such debts become due, or the taking of action by such Person in furtherance of any of the foregoing.

"Interest" means, for each day during an Interest Accrual Period and each outstanding Advance on such day, the sum of the products (for each day during such Interest Accrual Period) of:

$$IR \times P \times 1/D$$

where:

IR = the Interest Rate for such Advance on such day;

P = the principal amount of such Advance on such day; and

D = 360.

"Interest Accrual Period" means,

(a) with respect to each Advance (or portion thereof) (i) with respect to the initial Payment Date for such Advance (or portion thereof), the period from and including the related Borrowing Date to, and including, the last day of the Collection Period ending immediately after such Borrowing Date and (ii) with respect to any subsequent Payment Date for such Advance (or portion thereof), the applicable Collection Period preceding such Payment Date; *provided,* that the final Interest Accrual Period for all outstanding Advances hereunder shall end on and include the day prior to the payment in full of the Advances hereunder;

(b) any Interest Accrual Period with respect to any Advance which would otherwise end on a day which is not a Business Day shall be extended to the next succeeding Business Day; and

(c) in the case of any Interest Accrual Period for any Advance which commences before an Unmatured Event of Default or an Event of Default and would otherwise end on a date occurring after the occurrence of an Unmatured Event of Default or an Event of Default, the Administrative Agent may, in its sole discretion, cause such Interest Accrual Period to end upon the occurrence of an Unmatured Event of Default or an Event of Default and the duration of each Interest Accrual Period which commences on or after the occurrence of an Unmatured Event of Default or an Event of Default shall be of such duration as selected by the Administrative Agent.

"Interest Rate" means, for any Interest Accrual Period and for each Advance outstanding by a Lender for each day during such Interest Accrual Period:

(a) prior to the Scheduled Reinvestment Period Termination Date, so long as no Accelerated Amortization Event or Event of Default (which has not otherwise been

waived by the Required Lenders pursuant to the terms hereof) has occurred and is continuing, and so long as no Benchmark Disruption Event has occurred and is continuing, a rate equal to the Adjusted Benchmark Rate *plus* the Applicable Margin, and, in the event that a Benchmark Disruption Event has occurred and is continuing, a rate equal to the Base Rate *plus* the Applicable Margin; or

(b) on and after the Scheduled Reinvestment Period Termination Date, so long as no Accelerated Amortization Event or Event of Default (which has not otherwise been waived by the Required Lenders pursuant to the terms hereof) has occurred and is continuing, the Interest Rate shall be the Post-Reinvestment Period Rate *plus* the Applicable Margin; or

(c) upon the occurrence and during the continuance of an Accelerated Amortization Event or an Event of Default (which has not otherwise been waived by the Required Lenders pursuant to the terms hereof), the Interest Rate shall be the sum of the Adjusted Benchmark Rate or, if a Benchmark Disruption Event has occurred, the Base Rate *plus* the Post-Default Rate *plus* the Applicable Margin.

"Investment Company Act" means the Investment Company Act of 1940, and the rules and regulations promulgated thereunder, all as from time to time in effect, or any successor law, rules or regulations, and any reference to any statutory or regulatory provision shall be deemed to be a reference to any successor statutory or regulatory provision.

"ISDA Definitions" means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time.

"JTV Receivable" means a Collateral Receivable in respect of which JTV (Jewelry Television) is the related Merchant that is payable in five (5) equal, interest-free installments over a period not to exceed four (4) months, with the first such payment made at the time such Receivable is originated, unless such Receivable is a Rescheduled Receivable, in which case, such Receivable is payable in five (5) equal, interest-free installments payable over a period not to exceed six (6) months, with the first such payment made at the time such Receivable is originated.

"Law" means any action, code, consent decree, constitution, decree, directive, enactment, finding, guideline, law, injunction, interpretation, judgment, order, ordinance, policy statement, proclamation, promulgation, regulation, requirement, rule, rule of law, rule of public policy, settlement agreement, statute, or writ, of any Governmental Authority, or any particular section, part or provision thereof.

"Lender" means, (a) any Class A Lender and any Class B Lender, and (b) "Lenders" means, collectively, all of the foregoing lenders.

"LIBOR Determination Date" means, with respect to any Interest Accrual Period, the day that is two (2) Business Days before the commencement of such Interest Accrual Period.

"LIBOR Rate" means, for any Payment Date and determined by the Administrative Agent on the LIBOR Determination Date with respect to any Interest Accrual Period with

respect to which interest is to be calculated by reference to the "LIBOR Rate", the greater of (a) the Floor and (b) the Offered Rate. For the purposes hereof, the "Offered Rate" shall mean the offered rate for three-month U.S. dollar deposits, as the applicable rate appears on Reuters Screen LIBOR03 Page as of 11:00 a.m. (London, England time) on such date (rounded upwards, if necessary, to the nearest whole multiple of 1/100 of 1%); *provided* that if the applicable rate does not appear on Reuters Screen LIBOR03 Page, the rate for such date will be based upon the offered rates of the reference banks selected by Goldman Sachs Bank USA for U.S. dollar deposits as of 11:00 a.m. (London, England time) on such date. In such event, the Administrative Agent will request the principal London office of each of at least three reference banks selected by the Administrative Agent to provide a quotation of its rate. If on such date, two or more of such reference banks provide such offered quotations, the Offered Rate shall be the arithmetic mean of all such offered quotations (rounded to the nearest whole multiple of 1/100 of 1%). In on such date, fewer than two of such reference banks provide such offered quotations, the Offered Rate shall be the offered rate for three-month U.S. dollar deposits as determined on the immediately preceding day that such rate appeared on Reuters Screen LIBOR03 Page.

"Lien" means any mortgage, pledge, hypothecation, assignment, encumbrance, lien or security interest (statutory or other), or preference, priority or other security agreement, charge or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing authorized by the Borrower of any financing statement under the UCC or comparable law of any jurisdiction).

"Margin Stock" has the meaning specified in Regulation U.

"Material Adverse Effect" means, with respect to any Person, an action or an event that could have a material adverse effect on (a) the business, assets, financial condition, operations, performance or properties of such Person, (b) the validity, enforceability or collectability of this Agreement or any other Facility Document against such Person or the validity, enforceability or collectability of the Collateral Receivables generally or any material portion of the Collateral Receivables, (c) the rights and remedies of the Administrative Agent, the Lenders and the Secured Parties with respect to matters arising under this Agreement or any other Facility Document, (d) the ability of such Person to perform its obligations under any Facility Document to which it is a party, or (e) the validity, perfection, priority or enforceability of the Administrative Agent's Lien on the Collateral.

"Material Modification" means, with respect to any Receivable, any amendment, waiver, consent or modification of a Related Document with respect thereto executed or effected after the date on which such Receivable was advanced or otherwise came into existence, that:

(a) waives, extends or postpones any date fixed for any payment or mandatory prepayment on such Receivable; or

(b) reduces or forgives any amount of such Receivable.

"Maximum Advance Rate Test" means (a) prior to the making of a Class A Incremental Advance, the Class A Maximum Committed Advance Rate Test, (b) on and after the making of a Class A Incremental Advance, the Class A Maximum Advance Rate Test, (c) prior to the making of a Class B Incremental Advance, the Class B Maximum Committed Advance Rate Test, (d) on

and after the making of a Class B Incremental Advance, the Class B Maximum Advance Rate Test, or (e) any one or more of the foregoing as the context may require.

"Maximum Available Amount" means, at any time, the lesser of:

(a) the Program Limit; and

(b) the Borrowing Base at such time.

For the avoidance of any doubt, on any Borrowing Date the amount of any Borrowings hereunder against the Maximum Available Amount shall be subject to the satisfaction of the conditions precedent set forth in Section 3.02(b).

"Maximum Advance Rate Test Calculation Statement" means a statement in substantially the form attached to the form of Notice of Borrowing, form of Notice of Withdrawal and form of Notice of Prepayment attached hereto, as such form of Maximum Advance Rate Test Calculation Statement may be modified by the Administrative Agent from time to time to the extent modifications to such form would, in the good faith opinion of the Administrative Agent, improve the accuracy of the calculation of any Maximum Advance Rate Test, and any other calculations necessary to satisfy the conditions precedent to each Borrowing required hereunder.

"Maximum Committed Advance Rate Test" means a Class A Maximum Committed Advance Rate Test or a Class B Maximum Committed Advance Rate Test, as the context requires.

"Maximum Committed Available Amount" means, at any time, the lesser of:

(a) the Committed Facility Amount; and

(b) the Borrowing Base at such time.

For the avoidance of any doubt, on any Borrowing Date the amount of any Borrowings hereunder against the Maximum Committed Available Amount shall be subject to the satisfaction of the condition precedent set forth in Section 3.02(b).

"Measurement Date" means (a) the Closing Date, (b) each Borrowing Date and (c) each Determination Date.

"Merchant" means the provider, approved by the Sponsor in accordance with the Credit Guidelines, of goods and services to an Obligor that gives rise to a Receivable.

"*Merchant Discount Rate*" means, with respect to each Receivable, the rate a Merchant has agreed to pay for Sezzle services.

MLA" means the Military Lending Act, 10 U.S.C. § 987.

"Money" has the meaning specified in Section 1-201(b)(24) of the UCC.

"Moody's" means Moody's Investors Service, Inc., together with its successors.

"Multiemployer Plan" means an employee pension benefit plan within the meaning of Section 4001(a)(3) of ERISA that is sponsored by the Borrower or a member of its ERISA Group or to which the Borrower or a member of its ERISA Group is obligated to make contributions or has any liability.

"Notice of Borrowing" has the meaning specified in Section 2.02.

"Notice of Prepayment" has the meaning specified in Section 2.05.

"Notice of Withdrawal" has the meaning specified in Section 9.02.

"Obligations" means all indebtedness, liabilities and obligations whether absolute, fixed or contingent, at any time or from time to time owing by the Borrower to any Secured Party or any Affected Person under or in connection with this Agreement or any other Facility Document, including, but not limited to, all amounts payable by the Borrower in respect of the Advances, with interest thereon, Prepayment Premium, Exit Fee, Unused Fees and all other amounts payable hereunder.

"Obligor" means, with respect to any Receivable, the individual primarily obligated to pay Collections in respect of such Receivable.

"OFAC" has the meaning specified in Section 4.01(f).

"Original Receivable Balance" means, with respect to any Receivable, as of the date of disbursement, the outstanding amount of such Receivable.

"Other Connection Taxes" means, with respect to any Secured Party, Taxes imposed as a result of a present or former connection between such Secured Party and the jurisdiction imposing such Tax (other than a connection arising from such Secured Party having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced this Agreement or any other Facility Document, or sold or assigned an interest in the rights under any Facility Document).

"Other Taxes" has the meaning specified in Section 12.03(b).

"Parent" means Sezzle Funding SPE II Parent, LLC, a Delaware limited liability company.

"Parent LLC Agreement" means that certain Limited Liability Company Agreement of the Parent, dated as of the Closing Date, by and between the Sponsor, as sole member, and Ricardo Orozco, as Independent Manager.

"Parent Pledge and Guaranty Agreement" means that certain Pledge and Guaranty Agreement made by the Parent for the benefit of the Administrative Agent, dated as of the Closing Date, and acknowledged by the Borrower.

"Participant" has the meaning specified in Section 13.02(h).

"Participant Register" has the meaning specified in Section 13.02(i).

"Past Due Collateral Receivable" means any Collateral Receivable other than a Defaulted Collateral Receivable as to which all or any portion of any scheduled installment payments are past due more than fifteen (15) days, but less than twenty-eight (28) days with respect to such Collateral Receivable.

"PATRIOT Act" has the meaning specified in Section 12.16.

"Payment Date" means, with respect to any Collection Period, the Thursday following the end of such Collection Period; *provided* that, if any such day is not a Business Day, then such date shall be the next succeeding Business Day.

"Payment Recipient" has the meaning specified in Section 11.08(a).

"PBGC" means the Pension Benefit Guaranty Corporation, or any successor agency or entity performing substantially the same functions.

"Percentage" means, (a) with respect to any Lender party hereto on the date hereof, the percentage set forth opposite such Lender's name on Schedule 1-A hereto, or with respect to each particular class, Schedule 1-B hereto, as such amount is reduced by any Assignment and Acceptance entered into by such Lender with an assignee or increased by any Assignment and Acceptance entered into by such Lender with an assignor or as such amount is either reduced or increased pursuant to Section 12.01(b)(iii) or based on any Incremental Advance provided or not provided by such Lender, or (b) with respect to a Lender that has become a party hereto pursuant to an Assignment and Acceptance, the percentage set forth therein as such Lender's Percentage, as such amount is reduced by an Assignment and Acceptance entered into between such Lender and an assignee or increased by any Assignment and Acceptance entered into by such Lender with an assignor or as such amount is either reduced or increased pursuant to Section 12.01(b)(iii) or based on any Incremental Advance provided or not provided by such Lender.

"Permitted Holder" means Charles Ghassan Youakim and Continental Investment Partners.

"Permitted Liens" means: (a) Liens created in favor of the Administrative Agent hereunder or under the other Facility Documents for the benefit of the Secured Parties; (b) Liens in favor of the Borrower pursuant to any Receivable Purchase Agreement, (c) Liens imposed by any Governmental Authority for taxes, assessments or charges not yet delinquent or which are being contested in good faith and by appropriate proceedings if adequate reserves with respect thereto are maintained on the books of the Borrower in accordance with GAAP; and (d) in connection with maintaining deposit accounts established in accordance with this Agreement, bankers' liens, rights of setoff and similar Liens granted to financial institutions maintaining such accounts.

"Permitted Sale" means, subject to compliance with Section 8.02, any sale by Borrower of (a) Receivables in connection with either (i) the repurchase by a Seller of a Receivable if required pursuant to the applicable Receivable Purchase Agreement, or (ii) a transfer of Receivables to a Securitization Vehicle in connection with a broadly marketed and distributed issuance of asset-backed securities, (b) Ineligible Collateral Receivables or (c) Collateral Receivables with the prior written consent of the Administrative Agent; *provided*, *however*, that no sale of any Receivables shall be a Permitted Sale if, immediately following such sale, any applicable Maximum Advance Rate Test is no longer satisfied; *provided further* that no sale of Receivables shall be a Permitted Sale if the Administrative Agent has provided notice within two (2) Business Days of receipt of notice pursuant to Section 8.02(a) of this Agreement, that such sale will, as reasonably determined by Administrative Agent, result in a materially adverse selection of Receivables to remain in the Borrowing Base following such sale.

"Person" means an individual or a corporation (including a business trust), partnership, trust, incorporated or unincorporated association, joint stock company, limited liability company, government (or an agency or political subdivision thereof) or other entity of any kind.

"Plan" means an employee pension benefit plan (other than a Multiemployer Plan) which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code that is sponsored by the Borrower or a member of its ERISA Group or to which the Borrower or a member of its ERISA Group is obligated to make contributions or has any liability.

"Post-Default Rate" means a rate per annum equal to (a) prior to the Scheduled Reinvestment Period Termination Date, 2.50% per annum, and (b) on and after the Scheduled Reinvestment Period Termination Date, 3.50% per annum.

"Post-Reinvestment Period Rate" means a rate per annum equal to the sum of (a) the Adjusted Benchmark Rate or, if a Benchmark Disruption Event has occurred, the Base Rate *plus* (b) 1.00% per annum.

"PPSA" means for any province or territory of Canada, the *Personal Property Security Act* in force in such province and territory.

"Prepayment Premium" has the meaning specified in Section 2.06.

"Prime Rate" means the rate announced by Goldman Sachs Bank USA from time to time as its prime rate in the United States of America, such rate to change as and when such designated rate changes. The Prime Rate is not intended to be the lowest rate of interest charged by Goldman Sachs Bank USA in connection with extensions of credit to debtors. Goldman Sachs Bank USA may make commercial loans or other loans at rates of interest at, above, or below the Prime Rate.

"Principal Loss Ratio" means, on any date of determination, with respect to the Collection Period preceding such date of determination, the ratio (expressed as a percentage) equal to (a) the Aggregate Receivable Balance of all Collateral Receivables that are Past Due Collateral Receivables as of the last day of such Collection Period or would be Past Due Collateral Receivables if such Receivables were not sold or otherwise disposed of by the

Borrower during such Collection Period, *divided by* (b) the Aggregate Receivable Balance of all Collateral Receivables that are Current Collateral Receivables as of the first day of such Collection Period; *provided, however,* that if the Aggregate Receivable Balance of all Collateral Receivables as of the first day of such Collection Period is zero ($0), the Principal Loss Ratio shall be zero for such Collection Period.

"Priority of Payments" has the meaning specified in Section 9.01.

"Private Authorizations" means all franchises, permits, licenses, approvals, consents and other authorizations of all Persons (other than Governmental Authorities).

"Proceeds" has, with reference to any asset or property, the meaning assigned to it under the UCC or the PPSA, as applicable, in any event, shall include, but not be limited to, any and all amounts from time to time paid or payable under or in connection with such asset or property.

"Program Limit" means the Committed Facility Amount *plus* the Incremental Amount.

"Prohibited Transaction" means a transaction described in Section 406(a) of ERISA, that is not exempted by a statutory or administrative or individual exemption pursuant to Section 408 of ERISA.

"Projections" has the meaning specified in Section 13.03(b).

"Promotional Receivable" means, (a) a Bass Pro Shops 5-month Receivable, a JTV Receivable or a Sportsman's Guide Receivable or (b) a Collateral Receivable in respect of a retailer specific promotional program or other test case Receivables with respect to which the Borrower has provided the Administrative Agent with written notice (i) describing the related Merchant, Merchant Discount Rate, term and number of scheduled installments (which installments shall be of equal amount and interest-free) related to such Receivable (including as a Rescheduled Receivable) and (ii) confirming (and, if requested by the Administrative Agent, evidence thereof satisfactory to the Administrative Agent) that such Receivables are originated in compliance with all regulatory requirements (including that regulatory disclosures substantially similar to those provided to the Obligor of a Bass Pro Shops 5-month Receivable, a JTV Receivable or a Sportsman's Guide Receivable, have been provided to the Obligor related to such Receivable).

"PTE" means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

"Purchase Confirmation" means, an assignment delivered by the applicable Seller to the Borrower and the Administrative Agent, in the form attached to each Receivable Purchase Agreement or such other form reasonably acceptable to the Administrative Agent.

"Purchase Date" means, with respect to any Receivable, the date on which such Receivable was sold by a Seller to the Borrower under a Receivable Purchase Agreement.

"QFC" has the meaning assigned to the term "qualified financial contract" in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

"QFC Credit Support" has the meaning specified in Section 12.22.

"Qualified Institution" means a depository institution or trust company organized under the laws of the United States of America or any one of the States thereof or the District of Columbia (or any domestic branch of a foreign bank), (i)(A) that has either (1) a long-term unsecured debt rating of "A" or better by S&P and "A2" or better by Moody's or (2) a short-term unsecured debt rating or certificate of deposit rating of "A-1" or better by S&P or "P-1" or better by Moody's, (B) the parent corporation of which has either (1) a long-term unsecured debt rating of "A" or better by S&P and "A2" or better by Moody's or (2) a short-term unsecured debt rating or certificate of deposit rating of "A-1" or better by S&P and "P-1" or better by Moody's or (C) is otherwise acceptable to the Administrative Agent and (ii) the deposits of which are insured by the Federal Deposit Insurance Corporation.

"Receivable" means any amounts owed by an Obligor under a Contract.

"Receivable Balance" means, as of any date of determination, (a) with respect to a U.S. Receivable, the outstanding amount of such Receivable (in U.S. Dollars) and (b) with respect to a Canadian Receivable, the outstanding amount of such Receivable (in Canadian Dollars) *multiplied by* the CAD FX Rate.

"Receivable Schedule" means a listing (which shall be in the form of an electronic data tape or other medium in each case reasonably acceptable to the Administrative Agent) of all Receivables which are proposed to be sold to the Borrower on a Purchase Date (or in the case of a Quebec Purchased Receivable (as defined in the Canadian Receivable Purchase Agreement) after the initial Purchase Date, each such Receivable originated after delivery of the prior Receivable Schedule under the Canadian Receivable Purchase Agreement), together with the information listed on Schedule 7 to this Agreement and such other information that is reasonably requested by the Administrative Agent from time to time, as such listing may be amended, restated, supplemented or otherwise modified from time to time in accordance with this Agreement and the Receivable Purchase Agreements.

"Receivable Purchase Agreements" means the Canadian Receivable Purchase Agreement and the U.S. Receivable Purchase Agreement.

"Reference Time" with respect to any setting of the then-current Benchmark means (1) if such Benchmark is LIBOR Rate, 11:00 a.m. (London time) on the day that is two London banking days preceding the date of such setting, and (2) if such Benchmark is not LIBOR Rate, the time determined by the Administrative Agent in its reasonable discretion.

"Register" has the meaning specified in Section 13.02(g).

"Regulation T," "Regulation U" and *"Regulation X"* mean Regulation T, U and X, respectively, of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Regulatory Change" has the meaning specified in Section 2.09(a).

~~"*Regulatory Event*" means any one of the following events: a rule, order, decree, enactment, proclamation or publication of any guidance, guideline, interpretation, injunction, directive, proclamation, promulgation, requirement, order, judgment, policy statement, law, regulation, rule, statute, writ or finding by a Governmental Authority, in the context of an action, suit, proceeding, investigation, claim, allegation or otherwise that would either (a) have a material adverse effect on the validity, enforceability or collectability (including by the assignee of such Collateral Receivable) of any Collateral Receivable as reasonably determined by the Administrative Agent or (b) have a Material Adverse Effect on the Borrower, the Parent, the Servicer, any Seller, the Sponsor or the Backup Servicer.~~

"Reinvestment Period" means the period from and including the Closing Date to and including the earliest of (a) the Scheduled Reinvestment Period Termination Date, (b) the occurrence of an Accelerated Amortization Event, and (c) the Final Maturity Date.

~~*"Related Documents"* means, with respect to any Receivable, the Contract, each document evidencing the payment of the relevant purchase price or other amounts due to the Merchant by a Seller, each written invoice or other contract and all agreements or documents evidencing, governing, giving rise or relating to such Receivable under which a sale of goods or services is made by the Merchant to an Obligor, any bill of sale or assignment agreement delivered pursuant to a Receivable Purchase Agreement, as more fully described in each Receivable Purchase Agreement, and which shall include, without limitation all amendments with respect to each such document and, within two (2) Business Days following the request of the Administrative Agent, any endorsements or assignments thereof to the Administrative Agent or its transferees.~~

"Relevant Governmental Body" means the Federal Reserve Board or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board or the Federal Reserve Bank of New York, or any successor thereto.

"Reporting Date" means the date that is three (3) Business Days prior to each Payment Date.

"Requested Amount" has the meaning specified in Section 2.02.

"Required Lenders" means, as of any date of determination,

(a) *first*, if any Class A Advances are then outstanding, one or more Class A Lenders having Class A Advances in an amount greater than 50% of the aggregate outstanding principal amount of all Class A Advances;

(b) *second*, if no Class A Advances are then outstanding, and the availability of the Class A Advances has not been terminated hereunder, one or more Class A Lenders holding in the aggregate more than 50% of the aggregate Percentages of all Class A Lenders; or

(c) *third*, if no Class A Advances are then outstanding and the availability of the Class A Advances has been terminated hereunder,

(i) if any Class B Advances are then outstanding, one or more Class B Lenders having Class B Advances in an amount greater than 50% of the aggregate outstanding principal amount of all Class B Advances; or

(ii) if no Class B Advances are then outstanding, one or more Class B Lenders holding in the aggregate more than 50% of the aggregate Percentages of all Class B Lenders.

"*Rescheduled Receivable"* means a Collateral Receivable under which the Obligor has rescheduled any installment payment thereunder in accordance with the terms of the related Contract.

"Rescheduling Fee" means a fee imposed by the Servicer to enable the Obligor to defer an installment payment.

"Resolution Authority" means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

"Responsible Officer" means (a) in the case of a corporation, partnership or limited liability company that, pursuant to its Constituent Documents, has officers, any chief executive officer, chief financial officer, chief administrative officer, president, senior vice president, vice president, treasurer, director or manager, and, in any case where two Responsible Officers are acting on behalf of such entity, the second such Responsible Officer may be a secretary or assistant secretary, (b) in the case of a limited partnership, the Responsible Officer of the general partner, acting on behalf of such general partner in its capacity as general partner, (c) in the case of a limited liability company, any Responsible Officer of the sole member or managing member, acting on behalf of the sole member or managing member in its capacity as sole member or managing member, (d) in the case of a trust, the Responsible Officer of the trustee or the administrator of the trust, acting on behalf of such trust in its capacity as trustee, and (e) in the case of the Administrative Agent, an officer of the Administrative Agent responsible for the administration of this Agreement.

"Restricted Payments" means the declaration of any distribution or dividends or the payment of any other amount (including in respect of redemptions permitted by the Constituent Documents of the Borrower) to any beneficiary or other equity investor in the Borrower on account of any Equity Interest in respect of the Borrower, or the payment on account of, or the setting apart of assets for a sinking or other analogous fund for, or the purchase or other acquisition of any Equity Interest in the Borrower or of any warrants, options or other rights to acquire the same (or to make any "phantom stock" or other similar payments in the nature of distributions or dividends in respect of equity to any Person), whether now or hereafter outstanding, either directly or indirectly, whether in cash, property (including marketable securities), or any payment or setting apart of assets for the redemption, withdrawal, retirement, acquisition, cancellation or termination of any Equity Interest in respect of the Borrower.

"S&P" means S&P Global Ratings.

"Sanctioned Country" means, at any time, a country or territory that is, or whose government is, the subject or target of any Sanctions, including a country subject to a sanctions program identified on the list maintained by OFAC and available at http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx, or as otherwise published from time to time.

"Sanctioned Person" means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC, the U.S. Department of State, the United Nations Security Council, the European Union or any EU member state, including the "Specially Designated Nationals and Blocked Persons" maintained by OFAC available at http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx, or as otherwise published from time to time (b) (i) an agency of the government of a Sanctioned Country, (ii) an organization controlled by a Sanctioned Country or (iii) any Person located, organized or resident in a Sanctioned Country or (c) any Person controlled by any such Person.

"Sanctions" means economic or financial sanctions or trade embargoes administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the U.S. Department of State or (b) the United Nations Security Council, the European Union or Her Majesty's Treasury of the United Kingdom.

"Sanctions Laws" means, collectively, (a) the rules and regulations regarding the blocking of assets and the prohibition of transactions involving Persons or countries designated by OFAC or the U.S. Department of State; and (b) any other Applicable Laws relating to economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time.

"Scheduled Reinvestment Period Termination Date" means February 10, 2023 or such later date as may be agreed by the Borrower and each of the Lenders in writing and notified in writing to the Administrative Agent.

"SCRA" means the Servicemembers Civil Relief Act, 50 U.S.C. §§ 3901-4043.

"SEC" means the Securities and Exchange Commission or any other Governmental Authority of the United States of America at the time administrating the Securities Act, the Investment Company Act or the Exchange Act.

"Secured Parties" means the Administrative Agent, the Lenders, any Affected Person and each Indemnified Party and their respective permitted successors and assigns.

"Securities Act" means the Securities Act of 1933, and the rules and regulations promulgated thereunder, all as from time to time in effect, or any successor law, rules or regulations, and any reference to any statutory or regulatory provision shall be deemed to be a reference to any successor statutory or regulatory provision.

"Securitization Vehicle" means a special purpose bankruptcy remote entity formed for the purpose of directly or indirectly purchasing Receivables from the Borrower and issuing debt in the capital markets secured by such Receivables.

"Sellers" means, the Canadian Seller and the U.S. Seller.

"Servicer" means Sezzle, in its capacity as servicer under the Servicing Agreement or any Backup Servicer under the Backup Servicing Agreement.

"Servicer Event of Default" means (a) a "Servicer Event of Default" as such term is defined in the Servicing Agreement or (b) ~~a Regulatory Event that causes a Material Adverse Effect on the Servicer~~.

"Servicer Fee" means, for each Collection Period, a fee payable to the Servicer in arrears on each Payment Date (in accordance with the Priority of Payments) in an amount equal to the amount provided for in the Servicing Agreement.

"*Servicing Agreement*" means (a) the Servicing Agreement, dated as of the Closing Date, by and among the Borrower, the Servicer and the Administrative Agent or (b) any servicing agreement among the Borrower, the Administrative Agent and the Backup Servicer, as successor servicer, or a successor servicer that is approved in writing by the Administrative Agent.

"Servicing Guide" means the servicing guide or program requirements of the Servicer attached as Schedule 6, which may be amended, modified or supplemented by the Servicer from time to time in accordance with the Section 5.02(j).

"Sezzle" means Sezzle Inc., a Delaware corporation.

"SOFR" means, with respect to any Business Day, a rate per annum equal to the secured overnight financing rate for such Business Day published by the SOFR Administrator on the SOFR Administrator's Website at approximately 8:00 a.m. (New York City time) on the immediately succeeding Business Day.

"SOFR Administrator" means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

"SOFR Administrator's Website" means the website of the Federal Reserve Bank of New York, currently at http://www.newyorkfed.org, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time.

"Solvent" means, with respect to any Person, that as of the date of determination, both (a) (i) the sum of such Person's debt (including contingent liabilities) does not exceed the present fair saleable value of such Person's present assets; (ii) such Person's capital is not unreasonably small in relation to its business as contemplated on the Closing Date and reflected in any of its financial projections; and (iii) such Person has not incurred and does not intend to incur, or believe (nor should it reasonably believe) that it will incur, debts beyond its ability to pay such debts as they become due (whether at maturity or otherwise); and (b) such Person is "solvent" within the meaning given that term and similar terms under the Bankruptcy Code, Section 271 of the Debtor and Creditor Law of the State of New York or other Applicable Laws relating to fraudulent transfers and conveyances. For purposes of this definition, the amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability (irrespective of whether such contingent liabilities meet the criteria for accrual under Statement of Financial Accounting Standards No. 5).

"Sponsor" means Sezzle.

"Sponsor Indemnity Agreement" means the Limited Guaranty and Indemnity Agreement by the Sponsor, as limited guarantor, for the benefit of the Administrative Agent, dated as of the Closing Date.

"Sponsor Indemnity Event of Default" has the meaning assigned to "Limited Guaranty Event of Default" in the Sponsor Indemnity Agreement.

"Sportsman's Guide Receivable" means a Collateral Receivable in respect of which Sportsman's Guide, Inc. is the related Merchant that is payable in four (4) equal, interest-free installments over a period not to exceed three (3) months, with the first such payment made at the time such Receivable is originated, unless such Receivable is a Rescheduled Receivable, in which case, such Receivable is payable in four (4) equal, interest-free installments payable over a period not to exceed five (5) months, with the first such payment made at the time such Receivable is originated.

"Subject Laws" has the meaning specified in Section 4.01(f).

"Supported QFC" has the meaning specified in Section 12.22.

"Syndication" has the meaning specified in Section 13.02(a).

"Taxes" means all present or future taxes, levies, imposts, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, and all liabilities (including penalties, additions, interest and expenses) with respect thereto.

"Term SOFR" means, for the applicable Corresponding Tenor as of the applicable Reference Time, the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

"Termination Date" means the last day of the Reinvestment Period or, if the Reinvestment Period has been reinstated, the last day of such reinstated Reinvestment Period; *provided* that, if the Termination Date would otherwise not be a Business Day, then the Termination Date shall be the immediately succeeding Business Day.

"*Transaction Value*" means, with respect to each Collateral Receivable, as of the applicable origination date of such Collateral Receivable, the aggregate amount of all installments owed by the relevant Obligor, including any initial payment made by the Obligor on such origination date and any Receivable Balance owed by such Obligor thereafter with respect to such Collateral Receivable.

"UCC" means the Uniform Commercial Code, as from time to time in effect in the State of New York; *provided* that if, by reason of any mandatory provisions of law, the perfection, the effect of perfection or non-perfection or priority of the security interests granted to the Administrative Agent pursuant to this Agreement are governed by the Uniform Commercial

Code as in effect in a jurisdiction of the United States of America other than the State of New York, then "UCC" means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of such perfection, effect of perfection or non-perfection or priority.

"UK Financial Institution" means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended form time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

"UK Resolution Authority" means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

"Unadjusted Benchmark Replacement" means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

"Unmatured Event of Default" means any event which, with the passage of time, the giving of notice, or both, would constitute an Event of Default.

"Unused Fees" means the Class A Unused Fees and the Class B Unused Fees.

"U.S." means the United States of America.

"U.S. Collection Account" means the account established at the U.S. Collection Account Bank in the name of the Borrower, which account has been designated as the U.S. Collection Account and which shall at all times be the subject of a U.S. Account Control Agreement.

"U.S. Collection Account Bank" means (a) First Premier Bank, a South Dakota banking corporation or (b) another Qualified Institution reasonably acceptable to the Administrative Agent.

"U.S. Collection Account Control Agreement" means each agreement in form reasonably acceptable to the Administrative Agent among the Borrower, the Administrative Agent and the U.S. Collection Account Bank establishing "control" within the meaning of the UCC over the U.S. Collection Account or such other account as may be applicable from time to time.

"U.S. Collection Account Maintenance Amount" means, (a) $25,000 or (b) such lesser amount as may be agreed upon by the Borrower, the U.S. Collection Account Bank and the Administrative Agent in writing from time to time as the minimum balance to be maintained in the U.S. Collection Account.

"U.S. Collection Account Required Amount" means, as of any date of determination, the greater of (a) an aggregate amount equal to 1.00% of the highest Funded Facility Amount as of

any day elapsed during the two Collection Periods preceding such date and (b) the U.S. Collection Account Maintenance Amount.

"U.S. Dollars" and *"$"* mean lawful money of the United States of America.

"U.S. Receivable" means each Receivable sold to the Borrower by the U.S. Seller pursuant to the terms and subject to the conditions set forth in the U.S. Receivable Purchase Agreement.

"U.S. Receivable Purchase Agreement" means (a) the U.S. Receivable Purchase Agreement**,** dated as of the Closing Date, by and among the U.S. Seller and the Borrower, in form and substance acceptable to the Administrative Agent or (b) such other receivable purchase agreement among the U.S. Seller and the Borrower, that is in form and substance satisfactory to the Administrative Agent.

"U.S. Seller" means Sezzle.

"U.S. Special Resolution Regimes" has the meaning specified in Section 12.22.

"U.S. Tax Compliance Certificate" has the meaning specified in Section 12.03(g).

"Vintage" means each full calendar month during which Receivables have been originated by a Seller.

"Vintage Collections" means all Collections in respect of any Vintage Receivable.

"Vintage Default Ratio" means, as of any date of determination, with respect to each Vintage, the ratio (expressed as a percentage) equal to (a) the Vintage Receivables Balance of all Vintage Receivables that became Defaulted Collateral Receivables at any time following the origination of such Vintage Receivables *minus* the aggregate amount of Vintage Collections received by a Seller or the Borrower at any time following the origination of such Vintage Receivables**,** *divided by* (b) the Vintage Total Transaction Value of all Vintage Receivables originated during such Vintage.

"Vintage Receivable" means each Receivable originated by a Seller in the ordinary course of business in accordance with the Credit Guidelines during each Vintage.

"Vintage Receivables Balance" means, with respect to each Vintage, the sum of the Vintage Total Transaction Values of all the Vintage Receivables originated by a Seller during such Vintage.

"Vintage Total Transaction Value" means, with respect to each Vintage Receivable, as of the applicable origination date of such Vintage Receivable, the aggregate amount of all installments owed by the relevant Obligor, including any initial payment made by the Obligor on such origination date and any Receivable Balance owed by such Obligor thereafter with respect to such Collateral Receivable.

"Weekly Report" has the meaning specified in Section 5.01(g).

"Weighted Average FICO Score" means, as of any date of determination with respect to all Collateral Receivables for which a FICO Score has been obtained around the time the Receivable was originated, the ratio (expressed as a number) obtained by summing the products obtained by multiplying:

The FICO Score of the related Obligor as of the Credit Approval Date	X	The principal balance of such Collateral Receivable as of such date of determination

and dividing such sum by the Receivable Balance of all Collateral Receivables as of such date of determination for which a FICO Score has been obtained around the time the Receivable was originated.

"Weighted Average Merchant Discount Rate" means, as of any date of determination with respect to all Collateral Receivables, the ratio (expressed as a percentage) obtained by summing the products obtained by multiplying:

The Merchant Discount Rate	X	The principal balance of such Collateral Receivable as of such date of determination

and dividing such sum by the Receivable Balance of all Collateral Receivables as of such date of determination.

"Withdrawal Date" has the meaning specified in Section 9.02.

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

"Withdrawal Principal Loss Ratio" means, on any date of determination, with respect to the two-week period ending on such date of determination, the ratio (expressed as a percentage) equal to (a) the Aggregate Receivable Balance of all Collateral Receivables that are Past Due Collateral Receivables as of the last day of such period or would be Past Due Collateral Receivables if such Receivables were not sold or otherwise disposed of by the Borrower during such period, *divided by* (b) the Aggregate Receivable Balance of all Collateral Receivables that are Current Collateral Receivables as of the first day of such period; *provided, however,* that if the Aggregate Receivable Balance of all Collateral Receivables as of the first day of such period is zero ($0), the Withdrawal Principal Loss Ratio shall be zero for such period.

"Write-Down and Conversion Powers" means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to

provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

"Zero Down Receivable" means a Collateral Receivable for which the related Contract provides for the final scheduled installment to be made by the Obligor 56 days after the origination thereof.

Section 1.02. Rules of Construction. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires (a) singular words shall connote the plural as well as the singular, and vice versa (except as indicated), as may be appropriate, and "or" is not exclusive, (b) the words "herein," "hereof" and "hereunder" and other words of similar import used in this Agreement refer to this Agreement as a whole and not to any particular article, schedule, section, paragraph, clause, exhibit or other subdivision, (c) the headings, subheadings and table of contents set forth in this Agreement are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect the meaning, construction or effect of any provision hereof, (d) references in this Agreement to "include" or "including" shall mean include or including, as applicable, without limiting the generality of any description preceding such term, and for purposes hereof the rule of ejusdem generis shall not be applicable to limit a general statement, followed by or referable to an enumeration of specific matters, to matters similar to those specifically mentioned, (e) each of the parties to this Agreement and its counsel have reviewed and revised, or requested revisions to, this Agreement, and the rule of construction that any ambiguities are to be resolved against the drafting party shall be inapplicable in the construction and interpretation of this Agreement, (f) any definition of or reference to any Facility Document, agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, restatements, supplements or modifications set forth herein), (g) any reference herein to any Person shall be construed to include such Person's successors and assigns (subject to any restrictions set forth herein or in any other applicable agreement), (h) any reference to any law or regulation herein shall refer to such law or regulation as amended, modified or supplemented from time to time and (i) each reference to time without further specification shall mean New York City Time.

Section 1.03. Computation of Time Periods. Unless otherwise stated in this Agreement, in the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" both mean "to but excluding." Periods of days referred to in this Agreement shall be counted in calendar days unless Business Days are expressly prescribed.

Section 1.04. Collateral Value Calculation Procedures. In connection with all calculations required to be made pursuant to this Agreement with respect to any payments on any other assets included in the Collateral, with respect to the sale of and reinvestment in Collateral Receivables, and with respect to the income that can be earned on any other amounts that may be received for deposit in the Canadian Collection Account or the U.S. Collection Account, as applicable, the provisions set forth in this Section 1.04 shall be applied. The provisions of this

Section 1.04 shall be applicable to any determination or calculation that is covered by this Agreement, whether or not reference is specifically made to Section 1.04, unless some other method of calculation or determination is expressly specified in the particular provision.

(a) References in the Priority of Payments to calculations made on a "pro forma basis" shall mean such calculations after giving effect to all payments, in accordance with the Priority of Payments, that precede (in priority of payment) or include the clause in which such calculation is made.

(b) For purposes of calculating all Concentration Limitations, in both the numerator and the denominator of any component of the Concentration Limitations, Delinquent Collateral Receivables, Defaulted Collateral Receivables and Ineligible Collateral Receivables shall be deemed to have a Receivable Balance equal to zero.

(c) For purposes of calculating compliance with any Concentration Limitation based on the "weighted average", "weighted average" shall mean, as of any date of determination with respect to all Collateral Receivables, the ratio (expressed as a number) obtained by summing the products of (a) (i) the FICO Score of the related Obligor as reported at the time such Collateral Receivable was made, or (ii) the original term to maturity of such Receivable, as applicable, *times* (b) the Receivable Balance of such Collateral Receivable, and (c) dividing such sum by the Aggregate Receivable Balance of all Collateral Receivables as of such date of determination.

(d) Determinations of the Collateral Receivables, or portions thereof, that constitute Excess Concentration Amounts will be determined in the way that produces the lowest Borrowing Base at the time of determination, it being understood that a Collateral Receivable (or portion thereof) that falls into more than one such category of Collateral Receivables will be deemed, solely for purposes of such determinations, to fall only into the category that produces the lowest such Borrowing Base at such time (without duplication).

(e) For the purposes of calculating compliance with each of the Concentration Limitations, all calculations will be rounded to the nearest 0.01%, with 0.005% rounded upwards.

(f) Notwithstanding any other provision of this Agreement to the contrary, all monetary calculations under this Agreement shall be in U.S. Dollars (giving effect to the CAD FX Rate, if applicable). For purposes of this Agreement, calculations with respect to all amounts received or required to be paid in a currency other than U.S. Dollars or Canadian Dollars shall be valued at zero.

(g) References in this Agreement to the Borrower's "purchase" or "acquisition" of a Collateral Receivable include references to the Borrower's acquisition of such Collateral Receivable by way of a sale from a Seller under a Receivable Purchase Agreement.

Section 1.05. *Divisions*. For all purposes under the Facility Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b)

if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its equity interests at such time.

Article II

Advances

Section 2.01. Revolving Credit Facility. (a) On the terms and subject to the conditions herein set forth, including Article III, (i) each Class A Lender severally agrees to make loans to Borrower (each, a *"Class A Committed Advance"*) from time to time on any Business Day during the period from the Closing Date until but excluding the Termination Date, on a *pro rata* basis in each case based on and limited to the Percentage applicable to such Class A Lender and, as to all Class A Lenders, in an amount that would not cause the aggregate principal balance of the Class A Committed Advances to exceed the Class A Maximum Committed Available Amount as then in effect, and (ii) each Class B Lender severally agrees to make loans to Borrower (each, a "*Class B Committed Advance"* and, together with any Class A Committed Advance, a *"Committed Advance"*) from time to time on any Business Day during the period from the Closing Date until but excluding the Termination Date, on a *pro rata* basis in each case based on and limited to the Percentage applicable to such Class B Lender and, as to all Class B Lenders, in an amount that would not cause the aggregate principal balance of the Class B Committed Advances to exceed the Class B Maximum Committed Available Amount as then in effect; *provided, however*, that, in each case, except with respect to the initial Class A Committed Advance and initial Class B Committed Advance hereunder, the aggregate principal amount of any such Committed Advance shall not, by itself or when combined with the principal amounts of all Committed Advances made by the Lenders to the Borrower during the thirty (30) days immediately preceding the proposed Borrowing Date for such Class A Committed Advance or Class B Committed Advance, as applicable, exceed 50% of the Committed Facility Amount. No Lender shall make any Committed Advance or portion thereof if it would cause the aggregate outstanding principal amount of the Committed Advances to exceed the Maximum Committed Available Amount as then in effect.

(b) *Incremental Advances*. If the aggregate outstanding principal balance of the Class A Committed Advances is in excess of the Class A Committed Facility Amount on the relevant Borrowing Date, on the terms and subject to the conditions hereinafter set forth, including Article III, each Class A Lender severally may agree, in its sole and absolute discretion, to make incremental loans to the Borrower (each, a "*Class A Incremental Advance*", and together with the Class A Committed Advances, each a "*Class A Advance*") from time to time on any Business Day during the period from the Closing Date until but excluding the Termination Date, on a *pro rata* basis in each case based on and limited to the Percentage applicable to such Class A Lender and, as to all Class A Lenders, in an aggregate principal amount up to but not exceeding the Class A Maximum Available Amount as then in effect.

If the aggregate outstanding principal balance of the Class B Committed Advances is in excess of the Class B Committed Facility Amount on the relevant Borrowing Date, on the terms and subject to the conditions hereinafter set forth, including Article III, each Class B Lender severally may agree, in its sole and absolute discretion, to make incremental loans to the Borrower (each, a "*Class B Incremental Advance*", and together with the Class B Committed Advances, each a "*Class B Advance*", and together with the Class A Advances, each an "*Advance*") from time to time on any Business Day during the period from the Closing Date until

but excluding the Termination Date, on a *pro rata* basis in each case based on and limited to the Percentage applicable to such Class B Lender and, as to all Class B Lenders, in an aggregate principal amount up to but not exceeding the Class B Maximum Available Amount as then in effect.

No Lender shall make any Advance or portion thereof if it would cause the aggregate outstanding principal amount of the Advances to exceed the Maximum Available Amount as then in effect.

(c) Each such borrowing under this Section 2.01 of an Advance on any single day is referred to herein as a "*Borrowing*." Within such limits and subject to the other terms and conditions of this Agreement, the Borrower may borrow (and re-borrow) Advances under this Section 2.01 and prepay Advances under Section 2.05.

Section 2.02. Making of the Advances. (a) Subject to the terms and conditions of Section 2.01, if the Borrower desires to request a Borrowing under this Agreement, the Borrower shall give the Administrative Agent a written notice (each, a *"Notice of Borrowing"*) for such Borrowing (which notice shall be irrevocable and effective upon receipt) not later than 1:00 p.m. at least two (2) Business Days prior to the day of the requested Borrowing. A Notice of Borrowing received after 1:00 p.m. shall be deemed received on the following Business Day.

Promptly following receipt of a Notice of Borrowing in accordance with this Section 2.02, the Administrative Agent shall advise each applicable Lender of the details thereof and of the amounts of such Lender's Advance requested to be made as part of the requested Borrowing. Each Notice of Borrowing shall be substantially in the form of Exhibit A-1 hereto, dated the date the request for the related Borrowing is being made, signed by a Responsible Officer of the Borrower, shall attach a Maximum Advance Rate Test Calculation Statement and shall otherwise be appropriately completed. The proposed Borrowing Date specified in each Notice of Borrowing shall be a Business Day falling prior to the Termination Date, and the amount of the Borrowing requested in such Notice of Borrowing (the *"Requested Amount"*) shall be equal to at least $250,000 (or, less, if agreed to by the Administrative Agent and the Lenders in their sole and absolute discretion).

Unless otherwise permitted by the Administrative Agent and each of the Lenders in their sole and absolute discretion, there shall be no more than one (1) Borrowing Date per calendar week.

(b) *Funding by Lenders.* Subject to the terms and conditions herein, each Lender providing an Advance shall make its Percentage (as such Percentage may be reduced or increased from time to time in accordance with the terms hereof) of the applicable Requested Amount on each Borrowing Date (x) by wire shall transfer of immediately available funds by 11:00 a.m. on such Borrowing Date to the Administrative Agent pursuant to wiring instructions provided by the Administrative Agent and the Administrative Agent will hold and pay such funds to the Borrower by wire transfer of immediately available funds by 2:00 p.m. on such Borrowing Date to the Funding Account, on behalf of the Lenders or (y) if requested in writing (email is acceptable) by the Administrative Agent, by wire transfer of immediately available

funds by 2:00 p.m. on such Borrowing Date directly to the Funding Account pursuant to wiring instructions provided by the Administrative Agent.

(c) *Presumption by the Administrative Agent*. The Administrative Agent may not assume that a Lender has made or will make its Percentage of any applicable Requested Amount and shall not be obligated to make available to the Borrower a corresponding amount unless the Administrative Agent has received from all Lenders the funds corresponding to their relevant Percentages with respect to the applicable Requested Amount.

Section 2.03. Evidence of Indebtedness.

(a) *Maintenance of Records by Lenders.* Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to it and resulting from the Advances made by such Lender to the Borrower, from time to time, including the amounts of principal and interest thereon and paid to it, from time to time hereunder; *provided*, *however*, that in case of a conflict between the records of the Administrative Agent and those of such Lender, the records of the Administrative Agent shall prevail absent manifest error.

(b) *Maintenance of Records by Administrative Agent.* The Administrative Agent shall maintain records in which it shall record (i) the amount of each Advance made hereunder, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof. Notwithstanding anything to the contrary herein, the Administrative Agent shall be responsible for calculating and confirming any and all amounts due, interest, compliance with financial covenants, eligibility criteria and each other trigger or rate hereunder and under the other Facility Documents and each such calculation and confirmation shall be conclusive and binding for all purposes, absent manifest error.

(c) *Effect of Entries.* The entries made in the records maintained pursuant to paragraph (a) or (b) of this Section shall be prima facie evidence, absent obvious error, of the existence and amounts of the obligations recorded therein; *provided* that the failure of any Lender or the Administrative Agent to maintain such records or any error therein shall not in any manner affect the obligation of the Borrower to repay the Advances and other Obligations hereunder in accordance with the terms of this Agreement.

Section 2.04. Payment of Principal, Interest and Certain Fees. The Borrower shall pay principal and Interest on the Advances as follows:

(a) 100% of the outstanding principal amount of each Advance, together with all accrued and unpaid Interest thereon, shall be due and payable on the Final Maturity Date.

(b) Class A Interest shall accrue on the unpaid principal amount of each Class A Advance from the date of such Class A Advance until such principal amount is paid in full and Class B Interest shall accrue on the unpaid principal amount of each Class B

Advance from the date of such Class B Advance until such principal amount is paid in full.

(c) Accrued Class A Interest on each Class A Advance or accrued Class B Interest on each Class B Advance, as applicable, shall be due and payable in arrears (x) on each Payment Date, and (y) in connection with any prepayment pursuant to Section 2.05(a); *provided* that (i) with respect to any prepayment in full of the Advances outstanding, accrued Interest on such amount to but excluding the date of prepayment may be payable on such date or as otherwise agreed to between the Lenders and the Borrower and (ii) with respect to any partial prepayment of the Advances outstanding, accrued Interest on such amount to but excluding the date of prepayment shall be payable following such prepayment on the applicable Payment Date in accordance with the Priority of Payments for the Collection Period in which such prepayment occurred.

(d) Subject to clause (e) below, the obligation of the Borrower to pay the Obligations, including, but not limited to, the obligation of the Borrower to pay the Lenders the outstanding principal amount of the Advances, accrued Interest thereon, to pay the Lenders the Prepayment Premium, Exit Fees and Unused Fees, and to pay any other fees as set forth hereunder and in the Administrative Agent Fee Letter, shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms hereof (including Section 2.14 and Article IX) and thereof, under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment which the Borrower or any other Person may have or have had against any Secured Party or any other Person (other than a defense that payment was made).

(e) As a condition to the payment of Interest on any Advance, Class A Interest on any Class A Advance or Class B Interest on any Class B Advance, as applicable, and principal of any Advance, any Prepayment Premium, any Exit Fee, any Unused Fees and any other amounts due pursuant to the Facility Documents without the imposition of withholding tax, the Borrower or the Administrative Agent may require certification acceptable to it to enable the Borrower and the Administrative Agent to determine their duties and liabilities with respect to any taxes or other charges that they may be required to deduct or withhold from payments in respect of such Advance under any present or future law or regulation of the United States of America and any other applicable jurisdiction, or any present or future law or regulation of any political subdivision thereof or taxing authority therein or to comply with any reporting or other requirements under any such law or regulation.

(f) Unused Fees shall accrue from the Closing Date until the Termination Date and shall be payable by the Borrower to the Lenders in arrears on each Payment Date for the immediately preceding Collection Period in accordance with the Priority of Payments.

Section 2.05. Prepayment of Advances.

(a) *Optional Prepayments.* On any date on or after the Closing Date, Borrower may, from time to time on any Business Day, subject to payment of the Prepayment Premium or Exit Fee (if any) as set forth in Section 2.06, voluntarily prepay any outstanding Advances in whole or in part, together with all amounts due pursuant to Sections 2.04(c) and 2.10; *provided* that the Borrower shall have delivered to the Administrative Agent written notice of such prepayment (such notice, a *"Notice of Prepayment"*) in the form of Exhibit B hereto by no later than 1:00 p.m. at least two (2) Business Days prior to the day of such prepayment. Any Notice of

Prepayment received by the Administrative Agent after 1:00 p.m. shall be deemed received on the next Business Day. Upon receipt of such Notice of Prepayment, the Administrative Agent shall promptly, but in any event, no later than 1:00 p.m. at least one (1) Business Day prior to the date of such prepayment, notify each Lender. Each such Notice of Prepayment shall be irrevocable and effective upon the date received and shall be dated the date such notice is given, signed by a Responsible Officer of the Borrower and otherwise appropriately completed. Each prepayment of any Advance by the Borrower pursuant to this Section 2.05(a) shall in each case be in a principal amount of at least $500,000 or, if less, the entire outstanding principal amount of the Advances of the Borrower. If a Notice of Prepayment is given by the Borrower, the Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein (including, but not limited to, any Prepayment Premium or Exit Fee). The Borrower shall make the payment amount specified in such notice by wire transfer of immediately available funds by 11:00 a.m. on the date of prepayment to the account of the Administrative Agent, which will hold the funds on behalf of the Lenders. To the extent payment was made to the Administrative Agent, the Administrative Agent promptly will make such payment amount specified in such notice available to each Lender in the amount of each Lender's Percentage of the payment amount by wire transfer to such Lender's account. Any funds for purposes of a voluntary prepayment received by the Administrative Agent after 11:00 a.m. shall be deemed received on the next Business Day. For the avoidance of any doubt, the Borrower may only provide a Notice of Prepayment to prepay Advances that are outstanding on the date such Notice of Prepayment is delivered and may not provide a Notice of Prepayment to prepay any future Advances.

(b) *Additional Prepayment Provisions.* Each prepayment pursuant to this Section 2.05 shall be subject to Sections 2.04(c) and 2.10 and applied to the Advances in accordance with the relevant Lenders' respective Percentages.

(c) *Interest on Prepaid Advances.* The Borrower shall pay all accrued and unpaid Interest on the Advances that are prepaid on the date of such prepayment.

Section 2.06. Prepayment Premium and Exit Fee.

(a) If the Borrower terminates this Agreement or otherwise voluntarily prepays all or any portion of the outstanding principal balance of any Advances prior to the Scheduled Reinvestment Period Termination Date, the Borrower shall pay, to the Administrative Agent, for the pro rata benefit and account of each Lender, in immediately available funds, a non-refundable prepayment fee equal to the product of (i) the outstanding principal amount of the Advances being prepaid as of the date of such prepayment, (ii) the Applicable Margin corresponding to the applicable Advances being prepaid *plus* the Post-Default Rate (if applicable), and (iii) a fraction (expressed as a percentage) having a numerator equal to the number of days from and including the date of such prepayment to the Scheduled Reinvestment Period Termination Date and a denominator equal to 360 (collectively, the *"Prepayment Premiums"*); *provided, however*, that no such Prepayment Premium shall be payable in connection with any prepayment made (A) to satisfy any breach of a Maximum Advance Rate Test, (B) with respect to any payments required pursuant to Section 9.01 of the Agreement or (C) in connection with a Permitted Sale to a Securitization Vehicle in connection with a broadly

marketed and distributed issuance of asset-backed securities (but the Exit Fee shall be due and payable in the case of this clause (C)).

(b) For the avoidance of doubt, any applicable Prepayment Premium shall be due and payable at any time the Advances become due and payable prior to the Scheduled Reinvestment Period Termination Date, whether due to acceleration pursuant to the terms of the Agreement (in which case it shall be due immediately), by operation of law or otherwise (including, without limitation, on account of the commencement of an Insolvency Event), and whether such acceleration occurs prior to, upon or subsequent to the commencement of an Insolvency Event. In view of the impracticability and extreme difficulty of ascertaining the actual amount of damages to the Lenders or profits lost by the Lenders as a result of acceleration or prepayment, and by mutual agreement of the parties as to a reasonable estimation and calculation of the lost profits or damages of the Lenders, the Prepayment Premiums constitute liquidated damages which shall be due and payable upon such date. The Borrower hereby waives any defense to payment other than payment on performance, whether such defense may be based in public policy, ambiguity, or otherwise. The Borrower and the Lenders acknowledge and agree that any Prepayment Premium due and payable hereunder shall not constitute unmatured interest, whether under Section 502(b)(3) of the Bankruptcy Code or otherwise. The Borrower further acknowledges and agrees, and waives any argument to the contrary, that payment of such amount does not constitute a penalty or an otherwise unenforceable or invalid obligation.

(c) If the Borrower terminates this Agreement or otherwise voluntarily prepays all or any portion of the outstanding principal balance of any Advances in connection with a Permitted Sale to a Securitization Vehicle in connection with a broadly marketed and distributed issuance of asset-backed securities, the Borrower shall pay the Exit Fee in accordance with the terms and provisions set forth in the Administrative Agent Fee Letter.

(d) Any amount payable under this Section 2.06 that is not paid when due shall bear interest at the rate set forth under clause (c) of "Interest Rate" from the date such amount is due until the date paid, in accordance with this Section 2.06.

Section 2.07. Maximum Lawful Rate. It is the intention of the parties hereto that the Interest on the Advances shall not exceed the maximum rate permissible under Applicable Law. Accordingly, anything herein to the contrary notwithstanding, in the event any Interest is charged to, collected from or received from or on behalf of the Borrower by the Lenders pursuant hereto or thereto in excess of such maximum lawful rate, then the excess of such payment over that maximum shall be applied first to the payment of amounts then due and owing by the Borrower to the Secured Parties under this Agreement (other than in respect of principal of and interest on the Advances) and then to the reduction of the outstanding principal amount of the Advances of the Borrower.

Section 2.08. Several Obligations. The failure of any Lender to make any Advance to be made by it on the date specified therefor or make payments pursuant to Section 11.04 shall not relieve any other Lender of its obligation to make its Advance on such date or make such payments, the Administrative Agent shall not be responsible for the failure of any Lender to make any Advance or make such payments, and no Lender shall be responsible for the failure of

any other Lender to make an Advance to be made by such other Lender or to make such payments under Section 11.04.

Section 2.09. Increased Costs. (a) If (i) the introduction of or any change in or in the interpretation, application or implementation of any Applicable Law or GAAP or other applicable accounting policy after the date hereof, or (ii) the compliance with any guideline or change in the interpretation, application or implementation of any guideline or request from any central bank or other Governmental Authority (whether or not having the force of law) after the date hereof, (a *"Regulatory Change"*):

(A) shall impose, modify or deem applicable any reserve (including any reserve imposed by the Board of Governors of the Federal Reserve System, but excluding any reserve included in the determination of interest on the Advances), special deposit or similar requirement against assets of any Affected Person, deposits or obligations with or for the account of any Affected Person or with or for the account of any Affiliate (or entity deemed by the Federal Reserve Board to be an Affiliate) of any Affected Person, or credit extended by any Affected Person;

(B) shall change the amount of capital maintained or required or requested or directed to be maintained by any Affected Person;

(C) shall subject any Affected Person to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto;

(D) shall impose any other condition (other than Taxes) affecting any Advance owned or funded in whole or in part by any Affected Person, or its obligations or rights, if any, to make Advances or to provide funding therefor;

(E) shall change the rate for, or the manner in which the Federal Deposit Insurance Corporation (or a successor thereto) assesses, deposit insurance premiums or similar charges; or

(F) shall cause an internal capital or liquidity charge or other imputed cost to be assessed upon any Affected Person which, in the sole discretion of such Affected Person, is allocable to the Borrower or to the transactions contemplated by this Agreement;

and the result of any of the foregoing is or would be

(x) to increase the cost to or to impose a cost on an Affected Person funding or making or maintaining any Advance, or

(y) to reduce the amount of any sum received or receivable by an Affected Person under this Agreement, or

(z) in the sole determination of such Affected Person, to reduce the rate of return on the capital of an Affected Person as a consequence of its obligations hereunder,

then within thirty (30) days after demand by such Affected Person (which demand shall be accompanied by a statement setting forth in reasonable detail the basis of such demand), the

Borrower shall pay directly to such Affected Person such additional amount or amounts as will compensate such Affected Person for such additional or increased cost or such reduction. For the avoidance of doubt, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act (*"Dodd Frank Act"*); (ii) the revised Basel Accord prepared by the Basel Committee on Banking Supervision as set out in the publication entitled "Basel II: International Convergence of Capital Measurements and Capital Standards: A Revised Framework," as updated from time to time (*"Basel II"*); (iii) the publication entitled "Basel III: A global regulatory framework for more resilient banks and banking systems," as updated from time to time (*"Basel III"*), including any publications addressing the liquidity coverage ratio (*"LCR"*) or the supplementary leverage ratio (*"SLR"*); or (iv) any implementing laws, rules, regulations, guidance, interpretations or directives from any Governmental Authority relating to the Dodd Frank Act, Basel II or Basel III (whether or not having the force of law), and in each case all rules and regulations promulgated thereunder or issued in connection therewith shall be deemed to have been introduced after the Closing Date, thereby constituting a Regulatory Change hereunder with respect to the Affected Persons as of the Closing Date, regardless of the date enacted, adopted or issued, and such additional amounts which are sufficient to compensate such Affected Person for such increase in capital or liquidity or reduced return in accordance with the Priority of Payments. The Borrower acknowledges that this Section 2.09 permits the Affected Person to institute measures in anticipation of a Regulatory Change (including the imposition of internal charges on the Affected Person's interests or obligations under this Agreement), and allows the Affected Person to commence allocating charges to or seeking compensation from the Borrower under this Section 2.09 in connection with such measures (such amounts being referred to as *"Early Adoption Increased Costs"*), in advance of the effective date of such Regulatory Change, and the Borrower agrees to pay such Early Adoption Increased Costs to the Affected Person following demand therefor without regard to whether such effective date has occurred. If any Affected Person becomes entitled to claim any additional amounts pursuant to this Section 2.09, it shall promptly notify the Borrower (with a copy to the Administrative Agent) of the event by reason of which it has become so entitled. A certificate setting forth in reasonable detail such amounts submitted to the Borrower by an Affected Person shall be conclusive and binding for all purposes, absent manifest error.

(b) Upon the occurrence of any event giving rise to the Borrower's obligation to pay additional amounts to a Lender pursuant to clause (a) of this Section 2.09, such Lender will (i) use reasonable efforts (subject to overall policy considerations of such Lender) to designate a different lending office if such designation would reduce or obviate the obligations of the Borrower to make future payments of such additional amounts; *provided* that such designation is made on such terms that such Lender and its lending office suffer no unreimbursed cost or material legal or regulatory disadvantage (as reasonably determined by such Lender), with the object of avoiding future consequence of the event giving rise to the operation of any such provision or (ii) take such other measures as such Lender may deem reasonable, if as a result thereof the circumstances which would cause such Lender to be an Affected Person would cease to exist or the additional amounts which would otherwise be required to be paid to such Lender pursuant to this Section 2.09 would be materially reduced and if, as determined by such Lender in its sole discretion, the making, issuing, funding or maintaining of such Advances through such other office or in accordance with such other measures, as the case may be, would not otherwise adversely affect such Advances or the interests of such Lender.

(c) Failure or delay on the part of an Affected Person to demand compensation pursuant to this Section shall not constitute a waiver of such Affected Person's right to demand such compensation.

Section 2.10. Compensation; Breakage Payments. The Borrower agrees to compensate each Affected Person from time to time, on the Payment Dates, following such Affected Person's written request (which request shall set forth the basis for requesting such amounts), in accordance with the Priority of Payments for all reasonable losses, expenses and liabilities (including any interest paid by such Affected Person to lenders of funds borrowed to make or carry an Advance and any loss sustained by such Affected Person in connection with the re-employment of such funds but excluding loss of anticipated profits), which such Affected Person may sustain: (i) if for any reason (including any failure of a condition precedent set forth in Article III but excluding a default by the applicable Lender) a Borrowing of any Advance by the Borrower does not occur on the Borrowing Date specified therefor in the applicable Notice of Borrowing delivered by the Borrower, (ii) if any payment, prepayment or conversion of any of the Borrower's Advances occurs on a date that is not the last day of the relevant Interest Accrual Period, or (iii) as a consequence of any other default by the Borrower to repay its Advances when required by the terms of this Agreement. A certificate as to any amounts payable pursuant to this Section 2.10 submitted to the Borrower by any Lender (with a copy to the Administrative Agent and accompanied by a reasonably detailed calculation of such amounts and a description of the basis for requesting such amounts) shall be conclusive in the absence of manifest error.

Section 2.11. Illegality; Inability to Determine Rates. (a) Notwithstanding any other provision in this Agreement, in the event of a Benchmark Disruption Event, then the affected Lender shall promptly notify the Administrative Agent and the Borrower thereof, and such Lender's obligation to make or maintain Advances hereunder based on the Adjusted Benchmark Rate shall be suspended until such time as such Lender may again make and maintain Advances based on the Adjusted Benchmark Rate and the Advances of each Interest Accrual Period in which such Person owns an interest shall either (1) if such Lender may lawfully continue to maintain such Advances at the Adjusted Benchmark Rate until the last day of the applicable Interest Accrual Period, be reallocated on the last day of such Interest Accrual Period to another Interest Accrual Period in respect of which the Advances allocated thereto accrues interest determined other than with respect to the Adjusted Benchmark Rate or (2) if such Lender shall determine that it may not lawfully continue to maintain such Advances at the Adjusted Benchmark Rate until the end of the applicable Interest Accrual Period, such Lender's share of the Advances allocated to such Interest Accrual Period shall be deemed to accrue interest at the Base Rate from the effective date of such notice until the end of such Interest Accrual Period.

(b) Upon the occurrence of any event giving rise to a Lender's suspending its obligation to make or maintain Advances based on the Adjusted Benchmark Rate pursuant to Section 2.11(a), such Lender will, if requested by the Borrower, use reasonable efforts (subject to overall policy considerations of such Lender) to designate a different lending office if such designation would enable such Lender to again make and maintain Advances based on the Adjusted Benchmark Rate; *provided* that such designation is made on such terms that such Lender and its lending office suffer no unreimbursed cost or material legal or regulatory

disadvantage (as reasonably determined by such Lender), with the object of avoiding future consequence of the event giving rise to the operation of any such provision.

(c) If, prior to the first day of any Interest Accrual Period or prior to the date of any Advance, as applicable, either (i) the Administrative Agent determines that for any reason adequate and reasonable means do not exist for determining the Benchmark for the applicable Advances, or (ii) the Required Lenders determine and notify the Administrative Agent that the Adjusted Benchmark Rate with respect to such Advances does not adequately and fairly reflect the cost to such Lenders of funding such Advances, the Administrative Agent will promptly so notify the Borrower and each Lender. Thereafter, the obligation of the Lenders to make or maintain Advances based on the Adjusted Benchmark Rate shall be suspended until the Administrative Agent (upon the instruction of the Required Lenders) revokes such notice.

Section 2.12. Effect of Benchmark Transition Event.

(a) *Benchmark Replacement*. Notwithstanding anything to the contrary herein or in any other Facility Document, if a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the then-current Benchmark, then (x) if a Benchmark Replacement is determined in accordance with clause (1) or (2) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Facility Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement or any other Facility Document and (y) if a Benchmark Replacement is determined in accordance with clause (3) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Facility Document in respect of any Benchmark setting at or after 5:00 p.m. on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided to the Borrower by the Administrative Agent without any amendment to, or further action or consent of any other party to, this Agreement or any other Facility Document so long as the Administrative Agent has not received, by such time, written notice of objection to such Benchmark Replacement from the Borrower.

(b) *Benchmark Replacement Conforming Changes*. In connection with the implementation of a Benchmark Replacement, the Administrative Agent will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Facility Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Facility Document.

(c) *Notices; Standards for Decisions and Determinations*. The Administrative Agent will promptly notify the Borrower of (i) any occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date, (ii) the implementation of any Benchmark Replacement, (iii) the effectiveness of any Benchmark Replacement Conforming Changes, (iv) the removal or reinstatement of any tenor of a Benchmark pursuant to clause (d) below and (v) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Administrative Agent

pursuant to this Section 2.12, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or

date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its sole discretion and without consent from any other party to this Agreement or any other Facility Document, except, in each case, as expressly required pursuant to this Section 2.12.

(d) *Unavailability of Tenor of Term SOFR*. Notwithstanding anything to the contrary herein or in any other Facility Document, at any time (including in connection with the implementation of a Benchmark Replacement), (i) if the then-current Benchmark is a term rate (including Term SOFR or LIBOR Rate) and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion or (B) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is or will be no longer representative, then the Administrative Agent may modify the definition of "Interest Accrual Period" for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (ii) if a tenor that was removed pursuant to clause (i) above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (B) is not, or is no longer, subject to an announcement that it is or will no longer be representative for a Benchmark (including a Benchmark Replacement), then the Administrative Agent may modify the definition of "Interest Accrual Period" for all Benchmark settings at or after such time to reinstate such previously removed tenor.

Section 2.13. Rescission or Return of Payment. The Borrower agrees that, if at any time (including after the occurrence of the Final Maturity Date) all or any part of any payment theretofore made by it to any Secured Party or any designee of a Secured Party is or must be rescinded or returned for any reason whatsoever (including the insolvency, bankruptcy or reorganization of the Borrower or any of its Affiliates), the obligation of the Borrower to make such payment to such Secured Party shall, for the purposes of this Agreement, to the extent that such payment is or must be rescinded or returned, be deemed to have continued in existence and this Agreement shall continue to be effective or be reinstated, as the case maybe, as to such obligations, all as though such payment had not been made.

Section 2.14. Post-Default Interest or Post-Reinvestment Period Interest. The Borrower shall pay interest on all Obligations that are not paid when due for the period from the due date thereof until the date the same is paid in full at the rate set forth under clause (c) of "Interest Rate". Interest payable at the Post-Default Rate or the Post-Reinvestment Period Rate shall be payable on each Payment Date in accordance with the Priority of Payments.

Section 2.15. Payments Generally. (a) All amounts owing and payable to any Secured Party, any Affected Person or any Indemnified Party, in respect of the Advances and other Obligations, including the principal thereof, interest, fees, indemnities, expenses or other amounts payable under this Agreement or any other Facility Document, shall be paid by the Borrower to the Administrative Agent for the account of the applicable recipient in U.S. Dollars, in immediately available funds, in accordance with the Priority of Payments, and all without counterclaim, setoff, deduction, defense, abatement, suspension or deferment. The Administrative Agent and each Lender shall provide wire instructions to the Borrower and the Administrative Agent. Payments must be received by the Administrative Agent for the account of the Lenders on or prior to 3:00 p.m. on a Business Day; *provided*

that, payments received by the Administrative Agent after 3:00 p.m. on a Business Day will be deemed to have been paid on

the next following Business Day. To the extent payment was made to the Administrative Agent, the Administrative Agent promptly will make such payment amount available to each Lender on a *pro rata basis* based on the amount due and owed to each Lender at such time by wire transfer to such Lender's account.

(b) Except as otherwise expressly provided herein, all computations of interest, fees and other Obligations shall be made on the basis of a year of 360 days for the actual number of days elapsed. In computing interest on any Advance, the date of the making of the Advance shall be included and the date of payment shall be excluded; *provided* that, if an Advance is repaid on the same day on which it is made, one day's Interest shall be paid on such Advance. All computations made by the Administrative Agent under this Agreement shall be conclusive absent manifest error.

Article III

Conditions Precedent

Section 3.01. Conditions Precedent to this Agreement. This Agreement shall become effective once the Administrative Agent shall have received, prior to or concurrently with the making the initial Advance hereunder, the following, each in form and substance reasonably satisfactory to the Administrative Agent and the Required Lenders:

(a) each of the Facility Documents (other than the Backup Servicing Agreement), duly executed and delivered by the parties thereto, which shall each be in full force and effect;

(b) true and complete copies of the Constituent Documents of the Borrower, the Parent, the Servicer, each Seller and the Sponsor as in effect on the Closing Date;

(c) true and complete copies certified by a Responsible Officer of the Borrower of all Governmental Authorizations, Private Authorizations and Governmental Filings, if any, required in connection with the transactions contemplated by this Agreement;

(d) a certificate of a Responsible Officer of the Borrower certifying (i) as to its Constituent Documents, (ii) as to its resolutions or other action required under its Constituent Documents to approve the entering into by the Borrower of this Agreement and the other Facility Documents to which it is a party and the transactions contemplated thereby, (iii) that its representations and warranties set forth in the Facility Documents to which it is a party are true and correct in all material respects as of the Closing Date (except to the extent such representations and warranties expressly relate to any earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date) (except for representations and warranties already qualified by materiality or Material Adverse Effect, which shall be true and correct in all respects), (iv) that no Unmatured Event of Default, Event of Default or Accelerated Amortization Event has occurred and is continuing, and (v) as to the incumbency and specimen signature of each of its Responsible Officers authorized to execute the Facility Documents to which it is a party;

(e) a certificate of a Responsible Officer of the Parent certifying (i) as to its Constituent Documents, (ii) as to its resolutions or other action required under its

Constituent Documents to approve the Facility Documents to which it is a party and the transactions contemplated thereby, (iii) that its representations and warranties set forth in the Facility Documents to which it is a party are true and correct in all material respects as of the Closing Date (except to the extent such representations and warranties expressly relate to any earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date) (except for representations and warranties already qualified by materiality or Material Adverse Effect, which shall be true and correct in all respects), (iv) that no default under the Parent Pledge and Guaranty Agreement has occurred and is continuing and (v) as to the incumbency and specimen signature of each of its Responsible Officers authorized to execute the Facility Documents to which it is a party;

(f) a certificate of a Responsible Officer of the Sponsor certifying (i) as to its Constituent Documents, (ii) as to its resolutions or other action required under its Constituent Documents to approve the Facility Documents to which it is a party and the transactions contemplated thereby, (iii) that its representations and warranties set forth in the Facility Documents to which it is a party are true and correct in all material respects as of the Closing Date (except to the extent such representations and warranties expressly relate to any earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date) (except for representations and warranties already qualified by materiality or Material Adverse Effect, which shall be true and correct in all respects), (iv) that no Sponsor Indemnity Event of Default or Servicer Event of Default has occurred and is continuing and (v) as to the incumbency and specimen signature of each of its Responsible Officers authorized to execute the Facility Documents to which it is a party;

(f) a certificate of a Responsible Officer of the Canadian Seller certifying (i) as to its Constituent Documents, (ii) as to its resolutions or other action required under its Constituent Documents to approve the Facility Documents to which it is a party and the transactions contemplated thereby, (iii) that its representations and warranties set forth in the Facility Documents to which it is a party are true and correct in all material respects as of the Closing Date (except to the extent such representations and warranties expressly relate to any earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date) (except for representations and warranties already qualified by materiality or Material Adverse Effect, which shall be true and correct in all respects), and (iv) as to the incumbency and specimen signature of each of its Responsible Officers authorized to execute the Facility Documents to which it is a party;

(g) proper financing statements, duly filed under the UCC or the PPSA, as applicable, in all jurisdictions that the Administrative Agent deems necessary or desirable in order to perfect the Liens on the Collateral contemplated by this Agreement and each Receivable Purchase Agreement;

(h) copies of proper financing statements, financing change statements or discharges, if any, necessary to release all security interests and other rights of any Person in the Collateral previously granted by the Borrower or any Seller;

(i) legal opinions (addressed to each of the Secured Parties) of Maslon LLP and Carter Ledyard & Milburn LLP, counsel to the Borrower, the Parent, the Servicer, the Sponsor and the U.S. Seller, and Blake, Cassels & Graydon LLP, counsel to the Canadian Seller, covering such matters as the Administrative Agent

and its counsel shall reasonably request, including but not limited to enforceability, authority, no conflicts, Investment Company Act, substantive consolidation, true sale matters, UCC and PPSA

matters and an opinion to the effect that the Borrower is not a "covered fund" for purposes of the Volcker Rule;

(j) evidence reasonably satisfactory to it that the Canadian Collection Account and the U.S. Collection Account shall have been established;

(k) evidence that (x) all fees to be received by the Administrative Agent and each Lender on or prior to the Closing Date pursuant to the Administrative Agent Fee Letter or otherwise have been received; and (y) the accrued reasonable and documented fees and expenses of Chapman and Cutler LLP and McCarthy Tétrault LLP, each as counsel to the Administrative Agent, in connection with the transactions contemplated hereby, shall have been paid by the Borrower;

(l) good standing certificates (or the federal or local law equivalent) with respect to each of the jurisdictions where the Borrower, the Parent, the Sponsor, the Servicer and each Seller are organized or chartered;

(m) evidence reasonably satisfactory to the Administrative Agent and each Lender that all due diligence and credit approval processes required to be completed prior to the Closing Date have been completed (including a duly executed Beneficial Ownership Certification); and

(n) such other opinions, instruments, certificates and documents as the Administrative Agent or any Lender shall have reasonably requested.

Section 3.02. Conditions Precedent to Each Borrowing. Each Advance to be made hereunder (including the initial Class A Advance and the initial Class B Advance), if any, on each Borrowing Date shall be subject to the fulfillment of the following conditions:

(a) the Administrative Agent shall have received a Notice of Borrowing with respect to such Advance (including the Maximum Advance Rate Test Calculation Statement attached thereto, all duly completed) delivered in accordance with Section 2.02;

(b) immediately after the making of such Advance on the applicable Borrowing Date, (i) the aggregate outstanding principal balance of the Committed Advances or Advances, as applicable, shall be less than or equal to the Maximum Committed Available Amount or the Maximum Available Amount, respectively, at such time, (ii) the aggregate outstanding principal balance of the Class A Committed Advances or the Class A Advances, as applicable, shall be less than or equal to the Class A Maximum Committed Available Amount and the Class A Maximum Available Amount, respectively, at such time and (iii) the aggregate outstanding principal balance of the Class B Committed Advances or the Class B Advances, as applicable, shall be less than or equal to the Class B Maximum Committed Available Amount and the Class B Maximum Available Amount, respectively, at such time; in each case, as demonstrated in the calculations attached to the applicable Notice of Borrowing;

(c) each of the representations and warranties of the Borrower contained in this Agreement shall be true and correct in all material respects (except for representations and warranties already qualified by materiality or Material Adverse Effect, which shall be true and correct) as of such Borrowing Date (except to the extent such representations and warranties expressly relate to any earlier date, in which case such

representations and warranties shall be true and correct in all material respects as of such earlier date as if made on such date);

(d) no Unmatured Event of Default or Event of Default or Accelerated Amortization Event shall have occurred and be continuing at the time of the making of such Advance or shall result upon the making of such Advance;

(e) the Borrower shall have delivered, or caused to have been delivered, in accordance with the time and manner specified in the Backup Servicing Agreement, to the Backup Servicer and the Administrative Agent, the Receivable Schedule and each document or item (whether or not electronic) comprising a Related Document with respect to the Receivables being pledged hereunder;

(f) all terms and conditions of the applicable Receivable Purchase Agreement required to be satisfied in connection with the assignment of each Receivable being pledged hereunder on such Borrowing Date (and the Receivable and Related Documents related thereto), including the perfection of the Borrower's interests therein, shall have been satisfied in full, and all filings (including UCC and PPSA filings) required to be made by any Person and all actions required to be taken or performed by any Person in any jurisdiction to give the Administrative Agent, for the benefit of the Secured Parties, a first priority perfected security interest in all of the Borrower's right, title and interest in the related Receivables all payments from related Obligors, the Related Documents and all rights of the Borrower under the applicable Receivable Purchase Agreement, excluding any Collateral in which a security interest cannot be perfected under the UCC or the PPSA, as applicable, shall have been made, taken or performed;

(g) the Borrower shall have taken all steps necessary under all Applicable Law in order to cause to exist in favor of the Administrative Agent, for the benefit of the Secured Parties, a valid, subsisting and enforceable first priority perfected security interest in the Borrower's right, title and interest in the Collateral related to each Receivable being pledged hereunder on such Borrowing Date, including receipt by the Administrative Agent of evidence reasonably satisfactory to the Administrative Agent that all Liens (except for Permitted Liens) have been released on such Collateral;

(h) the Borrower shall have delivered to the Administrative Agent a fully executed copy of the Purchase Confirmation relating to the Collateral Receivables in connection with such Borrowing; and

(i) the Administrative Agent shall have received satisfactory evidence that the Seller has received such amounts of the purchase price in excess of the requested Advance in respect of the Receivables to be acquired by the Borrower on such Borrowing Date.

Article IV

Representations and Warranties

Section 4.01. Representations and Warranties of the Borrower. The Borrower represents and warrants to each of the Secured Parties on and as of each Measurement Date (and, in respect of clause (i) below, each date such information is provided by or on behalf of it), as follows:

(a) *Due Organization*. The Borrower is a limited liability company duly organized and validly existing under the laws of the State of Delaware, with full power and authority to own and operate its assets and properties, conduct the business in which

it is now engaged and to execute and deliver and perform its obligations under this Agreement and the other Facility Documents to which it is a party.

(b) *Due Qualification and Good Standing*. The Borrower is in good standing in the State of Delaware. The Borrower is duly qualified to do business and, to the extent applicable, is in good standing in each other jurisdiction in which the nature of its business, assets and properties, including the performance of its obligations under this Agreement, the other Facility Documents to which it is a party and its Constituent Documents, requires such qualification.

(c) *Due Authorization*; *Execution and Delivery; Legal, Valid and Binding; Enforceability*. The execution and delivery by the Borrower of, and the performance of its obligations under the Facility Documents to which it is a party and the other instruments, certificates and agreements contemplated thereby are within its powers and have been duly authorized by all requisite action by it and have been duly executed and delivered by it and constitute its legal, valid and binding obligations enforceable against it in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally or general principles of equity (to the extent not related to inequitable conduct of the Borrower), regardless of whether considered in a proceeding in equity or at law.

(d) *Non-Contravention*. None of the execution and delivery by the Borrower of this Agreement or the other Facility Documents to which it is a party, the Borrowings or the pledge of the Collateral hereunder, the consummation of the transactions herein or therein contemplated, or compliance by it with the terms, conditions and provisions hereof or thereof, will (i) conflict with, or result in a breach or violation of, or constitute (with or without notice of lapse of time or both) a default under its Constituent Documents, (ii) conflict with or contravene (A) any Applicable Law in any material respect, (B) any indenture, agreement or other contractual restriction binding on or affecting it or any of its assets, including any Related Documents, or (C) any order, writ, judgment, award, injunction or decree binding on or affecting it or any of its assets or properties or (iii) result in a breach or violation of, or constitute a default under, or permit the acceleration of any obligation or liability in, or but for any requirement of the giving of notice or the passage of time (or both) would constitute such a conflict with, breach or violation of, or default under, or permit any such acceleration in, any contractual obligation or any agreement or document to which it is a party or by which it or any of its assets are bound (or to which any such obligation, agreement or document relates). Without limiting any restrictions or other covenants hereunder, the Borrower is not in default under any such indenture, agreement or other contractual restriction binding on or affecting it or any of its assets, including any Related Document, with respect to which such default, either individually or in the aggregate with other defaults, would reasonably be expected to have a Material Adverse Effect on the Borrower. The Borrower is not subject to any proceeding, action, litigation or investigation pending, or to the knowledge of the such Person, overtly threatened in writing against or affecting it or its assets, before any Governmental Authority (y) seeking to prevent the consummation or performance of any of the transactions contemplated by this Agreement and the other Facility Documents or (z) that could result in a Material Adverse Effect on the Borrower.

(e) *Governmental Authorizations; Private Authorizations; Governmental Filings*. The Borrower has obtained or applied for, maintained and kept in full force and effect all Governmental Authorizations and Private Authorizations which are necessary for it to properly carry out its business and made all material

Governmental Filings necessary for the execution and delivery by it of the Facility Documents to which it is a

party, the Borrowings by the Borrower under this Agreement, the pledge of the Collateral by the Borrower under this Agreement and the performance by the Borrower of its obligations under this Agreement, the other Facility Documents, and no material Governmental Authorization, Private Authorization or Governmental Filing which has not been obtained, applied for or made, is required to be obtained or made by it in connection with the execution and delivery by it of any Facility Document to which it is a party, the Borrowings by the Borrower under this Agreement, the pledge of the Collateral by the Borrower under this Agreement or the performance of its obligations under this Agreement and the other Facility Documents to which it is a party.

(f) *Compliance with Agreements, Laws, Etc*. The Borrower has duly observed and complied (i) with all Applicable Laws relating to the conduct of its business and its assets, including, without limitation, all lending, servicing and debt collection laws applicable to the Collateral Receivables and its activities contemplated by the Facility Documents, (ii) in all material respects with its Constituent Document, (iii) with any judgment, decree, writ, injunction, order, award or other action of any Governmental Authority having or asserting jurisdiction over it or any of its properties, unless a failure to do so could not result in a Material Adverse Effect on the Borrower and (iv) with the terms and provisions of this Agreement and each other Facility Document to which it is a party. The Borrower has preserved and kept in full force and effect its legal existence, rights, privileges, qualifications and franchises. Without limiting the foregoing, (x) to the extent applicable, the Borrower is in compliance in all material respects with the regulations and rules promulgated by the U.S. Department of Treasury or administered by the U.S. Office of Foreign Asset Controls (*"OFAC"*), including U.S. Executive Order No. 13224, and other related statutes, laws and regulations (collectively, the *"Subject Laws"*), (y) the Borrower has adopted internal controls and procedures designed to ensure its continued compliance with the applicable provisions of the Subject Laws and to the extent applicable, will adopt procedures consistent with the PATRIOT Act and implementing regulations, and (z) to the knowledge of the Borrower (based on the implementation of its internal procedures and controls), no direct investor in the Borrower is a Person whose name appears on the "List of Specially Designated Nationals" and "Blocked Persons" maintained by the OFAC. Without limiting the foregoing, the Sponsor (i) has implemented reasonable policies and procedures for (A) obtaining a consumer's preauthorization for recurring payments and (B) is otherwise complying with EFTA, in each case, whenever a consumer uses a debit card, (ii) has developed a written compliance management system and supporting documentation, including: (A) a written compliance training program; (B) a written compliance monitoring policy and a compliance audit function; (C) a written consumer complaint resolution policy and associated implementation documentation such as complaint log templates; and (D) specific compliance policies regarding those federal consumer financial and federal financial regulatory requirements applicable to the Sponsor's activities, including, without limitation tracking of consumer bankruptcies; and (iii) has implemented a change management policy for key documents to ensure consistency among practices, policies and disclosures.

(g) *Location and Legal Name*. The Borrower's chief executive office and principal place of business is located in the State of Minnesota, Hennepin County and the Borrower maintains its books and records in the State of Minnesota, Hennepin County. The Borrower's registered office and the jurisdiction of organization of the Borrower is the jurisdiction referred to in Section 4.01(a). The Borrower's tax identification number is 85-4339159. The Borrower has not changed its name, changed its corporate

structure, changed its jurisdiction of organization, changed its chief place of business/chief executive office or used any name other than its exact legal name at any time during the past five years.

(h) *Investment Company Act; Volcker Rule*. The Borrower is not required to register as an "investment company" or a company controlled by an "investment company" within the meaning of the Investment Company Act. The Borrower is not a "covered fund" under Section 619 of the Dodd Frank Wall Street Reform and Consumer Protection Act (the *"Volcker Rule"*). In determining that the Borrower is not a covered fund, the Borrower is entitled to the benefit of the exemption provided under Section 3(c)(5) of the Investment Company Act, though other exemptions may be available.

(i) *Information and Reports*. Each Notice of Borrowing, each Weekly Report and each Biweekly Report and all other written information, reports, certificates and statements (other than projections and forward-looking statements) furnished by the Borrower or the Servicer to any Secured Party for purposes of or in connection with this Agreement, the other Facility Documents or the transactions contemplated hereby or thereby are true, complete and correct in all material respects as of the date such information is stated or certified and the Borrower and the Servicer do not omit any material fact necessary in order to make the statements contained herein and therein not misleading. All projections and forward-looking statements furnished by or on behalf of the Borrower were prepared reasonably and in good faith as the date stated herein or as of which they were provided.

(j) *ERISA*. Neither the Borrower nor any member of the ERISA Group has, or during the past six years has had, any liability or obligation with respect to any Plan or Multiemployer Plan (including any actual liability on account of a member of the ERISA Group).

(k) *Taxes*. The Borrower has filed all income tax returns and all other material tax returns which are required to be filed by it, if any, and has paid all taxes, assessments, fees and other governmental charges levied or imposed upon it or its properties, income or assets otherwise due and payable, except for any taxes which are being contested in good faith by appropriate proceedings and with respect thereto adequate reserves have been established in accordance with GAAP.

(l) *Tax Status*. For U.S. federal income tax purposes (i) the Borrower is classified as a "disregarded entity" for U.S. federal income tax purposes, (ii) neither the Borrower nor any record or beneficial owner of the Borrower has made an election under U.S. Treasury Regulation Section 301.7701-3 for the Borrower to be classified as an association taxable as a corporation and the Borrower is not otherwise treated as an association taxable as a corporation and (iii) the Borrower is owned by a single "United States person" as defined by Section 7701(a)(30) of the Code.

(m) *Collections*. The conditions and requirements set forth in Section 5.01(k) have been satisfied from and after the Closing Date. The Borrower has caused, or has directed the Servicer to cause, the Obligor of each Canadian Receivable to pay all Collections thereon directly to the Canadian Collection Account and the Obligor of each U.S. Receivable to pay all Collections thereon directly to the U.S. Collection Account. The correct name and address of the Canadian Collection Account Bank and the U.S. Collection Account Bank, together with the account number of the Canadian Collection Account and the U.S. Collection Account are listed on Schedule 4 hereto. The Borrower has no other deposit or securities accounts other than the ones listed on Schedule 4 and subject to Liens in favor of the Secured Parties (other than the Funding Account). The Borrower has not assigned or granted an interest in any rights it may have in the Canadian Collection Account or the U.S. Collection Account to any Person other than the Administrative Agent pursuant to the terms hereof. No Person, other than as

contemplated by and subject to this Agreement, has been granted dominion and control of the Canadian Collection Account or the U.S. Collection Account, or the right to take dominion and control of the Canadian Collection Account or the U.S. Collection Account at a future time or upon the occurrence of a future event.

(n) *Plan Assets*. The assets of the Borrower are not, and shall not be, treated as "plan assets" for purposes of Section 3(42) of ERISA and the Collateral is not deemed to be "plan assets" for purposes of Section 3(42) of ERISA. The Borrower has not taken, or omitted to take, and shall not take or omit to take, any action which would reasonably be expected to result in any of the Collateral being treated as "plan assets" for purposes of Section 3(42) of ERISA or the occurrence of any Prohibited Transaction in connection with the transactions contemplated hereunder.

(o) *Solvency*. After giving effect to each Advance hereunder, and the disbursement of the proceeds of such Advance, the Borrower, the Parent and the Sponsor on a consolidated basis are Solvent.

(p) *Prior Business Activity and Indebtedness*. The Borrower has no business activity except as contemplated in this Agreement and the other Facility Documents and upon the date hereof is not party to any other debt, financing or other transaction or agreement other than the Facility Documents and its Constituent Documents. The Borrower has not incurred, created or assumed any indebtedness except for that arising under or expressly permitted by this Agreement or the other Facility Documents.

(q) *Subsidiaries; Investments*. The Borrower has no subsidiaries. The Borrower does not own or hold directly or indirectly, any capital stock or equity security of, or any equity interest in, any Person.

(r) *Ordinary Course of Business*. Each payment of interest and principal on the Advances will have been (i) in payment of a debt incurred in the ordinary course of business or financial affairs on the part of the Borrower and (ii) made in the ordinary course of business or financial affairs of the Borrower.

(s) *Material Adverse Effect*. No Material Adverse Effect on the Borrower, the Parent or the Sponsor has occurred since the date of their respective formations, and since such date, no event or circumstance has occurred which is reasonably likely to have a Material Adverse Effect on the Borrower, the Parent or the Sponsor.

(t) *Representations Relating to the Collateral*.

(i) The Borrower owns and has legal and beneficial title to all Collateral Receivables and other Collateral free and clear of any Lien, claim or encumbrance of any person, other than Permitted Liens.

(ii) This Agreement creates a valid and continuing security interest (as defined in the applicable UCC) in favor of the Administrative Agent, on behalf of the Secured Parties, in the Collateral, which is enforceable in accordance with its terms under the Applicable Law, is prior to all other Liens and is enforceable as such against creditors of and purchasers from the Borrower subject to Permitted Liens. All filings (including such UCC and PPSA filings) as are necessary in any

jurisdiction to perfect the interest of the Administrative Agent on behalf of the Secured Parties, in the Collateral have been made and are effective.

(iii) This Agreement constitutes a security agreement within the meaning of Section 9-102(a)(73) of the UCC as in effect from time to time in the State of New York.

(iv) Other than Permitted Liens, the Borrower has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any of the Collateral. The Borrower has not authorized the filing of and is not aware of any financing statements against the Borrower that include a description of collateral covering the Collateral other than any financing statement relating to the security interest granted to the Administrative Agent hereunder or that has been terminated; and the Borrower is not aware of any judgment liens, PBGC liens or tax lien filings against the Borrower.

(v) The Collateral constitutes Money, cash, accounts, instruments, general intangibles, uncertificated securities, certificated securities or security entitlements to financial assets resulting from the crediting of financial assets to a securities account, or in each case, the proceeds thereof or supporting obligations related thereto, in each case, as such assets are defined in the UCC, as applicable.

(vi) The U.S. Collection Account constitutes a "deposit account" under Section 9-102(a)(29) of the UCC and the Borrower has taken all steps necessary to enable the Administrative Agent to obtain "control" (within the meaning of the UCC) with respect to the Canadian Collection Account and the U.S. Collection Account.

(vii) This Agreement creates a valid, continuing and, upon the filing of the financing statements referred to in clause (ix), and execution of the Canadian Collection Account Control Agreement and the U.S. Collection Account Control Agreement, perfected security interest (as defined in Section 1-201(b)(35) of the UCC) in the Collateral in favor of the Administrative Agent, for the benefit and security of the Secured Parties, which security interest is prior to all other Liens (other than Permitted Liens), claims and encumbrances and is enforceable as such against creditors of and purchasers from the Borrower and no further action (other than the filing of the financing statements referred to in clause (ix) and execution of the Canadian Collection Account Control Agreement and the U.S. Collection Account Control Agreement), including any filing or recording of any document, is necessary in order to establish and perfect the first priority security interest of the Administrative Agent, for the benefit of the Secured Parties, in the Collateral as against any third party in any applicable jurisdiction, including any purchaser from, or creditor of, the Borrower.

(viii) The Borrower has received all consents and approvals required by the terms of the Related Documents in respect of such Collateral to the pledge hereunder to the Administrative Agent of its interest and rights in such Collateral and such documents do not require either notice or consent to any Person for the

enforcement or exercise of the rights and remedies of the Secured Parties following an Event of Default.

(ix) With respect to Collateral referred to in clause (v) above over which a security interest may be perfected by the filing of a financing statement, the Borrower has authorized, caused or will have caused, on or prior to the Closing Date, the filing of all appropriate financing statements in the proper filing office in the appropriate jurisdictions under Applicable Law in order to perfect the security interest in the Collateral granted to the Administrative Agent, for the benefit and security of the Secured Parties, hereunder (which the Borrower hereby agrees may be an "all assets" filing).

(x) The sale of each Receivable by a Seller to the Borrower was, as of the related Purchase Date, permitted under all applicable documents governing the creation, sale or possession of such Receivable in effect at such time; and

(xi) As of the related Purchase Date, each Receivable sold to the Borrower satisfied each of the criteria set forth in the definition of Collateral Receivable.

(xii) Each Receivable listed as an "Collateral Receivable" or eligible Collateral on any Weekly Report, Biweekly Report, Notice of Borrowing, or other certificates delivered from time to time to the Administrative Agent or the other Secured Parties satisfies each of the criteria set forth in the definition of Collateral Receivable.

(xiii) Upon the crediting of all Collateral that constitutes financial assets to the Canadian Collection Account or the U.S. Collection Account, as applicable, and the filing of the financing statements in the jurisdiction in which the Borrower is located, such security interest shall be a valid and first priority perfected security interest in all of the Collateral in that portion of the Collateral in which a security interest may be created and perfected in such manner under the PPSA or Article 9 of the UCC, as the case may be.

(xiv) All original tangible executed copies of each Contract (if any) that constitute or evidence each Collateral Receivable included in the Borrowing Base has been or, subject to the delivery requirements contained herein and in the Backup Servicing Agreement, will be delivered to the Backup Servicer.

(xv) Each Collateral Receivable was originated by a Seller pursuant to the Credit Guidelines and was sold to the Borrower by such Seller for a price at least equal to fair market value.

(u) *USA PATRIOT Act*. None of the Borrower, the Parent, the Sponsor nor any of their respective Affiliates is (1) a Sanctioned Person; (2) a Person that resides or has a place of business in a country or territory named on such lists or which is designated as a "non-cooperative jurisdiction" by the Financial Action Task Force on

Money Laundering, or whose subscription funds are transferred from or through such a jurisdiction; (3) a "Foreign Shell Bank" within the meaning of the PATRIOT Act, *i.e.,* a foreign bank that does not have a physical presence in any country and that is not affiliated with a bank that has a physical presence and an acceptable level of regulation and supervision; or (4) a person or entity that resides in or is organized under the laws of a jurisdiction designated by the United States Secretary of the Treasury under Section 311 or 312 of the PATRIOT Act as warranting special measures due to money laundering concerns.

Section 4.02. Representations and Warranties Relating to the Collateral in Connection with a Borrowing or Withdrawal. The Borrower acknowledges and agrees that, by delivering a Notice of Borrowing or a Notice of Withdrawal to the Administrative Agent, the Borrower will be deemed to have represented, warranted and certified for all purposes hereunder that in the case of each item of Collateral pledged to the Administrative Agent, on the date thereof and on the relevant Borrowing Date or Withdrawal Date, as applicable:

(a) the Borrower is the owner of such Collateral free and clear of any Liens, claims or encumbrances of any nature whatsoever except for (i) those which are being released on the related Borrowing Date or Withdrawal Date, as applicable, and (ii) Permitted Liens;

(b) the Borrower has acquired its ownership in such Collateral in good faith without notice of any adverse claim, except as described in clause (a) above;

(c) the Borrower has not assigned, pledged or otherwise encumbered any interest in such Collateral (or, if any such interest has been assigned, pledged or otherwise encumbered, it has been released) other than interests granted or permitted pursuant to this Agreement;

(d) the Borrower has full right to grant a security interest in and assign and pledge such Collateral to the Administrative Agent for the benefit of the Secured Parties; or

(e) the Administrative Agent has a first priority perfected security interest in the Collateral, except as otherwise permitted by this Agreement.

Article V

Covenants

Section 5.01. Affirmative Covenants of the Borrower. The Borrower covenants and agrees that until the date that all Obligations have been paid in full (other than contingent indemnity obligations not yet due and owing):

(a) *Compliance with Agreements, Laws, Etc*. It shall (i) duly observe and comply in all material respects with all Applicable Laws relative to the conduct of its business or to its assets, including all lending, servicing and debt collection laws applicable to the Receivables and its activities and obligations as contemplated by the Facility Documents, (ii) preserve and keep in full force and effect its legal existence, (iii) preserve and keep in full force and effect its rights, privileges, qualifications and franchises (including all lending, servicing and debt collection licenses or qualifications applicable to the Receivables and its activities contemplated by the Facility Documents), except where the failure to do so could not reasonably be expected to result in a Material

Adverse Effect on the Borrower, (iv) comply with the terms and conditions of each Facility Document and in all material respects with its Constituent Documents to which it is a party and (v) obtain, maintain and keep in full force and effect all Governmental Authorizations, Private Authorizations and Governmental Filings which are necessary or appropriate to properly carry out its business and the transactions contemplated to be performed by it under the Facility Documents and Related Documents to which it is a party and its Constituent Documents, except where the failure to do so could not reasonably be expected to result in a Material Adverse Effect on the Borrower.

(b) *Enforcement*. (i) It shall not take any action, and will use commercially reasonable efforts not to permit any action to be taken, that would release any Obligor from any of such Obligor's covenants or obligations under any Related Document, except in the case of (A) repayment of Collateral Receivables, (B) subject to the terms of this Agreement, (1) amendments to the Related Documents Defaulted Collateral Receivables or Ineligible Collateral Receivables or that are otherwise reasonably deemed by the Servicer to be necessary, immaterial, or beneficial, taken as a whole, to the Borrower and not detrimental to the Administrative Agent and the Lenders and (2) enforcement actions taken or work-outs with respect to any Defaulted Collateral Receivable by the Servicer in accordance with the provisions hereof, (C) actions by the Servicer in conformity with this Agreement or any other Facility Document or as otherwise required hereby or thereby, as the case may be, or (D) as required pursuant to Applicable Law or, unless in violation of this Agreement, any other Facility Documents or the Related Documents.

(ii) The Borrower shall punctually perform, and shall use its reasonable commercial efforts to cause the Parent, each Seller, the Servicer and the Backup Servicer to perform, all of its obligations and agreements contained in this Agreement or any other Facility Document.

(c) *Further Assurances*. The Borrower shall take such reasonable action from time to time as shall be necessary to ensure that all assets (including the Canadian Collection Account and the U.S. Collection Account) of the Borrower constitute "Collateral" hereunder. The Borrower will, and promptly upon the reasonable request of the Administrative Agent or the Required Lenders (through the Administrative Agent) shall, at the Borrower's expense, execute and deliver such further instruments and take such further action in order to maintain and protect the Administrative Agent's first-priority perfected security interest in the Collateral pledged by the Borrower for the benefit of the Secured Parties free and clear of any Liens (other than Permitted Liens), including all further actions which are necessary to (x) enable the Secured Parties to enforce their rights and remedies under this Agreement and the other Facility Documents, and (y) effectuate the intent and purpose of, and to carry out the terms of, the Facility Documents. Subject to Section 7.02, and without limiting its obligation to maintain and protect the Administrative Agent's first priority security interest in the Collateral, the Borrower authorizes the Administrative Agent to file or record financing statements (including financing statements describing the Collateral as "all assets" or the equivalent) and other filing or recording documents or instruments with respect to the Collateral in such form and in such offices as are necessary to perfect the security interests of the Administrative Agent under this Agreement under each method of perfection required herein with respect to the Collateral, *provided,* that the Administrative Agent does not hereby assume any obligation of the Borrower to maintain and protect its security interest under this Section 5.01 or Section 7.07. The Borrower will, in connection therewith, deliver such proof of corporate action, incumbency of officers or other documents as are

reasonably requested by the Administrative Agent to evidence appropriate authority of the officers signing or authorizing any such documents, instruments or filings.

(d) *Other Information*. It shall provide to the Administrative Agent and each Lender or cause to be provided to the Administrative Agent and each Lender, as applicable:

(i) as soon as available and in any event within ninety (90) days after the end of each calendar year, an audited balance sheet of the Sponsor and an audited consolidated balance sheet of the Sponsor and its consolidated subsidiaries (including the Borrower and the Parent) as at the end of such calendar year and the related consolidated statements of income and cash flows for such year, setting forth in each case in comparative form the figures for the previous calendar year, all reported on in conformity with GAAP, with the opinion thereon of an independent public accountant reasonably acceptable to the Administrative Agent;

(ii) as soon as available and in any event within thirty (30) days after the end of each calendar quarter, an unaudited balance sheet of the Sponsor and an unaudited consolidated balance sheet of the Sponsor and its consolidated subsidiaries (including the Borrower and the Parent) as at the end of each such calendar quarter and the related consolidated statements of income and cash flows for such calendar quarter and for the period from the beginning of the then current calendar year to the end of such calendar quarter, setting forth in each case in comparative form the figures for the corresponding calendar quarter in the previous year, all certified as to fairness of presentation and conformity with GAAP (other than with respect to lack of footnotes and being subject to normal year-end adjustments) by a Responsible Officer of such Person;

(iii) all such financial statements shall be prepared in reasonable detail and in accordance with GAAP in all material respects applied consistently throughout the periods reflected therein and with prior periods (except as approved by such accountants or officer, as the case may be, and disclosed therein);

(iv) simultaneously with the delivery of each set of financial statements and financial information referred to in clauses (i) and (ii) above, a certificate of a Responsible Officer of the Borrower certifying (A) that the Borrower, the Parent and the Sponsor have complied with all covenants and agreements in the Facility Documents, (B) that no Accelerated Amortization Event, Unmatured Event of Default or Event of Default then exists and, otherwise, setting forth the details thereof and the action which the Borrower, the Parent or the Sponsor is taking or proposes to take with respect thereto and (C) attaching a Maximum Advance Rate Test Calculation Statement;

(v) as soon as possible and no later than one (1) Business Day after a Responsible Officer of the Borrower obtains actual knowledge of the occurrence and continuance of any (x) Unmatured Event of Default or (y) Event of Default, a certificate of a Responsible Officer of the Borrower setting forth the details

thereof and the action which the Borrower is taking or proposes to take with respect thereto;

(vi) from time to time such additional information or documents regarding the Borrower's financial position or business and the Collateral (including reasonably detailed calculations of any Maximum Advance Rate Test, the Principal Loss Ratio and the Vintage Default Ratio) as the Administrative Agent or the Required Lenders (through the Administrative Agent) may reasonably request;

(vii) promptly after the occurrence of any ERISA Event, notice of such ERISA Event and copies of any communications with all Governmental Authorities or any Multiemployer Plan with respect to such ERISA Event;

(viii) promptly, and in any event within one (1) Business Day of receipt thereof, deliver to the Administrative Agent and each Lender each written notice of (A) without limiting the provisions of Section 5.02(j), any amendment, modification, supplement or waiver of any Credit Guidelines delivered by a Seller to the Borrower and any related information provided by a Seller to the Borrower pursuant to a Receivable Purchase Agreement and (B) without limiting the provisions of Section 5.02(j), any amendment, modification, supplement or waiver of the Servicing Guide delivered by the Servicer to the Borrower and any related information provided by the Servicer to the Borrower pursuant to the Servicing Agreement;

(ix) (A) upon the earlier of (x) the date a Maximum Advance Rate Test Calculation Statement is due and (y) within five (5) Business Days following knowledge thereof by the Borrower, a written notice to the Administrative Agent and each Lender if any Obligor became subject to an Insolvency Event, is deceased or fraud is discovered in connection with the origination of the relevant Receivable, and (B) at any time upon the reasonable request by the Administrative Agent or the Required Lenders, the Borrower shall provide, or cause to be provided, to the Administrative Agent any information or document relating to the Collateral;

(x) if any information provided to the Administrative Agent or the Lenders pursuant to Section 4.01(i) hereof for any reason is not true, complete and correct in any material respect, the Borrower shall provide the true, complete and correct information to the Administrative Agent within five (5) Business Days following the earlier of (x) written notice to the Borrower by the Administrative Agent or (y) actual knowledge of a Responsible Officer of the Borrower;

(xi) promptly following any request therefor, the Borrower shall provide, to the extent commercially reasonable, information and documentation reasonably requested by the Administrative Agent or any Lender for purposes of compliance with applicable "know your customer" requirements under the

PATRIOT Act, the Beneficial Ownership Regulation or other applicable anti-money laundering laws, including but not limited to a beneficial ownership certification in form reasonably acceptable to the Administrative Agent or the relevant Lender, as applicable;

(xii) promptly upon a Responsible Officer of the Borrower obtaining knowledge thereof, notice of any development that results in, or could reasonably be expected to result in, a Material Adverse Effect with respect to the Borrower, the Parent, the Sponsor, any Seller or the Servicer, including, without limitation, the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting the Borrower or any of its Affiliates or any Receivable or any portion of the Collateral that could reasonably be expected to result in a Material Adverse Effect with respect to the Borrower, the Parent, the Sponsor, any Seller or the Servicer;

(xiii) (A) on a biweekly basis, simultaneously with the delivery of the Biweekly Report, any reports and calculations prepared by a Seller and the Servicer and received by the Borrower with regard to the Receivables during the related Collection Period, if any, and (B) all reports and notices it receives pursuant to a Receivable Purchase Agreement and the Servicing Agreement within two (2) Business Days of the receipt thereof or within any shorter period as otherwise requested hereunder; and

(xiv) upon request by the Administrative Agent or any Lender, but no less frequently than on each Reporting Date, the Data Tape.

(e) *Access to Records and Documents*.

(i) Upon reasonable advance notice and during normal business hours, the Borrower shall permit the Administrative Agent, jointly with, at the invitation of the Administrative Agent, any Lender (or any Person designated by the Administrative Agent or such Lender) to visit and inspect and make copies thereof at reasonable intervals and conduct evaluations and appraisals of the Borrower's and the Servicer's, as applicable, computation of the Borrowing Base and the assets sold by the Seller included in the Borrowing Base and the components of the Weekly Report and the Biweekly Report (including cash receipt and application and calculation of ratios), but in any event no more than twice during any fiscal year of the Borrower (or as often and at any time in the sole discretion of the Administrative Agent following the occurrence and continuation of an Unmatured Event of Default or an Event of Default), of (x) the Servicer's, the Parent's and the Borrower's books, records and accounts relating to its business, financial condition, operations, assets, the Collateral and its performance under the Facility Documents and the Related Documents and to discuss the foregoing with its and such Person's officers, partners, employees and accountants, (y) all of the Related Documents, including access to each electronic portal maintained by the Servicer, the Borrower or any third-party service provider and (z) a list of all Receivables then owned by the Borrower, together

with the Servicer's reconciliation of such list to that set forth in each of the Weekly Report and the Biweekly Report, indicating the cumulative addition, subtraction and repurchase of Receivables under each Receivable Purchase Agreement.

(ii) The Borrower shall be responsible for the reasonable costs and expenses for two visits per calendar year requested by the Administrative Agent, unless an Unmatured Event of Default or an Event of Default has occurred and is continuing, in which case the Borrower shall be responsible for all reasonable costs and expenses for each visit.

(iii) The Borrower shall (A) obtain and maintain similar inspection and audit rights under the Facility Documents with each Seller, the Servicer and the Backup Servicer, (B) consult with the Administrative Agent (or any Person designated by the Administrative Agent) in connection with, and allow Administrative Agent (or any Person designated by the Administrative Agent) to join the Borrower in, any exercise of any similar inspection or audit rights granted to it with respect to each Seller, the Servicer or the Backup Servicer, and (C) use commercially reasonable efforts to have the findings of any such inspection provided directly to the Administrative Agent, or promptly provide any such findings provided to it in connection with the exercise of such inspection rights to the Administrative Agent. In the event the Borrower has not exercised any such inspection rights granted to it, the Administrative Agent may request the Borrower to exercise such rights, and the Borrower shall comply with any such reasonable request to exercise inspection and audit rights.

(f) *Use of Proceeds*. (i) It shall use the proceeds of the initial Advance made hereunder solely to fund or pay the purchase price of Collateral Receivables acquired by the Borrower from a Seller pursuant to a Receivable Purchase Agreement and all costs and expenses in connection with the transactions pursuant to Section 12.04(a) hereof; and

(ii) it shall use the proceeds of each subsequent Advance made hereunder solely:

(A) to fund or pay the purchase price of Collateral Receivables acquired by the Borrower from a Seller pursuant to a Receivable Purchase Agreement and for general working capital and corporate purposes permitted under the Facility Documents; and

(B) for such other legal and proper purposes as are consistent with all Applicable Laws to the extent the Borrower has received the prior written consent of the Administrative Agent.

Without limiting the foregoing, it shall use the proceeds of each Advance in a manner that does not, directly or indirectly, violate any provision of its Constituent Documents or any Applicable Law, including Regulation T, Regulation U and Regulation X.

(g) *Reports and Accountings*.

(i) The Borrower shall provide (or cause to be compiled and provided) to the Administrative Agent and the Backup Servicer a bi-weekly report on a settlement basis (each, a *"Biweekly Report"*) for the previous Collection Period no later than 1:00 p.m. on each Reporting Date. The Biweekly Report delivered for any Collection Period shall contain the information with respect to the Collateral Receivables included in the Collateral set forth in Schedule 8 hereto, and shall be determined as of the last day of the Collection Period applicable to such Biweekly Report. Each Biweekly Report shall also include a Maximum Advance Rate Test Calculation Statement, the calculation of the Principal Loss Ratio and the Vintage Default Ratio, and a Data Tape, in each case, as determined as of the last day of the Collection Period applicable to such Biweekly Report.

(ii) A week after each Reporting Date, no later than 1:00 p.m., the Borrower shall provide (or cause to be compiled and provided) to the Administrative Agent and the Backup Servicer on a settlement basis (each, a *"Weekly Report"*) an updated report in form and substance reasonably acceptable to the Administrative Agent for the period covering the last week of the prior Collection Period and the first week of the then current Collection Period. The Weekly Report shall contain an updated Data Tape, with current information on Delinquent Collateral Receivables and Defaulted Collateral Receivables.

(iii) Each delivery of a Weekly Report or a Biweekly Report shall be deemed a representation and warranty by the Borrower that each of the Collateral Receivables included in the Borrowing Base set forth therein satisfies each of the criteria set forth in the definition of Collateral Receivable.

(iv) Concurrently with the delivery to the Administrative Agent and Backup Servicer of the Biweekly Report and the Weekly Report, the Borrower shall deliver (or caused to be delivered) to the Backup Servicer the Biweekly Master File. Within five (5) Business Days following the delivery to the Backup Servicer of the Biweekly Master File, the Borrower shall cause the Backup Servicer to deliver to the Administrative Agent the Backup Servicer Certificate.

(h) *Notice of Proceedings*. It shall provide written notice to the Administrative Agent and each Lender of the occurrence of any proceeding, action, litigation or investigation pending before any Governmental Authority, or, to the actual knowledge of the Borrower, any non-frivolous threat thereof against the Borrower, which, if adversely determined, could reasonably be expected to have a Material Adverse Effect on the Borrower, within two (2) Business Days of the occurrence of any such pending proceeding, action, litigation or investigation or within two (2) Business Days upon becoming aware of any such non-frivolous threat of such proceeding, action, litigation or investigation.

(i) *No Other Business*. The Borrower shall not engage in any business or activity other than borrowing Advances pursuant to this Agreement, funding, acquiring, owning, holding, administering, selling, enforcing, exchanging, redeeming, pledging, contracting for the management of and otherwise dealing with Receivables and the other Collateral in connection therewith and entering into the Facility Documents, any applicable Related Documents and any other agreements contemplated by this

Agreement, and shall not engage in any other activity or take any other action that would cause the Borrower to be subject to U.S. federal, state or local income tax on a net income basis.

(j) *Tax Matters.* The Borrower shall (and each Lender hereby agrees to) treat the Advances as debt for U.S. federal income tax purposes and will take no contrary position except to the extent that a Governmental Authority makes a determination that the Advances may not be treated as debt for such purposes. The Borrower shall at all times maintain its status as a "disregarded entity" for U.S. federal income tax purposes. The Borrower shall at all times ensure that it is owned by a single "United States person" as defined by Section 7701(a)(30) of the Code. In the event that the Borrower is classified as a partnership for federal income tax purposes, (i) the partnership representative (or comparable person under state or local law, as applicable) shall, to the extent eligible, make the election under Section 6221(b) of the Code (or any similar comparable provision of state or local tax law) with respect to the Borrower and take any other action such as filings, disclosures and notifications necessary to effectuate such election, and (ii) if the election described in the preceding clause (i) is not available, the partnership representative (or comparable person under state or local law, as applicable) shall, to the extent eligible, make the election under Section 6226(a) of the Code (or any similar comparable provision of state or local tax law) with respect to the Borrower and take any other action such as filings, disclosures and notifications necessary to effectuate such election.

(k) *Collections*. The Borrower shall cause, or shall direct the Servicer to cause, the Obligor of each Canadian Receivable to pay all Collections thereon directly to the Canadian Collection Account and the Obligor of each U.S. Receivable to pay all Collections thereon directly to the U.S. Collection Account. Upon the occurrence and during the continuation of any Canadian Cash Transfer Event, the Borrower shall cause all amounts on deposit in the Canadian Collection Account to be transferred to the U.S. Collection Account on each Business Day during such Canadian Cash Transfer Event. If for any reason the Borrower or the Servicer or any of the Servicer's Affiliates receives any Collections, the Borrower or the Servicer or such Servicer's Affiliate, as applicable, shall deposit such Collections directly into the Canadian Collection Account or U.S. Collection Account, as applicable, within two (2) Business Days following the receipt thereof. Any such Collections received by the Borrower, the Servicer or such Servicer's Affiliate while in the possession of the Borrower, the Servicer or such Servicer's Affiliate shall be held in trust for the benefit of the Secured Parties and shall not be deposited in any bank or other securities account other than the Canadian Collection Account or the U.S. Collection Account. The Borrower shall at all times maintain an aggregate amount in the U.S. Collection Account equal to the U.S. Collection Account Required Amount. The Borrower shall ensure that no Person, other than as contemplated by and subject to this Agreement, has been granted dominion and control of the Canadian Collection Account or the U.S. Collection Account, or the right to take dominion and control of the Canadian Collection Account or the U.S. Collection Account at a future time or upon the occurrence of a future event.

(l) *Priority of Payments.* The Borrower shall ensure all Collections are applied solely in accordance with Section 9.01 and the other provisions of this Agreement.

(m) *Borrower May Own Ineligible Collateral Receivables*. For the avoidance of doubt, nothing in this Agreement shall prevent Borrower from purchasing Ineligible Collateral Receivables under a Receivable Purchase Agreement; *provided* that (i) proceeds of Advances shall not be utilized to pay the purchase price for Receivables

which are Ineligible Collateral Receivables as of the related Purchase Date; (ii) such purchase will not result in the occurrence of an Unmatured Event of Default, Event of Default or Accelerated Amortization Event, and (iii) no Unmatured Event of Default, Event of Default or Accelerated Amortization Event has occurred and remains continuing at the time of such purchase.

(n) *Solvency*. After giving effect to each Advance hereunder, and the disbursement of the proceeds of such Advance, the Borrower, the Parent and the Sponsor on a consolidated basis shall remain Solvent.

(o) *Insolvency Events*. The Borrower shall timely object to all proceedings of the type described in clause (a) of the definition of "Insolvency Event" instituted against it.

(p) *Insurance.* The Borrower shall maintain, or cause to be maintained (which for the avoidance of doubt may be maintained by way of the Borrower having been named as a "named insured" under an insurance policy maintained by the Sponsor), insurance with financially sound and reputable insurers reasonably acceptable to the Administrative Agent providing coverages for (i) comprehensive "all risk" or special causes of loss form insurance, (ii) commercial general liability insurance, (iii) if applicable, worker's compensation and employer's liability subject to the worker's compensation and employer liability laws of the applicable state, (iv) umbrella and excess liability insurance in an amount not less than $5,000,000 per occurrence and (v) upon sixty (60) days' written notice, such other reasonable insurance, and in such reasonable amounts as the Administrative Agent from time to time may reasonably request against such other insurable hazards which at the time are commonly insured against for property similar to the Collateral located in or around the region in which the Collateral is located.

(q) *Post-Closing Obligations.*

(i) By no later than sixty (60) days following the Closing Date (or such later date as the Administrative Agent may agree to in its sole discretion in writing), the Borrower shall have delivered to the Administrative Agent, in form and substance reasonably acceptable to the Administrative Agent, the Backup Servicing Agreement, which shall be in full force and effect. Notwithstanding anything to the contrary herein, any provision hereof requiring delivery of documents or items to or from the Backup Servicer shall be given no effect prior to the execution and delivery of the Backup Servicing Agreement in accordance with the immediately foregoing sentence; *provided, however*, that concurrently with the execution and delivery of the Backup Servicing Agreement, the Borrower shall have delivered to the Backup Servicer each document or item (whether or not electronic) comprising a Related Document with respect to the Receivables pledged hereunder since the Closing Date and the Borrower shall cause the Backup Servicer to deliver to the Administrative Agent a Backup Servicer Certificate in respect of such Receivables.

(ii) By no later than thirty (30) days following the Closing Date (or such later date as the Administrative Agent may agree to in its sole discretion in writing), the Borrower shall have delivered (or caused the Sponsor to deliver) to the Administrative Agent, in form and substance reasonably acceptable to the

Administrative Agent, evidence that the Sponsor has complied with each of the requirements set forth on Schedule 10.

Section 5.02. Negative Covenants of the Borrower. The Borrower covenants and agrees that, until the Final Maturity Date (and thereafter until the date that all Obligations have been paid in full (other than contingent indemnity obligations not yet due and owing)):

(a) *Restrictive Agreements*. It shall not enter into or suffer to exist or become effective any agreement that prohibits, limits or imposes any condition upon its ability to create, incur, assume or suffer to exist any Lien (other than Permitted Liens) upon any of its property or revenues constituting Collateral, whether now owned or hereafter acquired, to secure its obligations under the Facility Documents other than this Agreement and the other Facility Documents.

(b) *Liquidation; Merger; Sale of Collateral*. It shall not consummate any plan of liquidation, dissolution, partial liquidation, merger or consolidation (or suffer any liquidation, dissolution or partial liquidation) nor sell, transfer, exchange or otherwise dispose of any of its assets, or enter into an agreement or commitment to do so or enter into or engage in any business with respect to any part of its assets, nor undertake any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws) except as expressly permitted by this Agreement and the other Facility Documents (including in connection with the repayment in full of the Obligations or a Permitted Sale).

(c) *Amendments to Constituent Documents and Facility Documents*. Without the written consent of the Administrative Agent, (i) it shall not amend, modify or take any action inconsistent with its Constituent Documents other than as permitted under Section 5.02(h) or any other amendment or modification of its Constituent Documents (other than of the Borrower LLC Agreement) that could not reasonably be expected to adversely affect the rights of the Administrative Agent or any Lender hereunder or under any other Facility Document (*provided, however*, that any amendments or modifications relating to the Independent Manager shall be subject to the Administrative Agent's prior written consent), and (ii) it shall not amend, modify or waive any term or provision in any Facility Document, or cause or permit any term or provision in any Facility Document to be amended, modified or waived.

(d) *ERISA*. Neither it nor any member of the ERISA Group shall establish any Plan or Multiemployer Plan or incur any liability with regard to a Plan or Multiemployer Plan (including any actual liability on account of a member of the ERISA Group).

(e) *Liens*. It shall not create, assume or suffer to exist any Lien on any of its assets now owned or hereafter acquired by it at any time, except for Permitted Liens or as otherwise expressly permitted by this Agreement and the other Facility Documents.

(f) *Margin Requirements*. It shall not (i) extend credit to others for the purpose of buying or carrying any Margin Stock in such a manner as to violate Regulation T or Regulation U or (ii) use all or any part of the proceeds of any Advance, whether directly or indirectly, and whether immediately, incidentally or ultimately, for any purpose that violates the provisions of the Regulations of the Board of Governors, including, to the extent applicable, Regulation U and Regulation X.

(g) *Restricted Payments*. It shall not make, directly or indirectly, any Restricted Payment (whether in the form of cash or other assets) or incur any obligation

(contingent or otherwise) to do so; *provided, however,* that the Borrower shall be permitted to make Restricted Payments from funds distributed to it pursuant to the Priority of Payments.

(h) *Changes to Corporate Information*. Without not less than thirty (30) days' prior written notice to the Administrative Agent and each Lender (or such shorter period as the Administrative Agent may agree in writing), the Borrower shall not change (a) its corporate name, (b) the location of its chief executive office, its principal place of business, or the location of any office in which it maintains books or records relating to Collateral owned by it or any office or facility at which Collateral owned by it is located (including the establishment of any such new office or facility), (c) its identity, jurisdiction of organization or organizational structure or (d) its tax identification number, as applicable, and, in any event, no such change shall be effected or permitted unless all filings have been made (or will be made on a timely basis) under Applicable Laws or otherwise and all other actions have been taken (or will be taken on a timely basis) that are required in order for the Administrative Agent to continue at all times following such change to have a valid, legal and perfected security interest in all the Collateral, in each case, at the sole cost and expense of the Borrower.

(i) *Transactions with Affiliates*. It shall not sell, lease or otherwise transfer any property or assets to (other than in accordance with clause (g) above), or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates (including sales of Defaulted Collateral Receivables and other Collateral Receivables) except as expressly contemplated by this Agreement and the other Facility Documents, unless such transaction is upon terms no less favorable to the Borrower than it would obtain in a comparable arm's length transaction with a Person that is not an Affiliate (it being agreed that any purchase or sale at par shall be deemed to comply with this provision).

(j) *Amendments to Credit Guidelines and Servicing Guide.* The Borrower shall not make, and shall not permit or cause any Seller or the Servicer, as applicable, to make any material amendment, modification or supplement to the Credit Guidelines or Servicing Guide, without the prior consent of the Administrative Agent.

(k) ~~*Investment Company Restriction*. It shall not become required to register as an "investment company" under the Investment Company Act.~~

(l) *Subject Laws*. It shall not utilize directly or indirectly the proceeds of any Advance for the benefit of any Person whose name appears on the List of Specially Designated Nationals and Blocked Persons maintained by OFAC, and shall maintain and require that the Servicer maintain, internal controls and procedures designed to ensure its continued compliance with the applicable provisions of the Subject Laws.

(m) *No Claims Against Advances*. Subject to Applicable Law, it shall not claim any credit on, make any deduction from, or dispute the enforceability of payment of the principal or interest payable (or any other amount) in respect of the Advances, or assert any claim against any present or future Lender, by reason of the payment of any taxes levied or assessed upon any part of the Collateral.

(n) *Indebtedness; Guarantees; Securities; Other Assets*. It shall not incur or assume or guarantee any indebtedness, obligations (including contingent obligations) or other liabilities, or issue any additional securities, whether debt or equity, in each case other than (i) pursuant to or as expressly permitted by

this Agreement and the other Facility Documents, (ii) obligations under its Constituent Documents or (iii) pursuant to

customary indemnification and expense reimbursement and similar provisions under the Related Documents. The Borrower shall not acquire any Receivables or other property other than as expressly permitted hereunder and pursuant to the Receivable Purchase Agreements.

(o) *Validity of this Agreement*. It shall not (i) except as permitted by this Agreement, take any action that would permit the validity or effectiveness of this Agreement or any grant of Collateral hereunder to be impaired, or permit the lien of this Agreement to be amended, hypothecated, subordinated, terminated or discharged or permit any Person to be released from any covenants or obligations with respect to this Agreement and (ii) except as permitted by this Agreement, take any action that would permit the Lien of this Agreement not to constitute a valid first priority security interest in the Collateral (subject to Permitted Liens).

(p) *Subsidiaries*. It shall not have or permit the formation of any subsidiaries.

(q) *Name*. It shall not conduct business under any name other than its own.

(r) *Employees*. It shall not have any employees (other than officers and directors to the extent they are employees).

(s) *Non-Petition*. The Borrower shall not be party to any agreements other than the Facility Documents under which it has any material obligations or liability (direct or contingent) without including customary "non-petition" and "limited recourse" provisions therein (and shall not amend or eliminate such provisions in any agreement to which it is party).

(t) *Certificated Securities*. The Borrower shall not acquire or hold any certificated securities in bearer form (other than securities not required to be in registered form under Section 163(f)(2)(A) of the Code) in a manner that does not satisfy the requirements of United States Treasury Regulations section 1.165-12(c) (as determined by the Borrower).

(u) *Accounts.* Other than as set forth in the Facility Documents, the Borrower shall not assign or grant an interest in any rights it may have in the Canadian Collection Account or the U.S. Collection Account. The Borrower shall not at any time invest, or permit any investment of, the funds deposited in the Canadian Collection Account or the U.S. Collection Account. The Borrower shall not close or agree to close the Canadian Collection Account or the U.S. Collection Account without the prior written consent of the Administrative Agent.

Section 5.03. Certain Undertakings Relating to Separateness. (a) Without limiting any, and subject to all, other covenants of the Borrower contained in this Agreement, the Borrower shall conduct its business and operations separate and apart from that of any other Person (including the holders of the Equity Interests of the Borrower and their respective Affiliates) and in furtherance of the foregoing, the Borrower shall:

(1) not become involved in the day-to-day management of any other Person;

(2) not permit the Parent or any of the Parent's Affiliates to become involved in the day-to-day management of the Borrower, except as permitted hereunder or to the extent provided in the Facility Documents and the Borrower LLC Agreement;

(3) not engage in transactions with any other Person other than entering into the Facility Documents and those activities permitted by the Borrower LLC Agreement, the Facility Documents and matters necessarily incident or ancillary thereto;

(4) observe all formalities required of a limited liability company under the laws of the State of Delaware;

(5) (i) maintain separate company records and books of account from any other Person and (ii) clearly identify its offices, if any, as its offices and, to the extent that the Borrower and its Affiliates have offices in the same location, allocate fairly and reasonably any overhead expenses that are shared with an Affiliate, including and for services performed by an employee of an Affiliate;

(6) except to the extent otherwise permitted by the Facility Documents, maintain its assets separately from the assets of any other Person (including through the maintenance of a separate bank account) in a manner that is not costly or difficult to segregate, identify or ascertain such assets;

(7) maintain separate financial statements (or if part of a consolidated group, then it will show as a separate member of such group), books and records from any other Person;

(8) allocate and charge fairly and reasonably any overhead shared with Affiliates;

(9) transact all business with Affiliates on an arm's length basis and pursuant to written, enforceable agreements, except to the extent otherwise provided in the Facility Documents;

(10) not assume, pay or guarantee any other Person's obligations or advance funds to any other Person for the payment of expenses or otherwise, except pursuant to the Facility Documents;

(11) conduct all business correspondence of the Borrower and other communications in the Borrower's own name, and use separate stationery, invoices, and checks;

(12) not act as an agent of any other Person in any capacity except pursuant to contractual documents indicating such capacity and only in respect of transactions permitted by the Borrower LLC Agreement, the Facility Documents and matters necessarily incident thereto;

(13) not act as an agent of the Parent or any of the Parent's Affiliates, and not permit the Parent or any of the Parent's Affiliates or agents of the Parent or any of the Parent's Affiliates to act as its agent, except for any agent to the extent permitted under the Borrower LLC Agreement and the Facility Documents;

(14) correct any known misunderstanding regarding the Borrower's separate identity from the Parent or any of the Parent's Affiliates;

(15) not permit any Affiliate of the Borrower to guarantee, provide indemnification for, or pay its obligations, except for any indemnities and guarantees in connection with any Facility Documents or any consolidated tax liabilities, or except as permitted by the Borrower LLC Agreement;

(16) compensate its consultants or agents, if any, from its own funds;

(17) except for invoicing for Collections and servicing of the Collateral Receivables, share any common logo with or hold itself out as or be considered as a department of the Parent or any of the Parent's Affiliates, (b) any Affiliate of a general partner, shareholder, principal or member of the Parent or any of the Parent's Affiliates, or (c) any other Person;

(18) maintain adequate capital in light of its contemplated business purpose, transactions and liabilities;

(19) fail at any time to have at least one (1) Independent Manager on its board of managers; *provided, however*, if such Independent Manager is deceased, withdraws or resigns, the Borrower shall have ten (10) Business Days to replace such Independent Manager with another Independent Manager acceptable to the Administrative Agent; *provided, further*, *however*, that during such period, no matter which requires the vote of the Independent Manager under the Borrower LLC Agreement shall be voted;

(20) appoint any Person as an Independent Manager of the Borrower (A) who does not satisfy the definition of an Independent Manager or (B), with respect to any Independent Manager appointed after the Closing Date, without giving ten (10) Business Days' prior written notice to the Administrative Agent and the Lenders;

(21) not amend, restate, supplement or otherwise modify its Constituent Documents in violation of this Agreement or in any respect that would impair its ability to comply with the Facility Documents;

(22) conduct its business and activities in all respects in compliance with the assumptions contained in the legal opinions of Carter Ledyard & Milburn LLP and Blake, Cassels & Graydon LLP dated on or about the Closing Date relating to true sale and substantive consolidation issues (the *"Bankruptcy Opinions"*), unless within ten (10) Business Days of obtaining knowledge or receiving notice of any non-compliance with such assumptions, it has caused to be delivered to the Lenders a legal opinion of Carter Ledyard & Milburn LLP or Blake, Cassels & Graydon LLP (or other counsel acceptable to the Administrative Agent) that such non-compliance will not adversely affect the conclusions set forth in the Bankruptcy Opinions; and

(23) require any representatives of the Borrower to act at all times with respect to the Borrower consistently and in furtherance of the foregoing.

(b) The Borrower hereby acknowledges that the Administrative Agent and each Lender is entering into the transactions contemplated by this Agreement in reliance upon the Borrower's identity as a legal entity that is separate from its Affiliates.

Article VI

Events of Default

Section 6.01. Events of Default. "*Event of Default*," wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree

or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) (i) a default in the payment, within one (1) Business Day from the due date thereof, of any interest on any Advance, or any other payment or deposit required to be made hereunder, or under any other Facility Documents or (ii) the failure to reduce the outstanding Advances to $0 on the Final Maturity Date; or

(b) failure to satisfy any Maximum Advance Rate Test for one (1) or more Business Days; or

(c) the Administrative Agent shall fail to have a first priority perfected security interest in the Collateral (other than with respect to a *de minimis* portion thereof and subject to Permitted Liens); or

(d) the failure of any representation or warranty of the Borrower, the Parent, the Servicer, any Seller or the Sponsor made in this Agreement, in any other Facility Document or in any certificate or other writing delivered pursuant hereto or thereto or in connection herewith or therewith to be correct in each case in all material respects when the same shall have been made (except to the extent any such representation or warranty is already qualified by materiality, in which case such representation and warranty shall be true and correct in all respects) and such failure shall remain uncured for a period in excess of fifteen (15) days after the earlier of (x) written notice to the Borrower (which may be by email) by the Administrative Agent, and (y) actual knowledge of a Responsible Officer of the Borrower, the Parent or the Sponsor; or

(e) a default in the performance or breach of the covenants set forth in Section 5.01(a)(ii), 5.01(b), 5.01(j), 5.01(q), 5.02 or 5.03; or

(f) except as otherwise provided in this Section 6.01, a default in any material respect in the performance, or breach in any material respect, of any other covenant or other agreement of the Borrower, the Parent, the Sponsor, any Seller or the Servicer under this Agreement or the other Facility Documents and the continuation of such default or breach for a period of fifteen (15) days following the earlier of (x) written notice to the Borrower (which may be by email) by the Administrative Agent, and (y) actual knowledge of a Responsible Officer of the Borrower, the Parent or the Sponsor; or

(g) one or more non-appealable judgments or orders for the payment of an amount or adverse rulings (not fully paid or covered by insurance) shall be rendered against the Borrower, the Parent or the Sponsor (which, in the case of the Sponsor, exceeds $1,000,000) and with respect to which the Borrower, the Parent or the Sponsor has knowledge (or should have knowledge) and such judgment or ruling shall remain unsatisfied, unvacated, unbonded or unstayed for a period in excess of thirty (30) days; or

(h) an Insolvency Event relating to the Borrower, the Parent, the Servicer, any Seller or the Sponsor shall have occurred; or

(i) (i) either (A) any event that constitutes a Backup Servicer Event of Default shall have occurred and be continuing and shall not have been waived by the Borrower with the written consent of the Administrative Agent and the Required Lenders or (B) any Backup Servicing Agreement fails to be in place or is otherwise terminated and (ii) a successor Backup Servicer reasonably acceptable to the Administrative Agent is not

appointed within thirty (30) days following the date of such default, occurrence, failure or termination; or

(j) (i) either (A) any event that constitutes a Servicer Event of Default or an event relating to any Servicer that would have a Material Adverse Effect shall have occurred and be continuing, and with respect to a Servicer Event of Default, shall not have been waived by the Borrower with the written consent of the Administrative Agent or (B) the Servicing Agreement fails to be in place or is otherwise terminated and (ii) the Borrower fails to appoint a replacement servicer acceptable to the Administrative Agent within thirty (30) days following the date of such default, occurrence, failure or termination (and the Administrative Agent acknowledges that the appointment of Carmel Solutions as a replacement servicer pursuant to the Backup Servicing Agreement is acceptable to the Administrative Agent); or

(k) a Change of Control shall have occurred; or

(l) the occurrence of a Material Adverse Effect with respect to the Borrower, the Parent or the Sponsor; or

(l) the Borrower or the Parent becomes an investment company required to be registered under the Investment Company Act; or

(m) the Borrower or the Servicer shall have failed to cause all Collections in respect of the Collateral to be deposited into the Canadian Collection Account or the U.S. Collection Account, as applicable, pursuant to the terms of Section 5.01(k) or in any event within two (2) Business Days of receipt of such Collections; or

(n) (i) any Facility Document shall (except in accordance with its terms) terminate, cease to be effective or cease to be the legally valid, binding and enforceable obligation of the Borrower, the Parent, the Sponsor, any Seller, the Backup Servicer, the Servicer, the Canadian Collection Account Bank or the U.S. Collection Account Bank, as applicable, or (ii) the Borrower, the Sponsor, any Seller, the Backup Servicer, the Servicer, the Canadian Collection Account Bank or the U.S. Collection Account Bank shall, directly or indirectly, contest in any manner the effectiveness, validity, binding nature or enforceability of any Facility Document or any Lien purported to be created thereunder; or

(o) the Sponsor shall have defaulted or failed to perform under any (A) note, indenture, loan agreement, guaranty, swap agreement, loan and security agreement or similar credit facility or agreement for borrowed funds in an aggregate amount in excess of $1,000,000 or (B) any other contract, agreement or transaction (including, without limitation, any repurchase agreement) to which it is a party in connection with payment obligations in an aggregate amount in excess of $1,000,000, in each case after the earlier of (x) written notice to the Sponsor by the Administrative Agent (which may be by email), and (y) actual knowledge of a Responsible Officer of the Sponsor; or

(p) a Sponsor Indemnity Event of Default shall have occurred and be continuing; or

(q) the occurrence of any of the following:

(i) the Principal Loss Ratio shall be greater than 6.00%; or

(ii) as to any Vintage, the Vintage Default Ratio shall be greater than 5.25%.

Section 6.02. Remedies upon an Event of Default.

(a) Upon the occurrence and during the continuance of any Event of Default, in addition to all rights and remedies specified in this Agreement and the other Facility Documents, including Article VII, and the rights and remedies of a Secured Party under Applicable Law, including the UCC, the Administrative Agent, following the direction of, or consent by, the Required Lenders, by notice to the Borrower, shall declare the principal of and the accrued interest on the Advances and all other amounts whatsoever payable by the Borrower hereunder to be forthwith due and payable, whereupon such amounts shall be immediately due and payable without presentment, demand, protest or other formalities of any kind, all of which are hereby waived by the Borrower; *provided* that, upon the occurrence of any Event of Default described in clause (h) of Section 6.01, the Advances and all such other amounts shall automatically become due and payable, without any further action by any party.

(b) Upon the occurrence and during the continuation of an Event of Default, following written notice by the Administrative Agent (provided at the direction of the Required Lenders) of the exercise of control rights with respect to the Collateral pursuant to and in accordance with the UCC, the Borrower will sell or otherwise dispose of any Collateral Receivable to repay the Obligations as directed by the Administrative Agent (at the direction of the Required Lenders), provided that any such sale or other disposition directed by the Administrative Agent shall be on commercially reasonable terms. The proceeds of any such sale or disposition shall be applied in accordance with the Priority of Payments. Notwithstanding anything herein to the contrary, the Administrative Agent shall not exercise any such control rights with respect to the Collateral during any period from the date of a Class B Buyout Triggering Event to the applicable Class B Buyout Exercise Date (or, if such Class B Buyout Option is not exercised by the Class B Lenders, the Class B Buyout Option Termination Date); *provided, however*, that any sale process may be commenced prior to the Class B Buyout Exercise Date or the Class B Buyout Option Termination Date, as applicable, at the discretion of the Administrative Agent.

Section 6.03. Class B Buyout Option.

(a) Following a Class B Buyout Triggering Event, the Class B Lenders (or any subset of them, each, a *"Class B Buyout Group"*) shall have the option exercised by delivery of a written notice to the Administrative Agent (a *"Class B Buyout Notice"*), to purchase all (but not less than all) of the aggregate principal amount of the Class A Advances (at par), together with interest and fees due with respect thereto, and all other Class A Obligations (collectively, the *"Class B Buyout Option"*). On the date of the Class B Buyout Triggering Event, the Administrative Agent shall deliver to the Class B Lenders written notice specifying the estimated amount of Class A Obligations (including, without limitation, the aggregate principal amount of all Class A Advances and all accrued and unpaid interest and fees with respect thereto) outstanding and unpaid as of the date that is ten (10) Business Days following the date of the Class B Buyout Triggering Event. Unless the Administrative Agent (acting at the direction of

the Required Lenders) agrees in writing to a longer time period, the Class B Buyout Option shall be exercisable by any one or more Class B Lenders for a period of ten (10) Business Days (or, if such Class B Lender Group has provided the Administrative Agent with written evidence of a capital call in respect of the Class B Buyout Amount at the time of delivery of the Class B Buyout Notice, fifteen (15) Business Days), commencing on the date of the Class B Buyout Triggering Event (each date succeeding such 10th or 15th Business Day, as the case may be, a *"Class B Buyout Option Termination Date"*). Prior to the applicable Class B Buyout Option Termination Date, the Class B Buyout Group may exercise the Class B Buyout Option by delivering the Class B Buyout Notice to the Administrative Agent, which notice (i) shall be irrevocable, (ii) shall state that each Class B Lender in the Class B Buyout Group is electing to exercise the Class B Buyout Option (in such allocation as the Class B Buyout Group has agreed) and (iii) shall specify the date on which such right is to be exercised (such date, the *"Class B Buyout Exercise Date"*), which date shall be a Business Day not more than ten (10) Business Days after receipt by the Administrative Agent of such Class B Buyout Notice.

(b) On the Business Day prior to the Class B Buyout Exercise Date, the Administrative Agent shall deliver to the Class B Buyout Group written notice specifying the Class A Obligations (including, without limitation, the aggregate principal amount of all Class A Advances and all accrued and unpaid interest and fees with respect thereto) outstanding and unpaid as of the Class B Buyout Exercise Date (collectively, the *"Class B Buyout Amount"*). On the Class B Buyout Exercise Date, the Class A Lenders shall sell to the Class B Buyout Group their respective *pro rata* portions of the Class B Buyout Amount, and the Class B Buyout Group shall purchase from the Class A Lenders, at their respective *pro rata* portions of the Class B Buyout Amount, all of the Class A Advances. Such Class B Buyout Amount shall be remitted by wire transfer of immediately available funds by the Class B Buyout Group to the Administrative Agent for disbursement to the Class A Lenders. Accrued and unpaid interest on the Class A Advances shall be calculated through the Business Day on which the foregoing purchase and sale shall occur and any amounts received by the Administrative Agent after 11:00 a.m. shall be deemed received on the next Business Day.

(c) By delivery of the Class B Buyout Notice, the Class B Buyout Group hereby agrees to indemnify and hold harmless the Administrative Agent and Class A Lenders from and against any loss, liability, claim, damage or expense (including reasonable fees and expenses of legal counsel and indemnification) arising out of any claim asserted by a third party as a direct result of any acts by the members of the Class B Buyout Group occurring after the date of such purchase (but excluding, for the avoidance of doubt, any such loss, liability, claim, damage or expense resulting from the gross negligence, bad faith or willful misconduct of any Class A Lender seeking indemnification).

(d) Any purchase pursuant to this Section 6.03 shall be expressly made without representation or warranty of any kind by the Class A Lenders or any other Person acting on their behalf, except that the Class A Lenders shall be deemed to represent and warrant, severally as to its Class A Advances: (i) the amount of such Class A Advances being purchased and that the purchase price and other sums payable by the Class B Buyout Group are true, correct and accurate, (ii) it has all right, title and interest in and to such Class A Advances free and clear of any Liens of such Class A Lender or created or suffered to exist by such Class A Lender, (iii) as

to the absence of any claims made or threatened in writing against such Class A Lender related to such Class A Advances, and (iv) such Class A Lender is duly authorized to assign such Class A Advances.

Article VII

Pledge of Collateral; Rights of the Administrative Agent

Section 7.01. Grant of Security. (a) The Borrower hereby grants, pledges, transfers and collaterally assigns to the Administrative Agent, for the benefit of the Secured Parties, as collateral security for all Obligations, a continuing first priority security interest in, and a Lien upon, all of the Borrower's right, title and interest in, to and under, the following property, in each case whether tangible or intangible, wheresoever located, and whether now owned by the Borrower or hereafter acquired and whether now existing or hereafter coming into existence (all of the property described in this Section 7.01(a) being collectively referred to herein as the *"Collateral"*):

(i) all Receivables and the Related Documents (and all rights, remedies, powers, privileges and claims thereunder or in respect thereto, whether arising pursuant to the terms thereof or otherwise available to the Borrower at law or equity, including the right to enforce each such Related Document, both now and hereafter owned), including all Collections, insurance policies, insurance rights and other proceeds thereon or with respect thereto and all interest, dividends, distributions and other money or property of any kind distributed in respect of thereto;

(ii) the Canadian Collection Account and the U.S. Collection Account and, in each case, all cash on deposit therein;

(iii) each Facility Document (other than this Agreement) and all rights, remedies, powers, privileges and claims thereunder or in respect thereto (whether arising pursuant to the terms thereof or otherwise available to the Borrower at law or equity), including the right to enforce each such Facility Document and to give or withhold any and all consents, requests, notices, directions, approvals, extensions or waivers under or with respect thereto, to the same extent as the Borrower could but for the collateral assignment and security interest granted to the Administrative Agent under this Agreement;

(iv) all rights to payment under all servicer contracts and other contracts and agreements associated with the Receivables and all recourse rights against any Seller;

(v) all accounts, chattel paper, deposit accounts, financial assets, general intangibles, instruments, investment property, letter-of-credit rights and other supporting obligations relating or credited to the foregoing (in each case as defined in the UCC), commercial tort claims and all other property of any type or nature in which the Borrower has an interest, whether tangible or intangible, and all other property of the Borrower which is delivered to the Administrative Agent or the Backup Servicer by or on behalf of the Borrower (whether or not constituting Collateral Receivables);

(vi) all other general intangibles and payment intangibles of the Borrower, including all general intangibles of the Borrower which are delivered to the Administrative Agent (or any custodian on its behalf) by or on behalf of the Borrower or held by any Person by or on behalf of the Borrower;

(vii) all security interests, Liens, collateral, property, equipment, guaranties, supporting obligations, insurance and other agreements or arrangements of whatever character from time to time supporting or securing payment of the assets, investments and properties described above; and

(viii) all Proceeds of any and all of the foregoing.

(b) All terms used in this Section 7.01 that are defined in the UCC but are not defined in Section 1.01 shall have the respective meanings assigned to such terms in the UCC. The Borrower hereby designates the Administrative Agent as its agent and attorney in fact to prepare and file any UCC financing statement, continuation statement and all other instruments, and take all other actions, required pursuant to Section 7.07. Such designation shall not impose upon the Administrative Agent, or release or diminish, the Borrower's obligations under this Section 7.01 or Section 7.07. The Borrower further hereby authorizes the Administrative Agent's or the Borrower's counsel to file, without the Borrower's signature, a UCC financing statement that name the Borrower as debtor and the Administrative Agent as secured party and that describe the Collateral in which the Administrative Agent has a grant of security hereunder and any amendments or continuation statements that may be necessary or desirable. The Borrower authorizes the UCC financing statement naming the Borrower as debtor to describe the Collateral therein as "all assets" or words of similar import.

(c) If the Borrower acquires any commercial tort claim after the date hereof, the Borrower shall promptly (but in any event within ten (10) Business Days after such acquisition) deliver to the Administrative Agent a written description of such commercial tort claim and shall deliver a written agreement, in form and substance satisfactory to the Administrative Agent, granting to the Administrative Agent, as security for the payment of the Obligations, a perfected security interest in all of Borrower's right, title and interest in and to such commercial tort claim.

Section 7.02. Release of Security Interest. If all Obligations have been paid in full, the Administrative Agent (for itself and on behalf of the other Secured Parties) shall, at the expense of the Borrower, promptly execute, deliver and file or authorize for filing such instruments as the Borrower shall reasonably request in order to reassign, release or terminate the Secured Parties' security interest in the Collateral. The Secured Parties acknowledge and agree that following the execution of a Consent and Release and upon the sale or disposition of any Collateral by the Borrower in compliance with the terms and conditions of this Agreement, the security interest of the Secured Parties in such Collateral shall immediately terminate and the Administrative Agent (for itself and on behalf of the other Secured Parties) shall, at the expense of the Borrower, execute, deliver and file or authorize for filing such instrument as the Borrower shall reasonably request to reflect or evidence such termination. Any and all actions under this Article VII in respect of the Collateral shall be without any recourse to, or representation or warranty by any Secured Party and shall be at the sole cost and expense of the Borrower. The Borrower shall not file, or consent to any third-party filing, any UCC financing statement or amendment thereof without the Administrative Agent's prior written consent.

Section 7.03. Rights and Remedies. The Administrative Agent (for itself and on behalf of the other Secured Parties) shall have all of the rights and remedies of a secured party under the UCC and other Applicable Law. Upon the occurrence and during the continuance of an Event of

Default, the Administrative Agent shall (subject to direction by the Required Lenders), among other remedies: (i) instruct the Borrower to deliver any or all of the Collateral, the Related Documents and any other documents relating to the Collateral to the Administrative Agent or its designees and otherwise give all instructions for the Borrower regarding the Collateral; (ii) sell or otherwise dispose of the Collateral in a commercially reasonable manner, all without judicial process or proceedings; (iii) take control of the Proceeds of any such Collateral; (iv) subject to the provisions of the applicable Related Documents, exercise any consensual or voting rights in respect of the Collateral; (v) release, make extensions, discharges, exchanges or substitutions for, or surrender all or any part of the Collateral; (vi) enforce the Borrower's rights and remedies with respect to the Collateral; (vii) institute or prosecute legal and equitable proceedings to enforce collection of, or realize upon, any of the Collateral; (viii) require that the Borrower immediately take all actions necessary to cause the liquidation of the Collateral in order to pay all amounts due and payable in respect of the Obligations, in accordance with the terms of the Related Documents; (ix) redeem or withdraw or cause the Borrower to redeem or withdraw any asset of the Borrower to pay amounts due and payable in respect of the Obligations; (x) make copies of or, if necessary, remove from the Borrower's, the Backup Servicer's, the Servicer's and their respective agents' place of business all books, records and documents relating to the Collateral; and (xi) endorse the name of the Borrower upon any items of payment relating to the Collateral or upon any proof of claim in bankruptcy against an Obligor. The proceeds of any sale or disposition of the Collateral shall be applied in accordance with the Priority of Payments.

The Borrower hereby agrees that, upon the occurrence and during the continuance of an Event of Default, at the request of the Administrative Agent or the Required Lenders (acting through the Administrative Agent), it shall execute all documents and agreements which are reasonably necessary or appropriate to have the Collateral to be assigned to the Administrative Agent or its designee. For purposes of taking the actions described in clauses (i) through (xi) of this Section 7.03, the Borrower hereby irrevocably appoints the Administrative Agent as its attorney-in-fact (which appointment being coupled with an interest and is irrevocable while any of the Obligations remain unpaid, with power of substitution), in the name of the Administrative Agent or in the name of the Borrower or otherwise, for the use and benefit of the Administrative Agent (for the benefit of the Secured Parties), but at the cost and expense of the Borrower and, except as prohibited by Applicable Law, without notice to the Borrower.

Section 7.04. Remedies Cumulative. Each right, power, and remedy of the Administrative Agent and the other Secured Parties, or any of them, as provided for in this Agreement or in the other Facility Documents or now or hereafter existing at law or in equity or by statute or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power, or remedy provided for in this Agreement or in the other Facility Documents or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by the Administrative Agent or any other Secured Party of any one or more of such rights, powers, or remedies shall not preclude the simultaneous or later exercise by such Persons of any or all such other rights, powers, or remedies; *provided*, *however*, that no Secured Party may exercise any rights or remedies hereunder other than through the Administrative Agent or as consented to by the Administrative Agent; *provided*, *further*, *however*, that the Required Lenders may exercise any rights and remedies hereunder if, after directing the Administrative Agent in writing, the Administrative Agent does not comply with such instructions for any reason.

Section 7.05. Related Documents. (a) The Borrower hereby agrees that, to the extent not expressly prohibited by the terms of the Related Documents, after the occurrence and during the continuance of an Event of Default, it shall (i) upon the written request of the Administrative Agent, promptly forward to the Administrative Agent, the Servicer and the Backup Servicer (or other successor servicer) all material information and notices which it receives under or in connection with the Related Documents relating to the Collateral, and (ii) upon the written request of the Administrative Agent (as directed by the Required Lenders), act and refrain from acting in respect of any request, act, decision or vote under or in connection with the Related Documents relating to the Collateral only in accordance with the direction of the Administrative Agent (as directed by the Required Lenders).

(b) The Borrower agrees that, to the extent the same shall be in the Borrower's possession, it will hold all Related Documents and other documents relating to the Collateral in trust for the Administrative Agent on behalf of the Secured Parties, and upon request of the Administrative Agent or following the occurrence and during the continuance of an Event of Default or as otherwise provided herein, promptly deliver the same to the Administrative Agent or its designee (including the Backup Servicer). In addition, in accordance with the Backup Servicing Agreement, on each Reporting Date and once each week between Biweekly Reports, the Borrower shall, or shall cause the Servicer to, deliver to the Backup Servicer an electronic file containing all documents and information necessary to permit the Backup Servicer to service the Receivables and any other information relating to each such Receivable required by the Backup Servicing Agreement.

Section 7.06. Borrower Remains Liable. (a) Notwithstanding anything herein to the contrary, (i) the Borrower shall remain liable under the contracts and agreements included in and relating to the Collateral (including the Related Documents) to the extent set forth therein, and shall perform all of its duties and obligations under such contracts and agreements to the same extent as if this Agreement had not been executed, and (ii) the exercise by any Secured Party of any of its rights hereunder shall not release the Borrower from any of its duties or obligations under any such contracts or agreements included in the Collateral.

(b) No obligation or liability of the Borrower is intended to be assumed by the Administrative Agent or any other Secured Party under or as a result of this Agreement or the other Facility Documents, and the transactions contemplated hereby and thereby, including under any Related Document or any other agreement or document that relates to Collateral and, to the maximum extent permitted under provisions of law, the Administrative Agent and the other Secured Parties expressly disclaim any such assumption.

Section 7.07. Protection of Collateral. The Borrower shall from time to time execute and deliver, or caused to be executed and delivered, all such supplements and amendments hereto and file or authorize the filing of all such UCC financing statements, continuation statements, instruments of further assurance and other instruments, and shall take such other action as may be necessary, advisable or desirable to secure the rights and remedies of the Secured Parties hereunder and to:

(i) grant security more effectively on all or any portion of the Collateral;

(ii) maintain, preserve and perfect any grant of security made or to be made by this Agreement or any other Facility Document including the first priority nature of the lien or carry out more effectively the purposes hereof;

(iii) perfect, publish notice of or protect the validity of any grant made or to be made by this Agreement (including any and all actions necessary or desirable as a result of changes in law or regulations);

(iv) enforce any of the Collateral or other instruments or property included in the Collateral;

(v) preserve and defend title to the Collateral and the rights therein of the Administrative Agent and the Secured Parties in the Collateral against the claims of all third parties; and

(vi) pay or cause to be paid any and all taxes levied or assessed upon all or any part of the Collateral.

The Borrower hereby designates the Administrative Agent as its agent and attorney in fact to prepare and file any UCC financing statement, continuation statement and all other instruments, and take all other actions, required pursuant to this Section 7.07. Such designation shall not impose upon the Administrative Agent, or release or diminish, the Borrower's obligations under this Section 7.07 or, in the case of the Borrower only, Section 5.01(c).

Article VIII

Accountings and Releases

Section 8.01. Collection of Money. Except as otherwise expressly provided herein, the Administrative Agent may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance of any fiscal agent or other intermediary, all Money and other property payable to or receivable by the Administrative Agent pursuant to this Agreement, including all payments due on the Collateral, in accordance with the terms and conditions of such Collateral. The Administrative Agent shall segregate and hold all such Money and property received by it in trust for the Secured Parties and shall apply it as provided in this Agreement. The Canadian Collection Account shall be established and maintained under a Canadian Collection Account Control Agreement with the Canadian Collection Account Bank. The U.S. Collection Account shall be established and maintained under an U.S. Collection Account Control Agreement with the U.S. Collection Account Bank. The Canadian Collection Account and the U.S. Collection Account may contain any number of subaccounts for the convenience of the Administrative Agent or for convenience in administering the Canadian Collection Account, the U.S. Collection Account or other Collateral. All monies deposited from time to time in the Canadian Collection Account shall be held by the Canadian Collection Account Bank as part of the Collateral and released to the Borrower only in accordance with Section 9.02. Upon the occurrence and during the continuation of a Canadian Cash Transfer Event, all monies on deposit in the Canadian Collection Account shall be transferred to the U.S. Collection Account on each Business Day during such Canadian Cash Transfer Event. All monies deposited from time to time in the U.S. Collection Account shall be held by the U.S. Collection Account Bank as part of

the Collateral and shall be applied to the purposes herein provided and released to the Borrower only (i) on Payment Dates to the extent of funds available under Section 9.01(viii) and (ii) in accordance with Section 9.02.

Section 8.02. Release of Security. (a) In connection with any Permitted Sale of any Receivable, the Borrower shall deliver a Consent and Release to the Administrative Agent at least ten (10) Business Days prior to the settlement date for any sale of such Receivable certifying that such sale is a Permitted Sale and requesting that the Administrative Agent release or cause to be released such Receivable from the Lien of this Agreement, which notice shall be revocable up and until such settlement date.

(b) (i) The proceeds of any sale of a Receivable to a Seller pursuant to the terms of the applicable Receivable Purchase Agreement or to any other Person as permitted herein shall be deposited directly into the Canadian Collection Account or the U.S. Collection Account, as applicable (ii) the proceeds of any sale of a Defaulted Collateral Receivable or Ineligible Collateral Receivable shall be deposited directly into the Canadian Collection Account or the U.S. Collection Account, as applicable, following release from any applicable escrow arrangement and (iii) the proceeds of any Permitted Sale to a Securitization Vehicle shall be deposited into the U.S. Collection Account and shall be immediately applied to the payments described in Section 9.01.

(c) Subject to Borrower's compliance with this Section 8.02 and the Administrative Agent's execution of a Consent and Release, any Receivable that is sold pursuant to Section 8.02(a) shall automatically be released from the Lien of this Agreement.

(d) The Administrative Agent shall, upon receipt of a certificate of a Responsible Officer of the Borrower, at such time as all Obligations of the Borrower hereunder and under the other Facility Documents have been satisfied in full (other than contingent indemnity obligations not yet due and owing), release any remaining Collateral from the Lien of this Agreement.

(e) In connection with any release pursuant to this Section 8.02, the Administrative Agent is hereby irrevocably authorized by the Lenders to execute such documents as shall be reasonably requested by the Borrower to evidence the release of the Lien of this Agreement and the other Facility Documents.

Article IX

Application of Monies

Section 9.01. Disbursements of Monies from Collection Account. On each Payment Date, the Borrower shall direct the U.S. Collection Account Bank to disburse amounts on deposit in the U.S. Collection Account (other than the U.S. Collection Account Required Amount) with respect to the Collection Period ending immediately prior to such Payment Date in accordance with the following priorities (the *"Priority of Payments"*) and related Biweekly Report:

(i) *first*, to the Servicer, any accrued and unpaid Servicer Fees and collection expense reimbursements (excluding indemnities) that are reimbursable to the Servicer pursuant to the Servicing Agreement, *plus* any Servicer Fees and collection expense reimbursements (excluding indemnities) that are reimbursable to the Servicer pursuant to the Servicing Agreement which were not paid when due on any prior Payment Date;

(ii) *second*, on a pari passu and pro rata basis, to the Backup Servicer, the Canadian Collection Account Bank and the U.S. Collection Account Bank, any accrued and unpaid fees and reimbursable expenses (excluding indemnities) due and payable pursuant to the Facility Documents to which such Persons are a party, *plus* any fees and reimbursable expenses (excluding indemnities) due and payable to any such Person pursuant to such Facility Documents which were not paid when due on any prior Payment Date; *provided, however*, that the aggregate amount of expenses and other amounts payable under this clause (ii) shall not exceed $100,000 in aggregate in any calendar year;

(iii) *third*, to the Administrative Agent for distribution to each Class A Lender to pay (1) accrued and unpaid Interest on the Class A Advances, (2) amounts payable to each such Class A Lender or the Administrative Agent under Section 2.09(a), 2.10, 12.03(d) and 12.04, and (3) accrued and unpaid Prepayment Premiums, Exit Fees and Class A Unused Fees accrued during the related Interest Accrual Period due to each Class A Lender (in the case of each of subclauses (1), (2) and (3) above, *pro rata*, based on the respective amounts owed to each Class A Lender);

(iv) *fourth*,

(1) prior to the end of the Reinvestment Period and if the Class A Maximum Advance Rate Test or the Class A Maximum Committed Advance Rate Test, as applicable, is not satisfied as of the related Determination Date (without giving effect to amounts which are on deposit in the Canadian Collection Account or the U.S. Collection Account representing collections of principal payments received by the Borrower on the Collateral Receivables), to pay the outstanding principal of the Class A Advances of each Class A Lender (*pro rata*, based on each Class A Lender's Percentage) until the Class A Maximum Advance Rate Test or the Class A Maximum Committed Advance Rate Test, as applicable, is satisfied (on a pro forma basis as at such Determination Date); and

(2) if the Reinvestment Period has expired or an Accelerated Amortization Event or Event of Default has occurred and is continuing, to pay the outstanding principal amount of all Class A Advances of each Class A Lender (*pro rata*, based on each Class A Lender's Percentage) until paid in full;

(v) *fifth*, to the Administrative Agent for distribution to each Class B Lenders to pay (1) accrued and unpaid Interest on the Class B Advances, (2) amounts payable to each such Class B Lender or the Administrative Agent under Section 2.09(a), 2.10, 12.03(d) and 12.04, and (3) accrued and unpaid Prepayment Premium, and Class B Unused Fees accrued during the related Interest Accrual Period due to each Class B Lender (in the case of each of subclauses (1), (2) and (3) above, *pro rata*, based on the respective amounts owed to each Class B Lender);

(vi) *sixth*,

(1) prior to the end of the Reinvestment Period, if the Class B Maximum Advance Rate Test or the Class B Maximum Committed Advance Rate Test, as applicable, is not satisfied as of the related Determination Date (without giving effect to amounts which are on deposit in the Canadian Collection Account or the U.S. Collection Account representing collections of principal payments received by the Borrower on the Collateral Receivables), to pay the outstanding principal of the Class B Advances of each Class B Lender (*pro rata*, based on each Class B Lender's Percentage) until the Class B Maximum Advance Rate Test or the Class B Maximum Committed Advance Rate Test, as applicable, is satisfied (on a pro forma basis as at such Determination Date); and

(2) if the Reinvestment Period has expired or an Accelerated Amortization Event or Event of Default has occurred and is continuing, to pay the outstanding principal amount of all Class B Advances of each Class B Lender (*pro rata*, based on each Class B Lender's Percentage) until paid in full;

(vii) *seventh*, an amount equal to any other amounts due and owing to the Servicer, the Backup Servicer, the Canadian Collection Account Bank, the U.S. Collection Account Bank or any Secured Party pursuant to the Facility Documents shall be set aside in the U.S. Collection Account and paid to such Person, as the case may be, when due in accordance with the Facility Documents on a pro rata basis based on the amounts due and owing to each such Person as of the immediately preceding calendar month; and

(viii) *eighth*, the remainder to the Borrower or as directed by the Borrower.

Section 9.02. Recycling. Funds may be withdrawn from time to time from the Canadian Collection Account or the U.S. Collection Account no more than once per Business Day and no more than twice per week (and, to the extent a new Advance is being requested on such Withdrawal Date, solely simultaneously with such new Advance as part of the Notice of Borrowing) at the request of the Borrower to the Administrative Agent, in the form attached hereto as Exhibit A-2 (each, a "*Notice of Withdrawal*"), on any Business Day other than a Payment Date during the Reinvestment Period (each such date, a "*Withdrawal Date*"), and applied by the Borrower solely to purchase additional Collateral Receivables from a Seller under (and in accordance with) a Receivable Purchase Agreement; *provided*, that the withdrawal and transfer of such funds is subject to the satisfaction or waiver of the following conditions precedent as of the Withdrawal Date:

(a) after giving effect to such withdrawal, the amount on deposit in the U.S. Collection Account is not less than the U.S. Collection Account Required Amount;

(b) the Administrative Agent shall have received a Notice of Withdrawal with respect to such withdrawal at least one (1) Business Day prior to the Withdrawal Date (including the Maximum Advance Rate Test Calculation Statement attached thereto, all duly completed);

(c) together with delivery of the Notice of Withdrawal, the Administrative Agent shall have received (i) a Maximum Advance Rate Test Calculation Statement,

demonstrating that immediately after giving effect to such withdrawal and the acquisition of any Collateral Receivables on such Withdrawal Date, each applicable Maximum Advance Rate Test shall be satisfied, and (ii) calculations evidencing that the Withdrawal Principal Loss Ratio was less than 5.00% and the Vintage Default Ratio was less than 4.00%, in each case, as of two (2) Business Days prior to such Withdrawal Date;

(d) each of the representations and warranties of the Borrower contained in this Agreement shall be true and correct in all material respects (except for representations and warranties already qualified by materiality or Material Adverse Effect, which shall be true and correct) as of such Withdrawal Date (except to the extent such representations and warranties expressly relate to any earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date as if made on such date);

(e) no Unmatured Event of Default, Event of Default, Accelerated Amortization Event, and in the case of a withdrawal from the Canadian Collection Account, no Canadian Cash Transfer Event, shall have occurred and be continuing at the time of such withdrawal or shall result upon such withdrawal;

(f) the Borrower shall have delivered, or caused to have been delivered, in accordance with the time and manner specified in the Backup Servicing Agreement, to the Backup Servicer and the Administrative Agent, the Receivable Schedule and each document or item (whether or not electronic) comprising a Related Document with respect to the Receivables being pledged hereunder;

(h) all terms and conditions of the applicable Receivable Purchase Agreement required to be satisfied in connection with the assignment of each Receivable being pledged hereunder on such Withdrawal Date (and the Receivable and Related Documents related thereto), including the perfection of the Borrower's interests therein, shall have been satisfied in full, and all filings (including UCC and PPSA filings) required to be made by any Person and all actions required to be taken or performed by any Person in any jurisdiction to give the Administrative Agent, for the benefit of the Secured Parties, a first priority perfected security interest in all of the Borrower's right, title and interest in the related Receivables all payments from related Obligors, the Related Documents and all rights of the Borrower under the applicable Receivable Purchase Agreement, excluding any Collateral in which a security interest cannot be perfected under the UCC or the PPSA, shall have been made, taken or performed;

(i) the Borrower shall have taken all steps necessary under all Applicable Law in order to cause to exist in favor of the Administrative Agent, for the benefit of the Secured Parties, a valid, subsisting and enforceable first priority perfected security interest in the Borrower's right, title and interest in the Collateral related to each Receivable being pledged hereunder on such Withdrawal Date, including receipt by the Administrative Agent of evidence reasonably satisfactory to the Administrative Agent that all Liens (except for Permitted Liens) have been released on such Collateral; and

(j) the Borrower shall have delivered to the Administrative Agent a fully executed copy of the Purchase Confirmation relating to the Collateral Receivables in connection with such withdrawal.

The Borrower hereby acknowledges and agrees that, by delivering a Notice of Withdrawal, the Borrower will be deemed to have represented and warranted that on such date and immediately after giving effect to the proposed withdrawal on the relevant Withdrawal Date each of the conditions precedent set forth in Section 9.02 is satisfied.

Article X

Administration and Servicing of Collateral

Section 10.01. Designation of the Servicer. The servicing, administering and collection of the Collateral shall be conducted by the Person designated as a servicer in accordance with this Agreement, the Servicing Agreement or the Backup Servicing Agreement, as applicable. Borrower hereby acknowledges that each of the Secured Parties is a third-party beneficiary of the obligations taken by the Servicer and the Backup Servicer under the Servicing Agreement and the Backup Servicing Agreement, respectively.

Section 10.02. Authorization of the Servicer. Borrower shall furnish the Servicer (and any successors thereto) with any powers of attorney and other documents reasonably necessary to enable such Servicer to carry out its Collateral management duties under the Servicing Agreement, and shall cooperate with the Servicer to the fullest extent in order to ensure the collectability of the Collateral. Following the occurrence and continuance of an Event of Default (unless otherwise waived by the Required Lenders in accordance with Section 12.01), the Administrative Agent (acting at the direction of the Required Lenders) may provide notice to the Servicer (and any successors thereto) (with a copy to the Backup Servicer) that the Secured Parties are exercising their control rights with respect to the Collateral in accordance with Section 6.02.

Section 10.03. Payment of Certain Expenses by Servicer. The Borrower acknowledges and agrees that the Servicer (so long as such Servicer is an Affiliate of the Borrower) will be required to pay all expenses incurred by it in connection with its activities under the Servicing Agreement, including fees and disbursements of its independent accountants, taxes imposed on the Servicer, expenses incurred by the Servicer in connection with the production of reports pursuant to this Agreement, and all other fees and expenses not expressly stated under this Agreement and the Servicing Agreement to be for the account of the Borrower or except as otherwise expressly provided under this Agreement or the Servicing Agreement. The Borrower acknowledges and agrees that the Servicer will be required to pay such expenses for its own account and shall not be entitled to any payment therefor other than as provided under Section 9.01.

Section 10.04. Appointment of Backup Servicer. ~~Upon resignation of the Servicer under the Servicing Agreement or the occurrence and continuance of a Servicer Event of Default, the Administrative Agent may (with the consent of the Required Lenders) at any time require the Borrower to appoint the Backup Servicer, as servicer of the Receivables in accordance with the Backup Servicing Agreement. The Borrower shall promptly comply with any such request from the Administrative Agent. The Borrower shall provide direction to the Backup Servicer with respect to modifications of the terms of the Receivables in accordance with the requirements set forth in the Servicing Agreement, and shall comply with all restrictions with respect to the release, discharge, termination or cancellation of any Receivable.~~

Article XI

The Administrative Agent

Section 11.01. Authorization and Action. Each Lender hereby irrevocably appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement and, to the extent applicable, the other Facility Documents as are delegated to the Administrative Agent by the terms hereof and thereof, together with such powers as are reasonably incidental thereto, subject to the terms hereof. The Administrative Agent shall distribute a copy of all material modifications, amendments, extensions, consolidations, restatements, alterations, changes or revisions to any one or more of the Facility Documents (including, without limitation, waiver or consents entered into, executed or delivered by the Administrative Agent, but excluding the Administrative Agent Fee Letter), to each of the Lenders. The Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein or in the other Facility Documents, or any fiduciary relationship with any Secured Party, and no implied covenants, functions, responsibilities, duties or obligations or liabilities on the part of the Administrative Agent shall be read into this Agreement or any other Facility Document to which the Administrative Agent is a party (if any) as duties on its part to be performed or observed. The Administrative Agent shall not have or be construed to have any other duties or responsibilities in respect of this Agreement and the transactions contemplated hereby. As to any matters not expressly provided for by this Agreement or the other Facility Documents, the Administrative Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the written instructions of the Required Lenders; *provided* that the Administrative Agent shall not be required to take any action which exposes the Administrative Agent, in its judgment, to personal liability, cost or expense or which is contrary to this Agreement, the other Facility Documents or Applicable Law, or would be, in its judgment, contrary to its duties hereunder, under any other Facility Document or under Applicable Law. Each Lender agrees that in any instance in which the Facility Documents provide that the Administrative Agent's consent may not be unreasonably withheld, provide for the exercise of the Administrative Agent's reasonable discretion, or provide to a similar effect, it shall not in its instructions (or, by refusing to provide instruction) to the Administrative Agent withhold its consent or exercise its discretion in an unreasonable manner.

Section 11.02. Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement and each other Facility Document by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

Section 11.03. Agent's Reliance, Etc. (a) Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement or any of the other Facility Documents, except for its or their own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and non-appealable judgment. Without limiting the generality of the foregoing, the Administrative Agent: (i) may consult with legal counsel (including counsel

for the Borrower or any Servicer or any of their Affiliates) and independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (ii) makes no warranty or representation to any Secured Party or any other Person and shall not be responsible to any Secured Party or any Person for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement or the other Facility Documents; (iii) shall not have any duty to monitor, ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement, the other Facility Documents or any Related Documents on the part of the Borrower or any Servicer or any other Person or to inspect the property (including the books and records) of the Borrower or such Servicer; (iv) shall not be responsible to any Secured Party or any other Person for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of any Collateral, this Agreement, the other Facility Documents, any Related Document or any other instrument or document furnished pursuant hereto or thereto or for the validity, perfection, priority or enforceability of the Liens on the Collateral; and (v) shall incur no liability under or in respect of this Agreement or any other Facility Document by relying on, acting upon (or by refraining from action in reliance on) any notice, consent, certificate (including for the avoidance of doubt, the Biweekly Report), instruction or waiver, report, statement, opinion, direction or other instrument or writing (which may be delivered by email) believed by it to be genuine and believe by it to be signed or sent by the proper party or parties. The Administrative Agent shall not have any liability to the Borrower or any Lender or any other Person for the Borrower's, any Servicer's or any Lender's, as the case may be, performance of, or failure to perform, any of their respective obligations and duties under this Agreement or any other Facility Document.

(b) The Administrative Agent shall not be liable for the actions or omissions of any other agent (including concerning the application of funds), or under any duty to monitor or investigate compliance on the part of any other agent with the terms or requirements of this Agreement, any Facility Documents or any Related Documents, or their duties thereunder. The Administrative Agent shall be entitled to assume the due authority of any signatory and genuineness of any signature appearing on any instrument or document it may receive (including each Notice of Borrowing received hereunder). The Administrative Agent shall not be liable for any action taken in good faith and reasonably believed by it to be within the powers conferred upon it, or taken by it pursuant to any direction or instruction by which it is governed, or omitted to be taken by it by reason of the lack of direction or instruction required hereby for such action (including for refusing to exercise discretion or for withholding its consent in the absence of its receipt of, or resulting from a failure, delay or refusal on the part of the Required Lenders to provide, written instruction to exercise such discretion or grant such consent from the Required Lenders) except as determined by a court of competent jurisdiction by final and non-appealable judgment that it was the result of the Administrative Agent's willful misconduct or gross negligence. The Administrative Agent shall not be liable for any error of judgment made in good faith unless it shall be determined by a court of competent jurisdiction by final and non-appealable judgment that the Administrative Agent was grossly negligent in ascertaining the relevant facts. Nothing herein or in any Facility Documents or Related Documents shall obligate the Administrative Agent to advance, expend or risk its own funds, or to take any action which in its reasonable judgment may cause it to incur any expense or financial or other liability for which it is not adequately indemnified. The Administrative Agent shall not be liable for any indirect,

special, punitive or consequential damages (included but not limited to lost profits) whatsoever, even if it has been informed of the likelihood thereof and regardless of the form of action. The Administrative Agent shall not be charged with knowledge or notice of any matter unless actually known to a Responsible Officer of the Administrative Agent, or unless and to the extent written notice of such matter is received by the Administrative Agent at its address in accordance with Section 12.02. Any permissive grant of power to the Administrative Agent hereunder shall not be construed to be a duty to act. The Administrative Agent shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, entitlement order, approval or other paper or document. The Administrative Agent shall not be liable for any error of judgment, or for any act done or step taken or omitted by it, in good faith, or for any mistakes of fact or law, or for anything that it may do or refrain from doing in connection herewith except as shall be determined by a court of competent jurisdiction by final and non-appealable judgment that it was the result of its willful misconduct or grossly negligent performance or omission of its duties.

(c) The Administrative Agent shall not be responsible or liable for delays or failures in performance resulting from acts beyond its control. Such acts shall include but not be limited to acts of God, strikes, lockouts, riots, acts of war, epidemics, governmental regulations imposed after the fact, fire, communication line failures, computer viruses, power failures, earthquakes or other disasters.

Section 11.04. Indemnification. To the extent the Borrower for any reason fails to indefeasibly pay any amount required under Section 12.04 (and without limiting the obligation of the Borrower to do so), each of the Lenders severally agrees to pay to the Administrative Agent such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought based on each Lender's Percentage at such time) of such unpaid amount (including any such unpaid amount in respect of a claim asserted by such Lender); provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent; *provided, further,* that no Lender shall be liable to the Administrative Agent for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and non-appealable judgment. The obligations of the Lenders under this paragraph (c) are subject to the provisions of Section 2.08. Any amounts paid by any Lender pursuant to this Section 11.04 shall constitute Obligations.

Section 11.05. Successor Administrative Agent. Subject to the terms of this Section 11.05, the Administrative Agent may resign as Administrative Agent in the Administrative Agent's sole discretion at any time upon thirty (30) days' notice to the Lenders and the Borrower. If the Administrative Agent shall resign then the Required Lenders shall appoint a successor agent. If for any reason a successor agent is not so appointed and does not accept such appointment within thirty (30) days of notice of resignation the Administrative Agent may appoint a successor agent. The appointment of any successor Administrative Agent shall be subject to the prior written consent of the Borrower (which consent shall not be unreasonably withheld, conditioned or delayed); *provided* that the consent of the Borrower to any such appointment shall not be

required if (i) an Event of Default shall have occurred and is continuing or, (ii) if such successor Administrative Agent is a Lender or an Affiliate of such Administrative Agent or any Lender. Any resignation of the Administrative Agent shall be effective upon the appointment of a successor agent pursuant to this Section 11.05. After the effectiveness of the retiring Administrative Agent's resignation hereunder as the Administrative Agent, the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Facility Documents and the provisions of this Article XI shall continue in effect for its benefit with respect to any actions taken or omitted to be taken by it while it was the Administrative Agent under this Agreement and under the other Facility Documents. Any Person (i) into which the Administrative Agent may be merged or consolidated, (ii) that may result from any merger or consolidation to which the Administrative Agent shall be a party, or (iii) that may succeed to the properties and assets of the Administrative Agent substantially as a whole, shall be the successor to the Administrative Agent under this Agreement without further act of any of the parties to this Agreement.

Section 11.06. Administrative Agent's Capacity as a Lender. The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such Person and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrower or any Affiliate thereof as if it were not the Administrative Agent hereunder.

Section 11.07. Certain ERISA Matters.

(a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and not, for the avoidance of doubt, to or for the benefit of the Borrower, that at least one of the following is and will be true:

(i) such Lender is not using "plan assets" (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Lender's entrance into, participation in, administration of and performance of the Advances or this Agreement,

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of the Advances and this Agreement,

(iii) (A) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Advances and this Agreement, (C) the entrance into, participation in, administration of and performance of

the Advances and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Advances and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless either (1) clause (i) in the immediately preceding clause (a) is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant in accordance with clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and not, for the avoidance of doubt, to or for the benefit of the Borrower, that the Administrative Agent is not a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Advances and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Facility Document or any documents related hereto or thereto).

Section 11.08. Erroneous Payments.

(a) If the Administrative Agent notifies a Lender or another, Secured Party, or any Person who has received funds on behalf of a Lender or another a Secured Party (any such Lender, Secured Party or other recipient, a "*Payment Recipient*") that the Administrative Agent has determined in its sole discretion that any funds received by such Payment Recipient from the Administrative Agent or any of its Affiliates were erroneously transmitted to, or otherwise erroneously or mistakenly received by, such Payment Recipient (whether or not known to such Lender, Secured Party or other Payment Recipient on its behalf) (any such funds, whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise, individually and collectively, an "*Erroneous Payment*") and demands the return of such Erroneous Payment (or a portion thereof), such Erroneous Payment shall at all times remain the property of the Administrative Agent and shall be segregated by the Payment Recipient and held in trust for the benefit of the Administrative Agent, and such Lender or Secured Party shall (or, with respect to any Payment Recipient who received such funds on its behalf, shall cause such Payment Recipient to) promptly, but in no event later than two (2) Business Days thereafter, return to the Administrative Agent the amount of any such Erroneous Payment (or portion thereof) as to which such a demand was made, in same day funds (in the currency so received), together with interest thereon in respect of each day from and including the date such Erroneous Payment (or portion thereof) was received by such Payment Recipient to the date such amount is repaid to the Administrative Agent in same day funds at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation from time to time in effect. A notice of the Administrative Agent to any Payment Recipient under this clause (a) shall be conclusive, absent manifest error.

(b) Without limiting immediately preceding clause (a), each Payment Recipient hereby further agrees that if it receives a payment, prepayment or repayment (whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise) from the Administrative Agent (or any of its Affiliates) (x) that

is in a different amount than, or on a different date from, that specified in a notice of payment, prepayment or repayment sent by the Administrative Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment, (y) that was not preceded or accompanied by a notice of payment, prepayment or

repayment sent by the Administrative Agent (or any of its Affiliates), or (z) that such Lender, Secured Party, or other such recipient, otherwise becomes aware was transmitted, or received, in error or by mistake (in whole or in part):

(i) (A) in the case of immediately preceding clauses (x) or (y), an error shall be presumed to have been made (absent written confirmation from the Administrative Agent to the contrary) or (B) an error has been made (in the case of immediately preceding clause (z)), in each case, with respect to such payment, prepayment or repayment; and

(ii) such Lender or Secured Party shall (and shall cause any other recipient that receives funds on its respective behalf to) promptly (and, in all events, within one (1) Business Day of its knowledge of such error) notify the Administrative Agent of its receipt of such payment, prepayment or repayment, the details thereof (in reasonable detail) and that it is so notifying the Administrative Agent pursuant to this Section 11.08(b).

(c) Each Lender and other Secured Party hereby authorizes the Administrative Agent to set off, net and apply any and all amounts at any time owing to such Lender, or Secured Party under any Facility Document, or otherwise payable or distributable by the Administrative Agent to such Lender or Secured Party from any source, against any amount due to the Administrative Agent under immediately preceding clauses (a) and (b) or under the indemnification provisions of this Agreement.

(d) In the event that an Erroneous Payment (or portion thereof) is not recovered by the Administrative Agent for any reason from any Payment Recipient that has received such Erroneous Payment (or portion thereof) (and/or from any Payment Recipient who received such Erroneous Payment (or portion thereof) on its respective behalf) (such unrecovered amount, an "*Erroneous Payment Return Deficiency*"), upon the Administrative Agent's notice to such Payment Recipient at any time, (i) such Payment Recipient, if a Lender, shall be deemed to have assigned its Advances (but not its commitments) of the relevant Class with respect to which such Erroneous Payment was made (the "*Erroneous Payment Impacted Class*") in an amount equal to the Erroneous Payment Return Deficiency (or such lesser amount as the Administrative Agent may specify) (such assignment of the Advances (but not commitments) of the Erroneous Payment Impacted Class, the "*Erroneous Payment Deficiency Assignment*") at par plus any accrued and unpaid interest (with the assignment fee to be waived by the Administrative Agent in such instance), and is hereby (together with the Borrower) deemed to execute and deliver an Assignment and Acceptance (and such Lender shall deliver any notes evidencing such Advances to the Administrative Agent, (ii) the Administrative Agent as the assignee Lender shall be deemed to acquire the Erroneous Payment Deficiency Assignment, (iii) upon such deemed acquisition, the Administrative Agent as the assignee Lender shall become a Lender hereunder with respect to such Erroneous Payment Deficiency Assignment and the assigning Lender shall cease to be a Lender hereunder with respect to such Erroneous Payment Deficiency Assignment, excluding, for the avoidance of doubt, its obligations under the indemnification provisions of this Agreement and its applicable commitments which shall survive as to such assigning Lender and (iv) the Administrative Agent may reflect in the Register its ownership interest in the Advances subject to the Erroneous Payment Deficiency Assignment. The Administrative Agent may, in its discretion, sell any Advances acquired pursuant to an Erroneous Payment Deficiency Assignment and upon receipt of the proceeds of such sale, the Erroneous Payment Return Deficiency owing by the applicable Lender shall be reduced by the net proceeds of the sale of such Advances (or portion thereof), and the Administrative Agent shall retain all other rights, remedies and claims against such Lender (and/

or against any recipient that receives funds on its respective behalf). For the avoidance of doubt, no Erroneous Payment Deficiency Assignment will reduce the commitments, if any, of any Lender and such commitments shall remain

available in accordance with the terms of this Agreement. In addition, each party hereto agrees that, except to the extent that the Administrative Agent has sold a Advances (or portion thereof) acquired pursuant to an Erroneous Payment Deficiency Assignment, and irrespective of whether the Administrative Agent may be equitably subrogated, the Administrative Agent shall be contractually subrogated to all the rights and interests of the applicable Lender or other Secured Party under the Facility Documents with respect to each Erroneous Payment Return Deficiency.

(e) The parties hereto agree that an Erroneous Payment shall not pay, prepay, repay, discharge or otherwise satisfy any Obligations owed by the Borrower or any Affiliate thereof.

(f) To the extent permitted by applicable law, no Payment Recipient shall assert any right or claim to an Erroneous Payment, and hereby waives, and is deemed to waive, any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by the Administrative Agent for the return of any Erroneous Payment received, including without limitation waiver of any defense based on "discharge for value" or any similar doctrine.

(g) Each party's obligations, agreements and waivers under this Section 11.08 shall survive the resignation or replacement of the Administrative Agent, any transfer of rights or obligations by, or the replacement of, a Lender, the termination of the commitments and/or the repayment, satisfaction or discharge of all Obligations (or any portion thereof) under any Facility Document.

Article XII

Miscellaneous

Section 12.01. No Waiver; Modifications in Writing. (a) No failure or delay on the part of any Secured Party exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. Any waiver of any provision of this Agreement, and any consent to any departure by any party to this Agreement from the terms of any provision of this Agreement, shall be effective only in the specific instance and for the specific purpose for which given. No notice to or demand on the Borrower in any case shall entitle the Borrower to any other or further notice or demand in similar or other circumstances.

(b) No amendment, modification, supplement or waiver of this Agreement shall be effective unless signed by the Borrower, the Administrative Agent and the Required Lenders, *provided* that:

(i) subject to clauses (iii) and (iv) below, any Fundamental Amendment shall require the written consent of each affected Lender;

(ii) no such amendment, modification, supplement or waiver shall amend, modify or otherwise affect the rights, duties, immunities or liabilities of the Administrative Agent without the prior written consent of the Administrative Agent;

(iii) the parties acknowledge and agree that increases in

(A) (x) the Committed Facility Amount shall be allocated pro rata between the Class A Committed Facility Amount and the Class B Committed Facility Amount and (y) the Incremental Amount shall be allocated pro rata between the Class A Incremental Amount and the Class B Incremental Amount,

(B) the Class A Committed Facility Amount or Class A Incremental Amount, may be allocated at the Administrative Agent's sole discretion (which may not be on a pro-rata basis) among the existing Class A Lenders agreeing to provide such increased amount, or any new Class A Lender joining this Agreement (subject to the requirements of Section 13.02) (such existing and new Class A Lenders, collectively, the "*Class A Increasing Lenders*"), and

(C) the Class B Committed Facility Amount or Class B Incremental Amount (x) shall be first offered by the Administrative Agent to the existing Class B Lenders on a pro-rata basis, who may decide in their sole discretion to accept such offer (the "*Accepting Class B Lenders*") and (y) if any such Class B Lender declines to accept such offer, such Class B Lender's applicable pro-rata portion may be allocated at the Administrative Agent's sole discretion (which may not be on a pro-rata basis) among the Accepting Class B Lenders, or any new Class B Lender joining this Agreement (subject to the requirements of Section 13.02) (the Accepting Class B Lenders and the new Class B Lenders, collectively, the "*Class B Increasing Lenders*"), and

in the case of clauses (A) through (C) above, shall require the written consent of solely the Borrower, the Administrative Agent, the Class A Increasing Lenders and the Class B Increasing Lenders; and

(iv) the parties acknowledge and agree that decreases in the Committed Facility Amount shall be allocated pro rata (x) between the Class A Committed Facility Amount and the Class B Committed Facility Amount and (y) among all Lenders in accordance with their respective Percentages.

Section 12.02. Notices, Etc. Except as otherwise provided herein, all notices and other communications hereunder to any party shall be in writing and sent by certified or registered mail, return receipt requested, by overnight delivery service, with all charges prepaid, by hand delivery, or by e-mail, to such party's address or e-mail address set forth in Schedule 3 hereto, or at such other address or e-mail address as such party may hereafter specify in a notice given in the manner required under this Section 12.02. All such notices and correspondence shall be deemed given (a) if sent by certified or registered mail, three (3) Business Days after being postmarked, (b) if sent by overnight delivery service or by hand delivery, when received at the above stated addresses or when delivery is refused and (c) if sent by electronic transmission, upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement). The Borrower hereby irrevocably consents and agrees to the service of any and all legal process, summons, notices and documents out of any courts in any action, suit or proceeding in connection with this Agreement by serving a copy thereof upon the Borrower or by mailing copies thereof by regular or overnight mail, postage prepaid, to the Borrower at its address specified in Schedule 3. For the avoidance of doubt, with respect to any notices required to be delivered and sent to the Administrative Agent, the Administrative Agent shall distribute a copy thereof to the Lenders.

Section 12.03. Taxes. (a) For purposes of this Section 12.03, the term Applicable Law includes FATCA.

(b) Any and all payments by or on account of any obligation of the Borrower under this Agreement and any other Facility Document shall be made, in accordance with this Agreement or the related Facility Document, free and clear of and without deduction for any and all Taxes, except as required by Applicable Law. If the Borrower or Administrative Agent shall be required by Applicable Law (as determined in the good faith discretion of the Borrower or Administrative Agent, as applicable)) to deduct or withhold any Taxes from or in respect of any sum payable by it hereunder or under any other Facility Document to any Secured Party, then the Borrower or Administrative Agent, as applicable, shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with Applicable Law and, if such payment is an Indemnified Tax, the sum payable by the Borrower shall be increased as necessary so that after such deduction or withholding has been made (including deductions applicable to additional sums payable under this Section 12.03) such Secured Party receives an amount equal to the sum it would have received had no such deductions or withholding been made.

(c) In addition, the Borrower agrees to timely pay any present or future stamp, sales, court or documentary, intangible, recording, filing or similar Taxes or any other excise or property Taxes, charges or similar levies which arise from any payment made by the Borrower hereunder or under any other Facility Document or from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, this Agreement or under any other Facility Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Sections 2.09(b), 2.11(b) or 12.03(h)) (hereinafter referred to as *"Other Taxes"*).

(d) The Borrower agrees to indemnify each of the Secured Parties, within 10 days after demand therefor, for the full amount of Indemnified Taxes, including any Indemnified Taxes imposed or asserted by any jurisdiction on amounts payable under this Section 12.03 payable by such Secured Party or required to be withheld or deducted from a payment to such Secured Party and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Secured Party (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Secured Party, shall be conclusive absent manifest error.

(e) As soon as practicable after the date of any payment of Taxes to a Governmental Authority pursuant to this Section 12.03, the Borrower will furnish to the Administrative Agent the original or a certified copy of a receipt issued by the relevant Governmental Authority evidencing payment thereof (or a copy of the return reporting such payment or other evidence of payment as may be reasonably satisfactory to the Administrative Agent).

(f) If any payment is made by the Borrower to or for the account of any Secured Party after deduction for or on account of any Taxes, and an indemnity payment or additional amounts

are paid by the Borrower pursuant to this Section 12.03, then, if such Secured Party, in its sole discretion exercised in good faith, determines that it has received a refund of such Taxes, such Secured Party shall reimburse to the Borrower such amount of any refund received (net of reasonable out-of-pocket expenses incurred) as such Secured Party shall determine in its sole discretion to be attributable to the relevant Taxes; *provided* that in the event that such Secured Party is required to repay such refund to the relevant taxing authority, the Borrower agrees to return the refund to such Secured Party. Notwithstanding anything to the contrary in this paragraph (f), in no event will the Secured Party be required to pay any amount to the Borrower pursuant to this paragraph (f) the payment of which would place the Secured Party in a less favorable net after-Tax position than the Secured Party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid.

(g) *Status of Lender.*

(i) Each Lender that is a "United States person" as that term is defined in Section 7701(a)(30) of the Code (a "*U.S. Person*") hereby agrees that it shall, no later than the Closing Date or, in the case of a Lender which becomes a party hereto pursuant to Section 12.06, the date upon which such Lender becomes a party hereto (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), deliver to the Borrower and the Administrative Agent, if applicable, two accurate, complete and executed copies of U.S. Internal Revenue Service Form W-9 or successor form, certifying that such Lender is on the date of delivery thereof entitled to an exemption from United States backup withholding tax.

(ii) Each Lender that is not a U.S. Person (a "*Non-U.S. Lender*") shall, no later than the date on which such Lender becomes a party hereto (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), deliver to the Borrower and the Administrative Agent two copies of properly completed and duly executed copies of either U.S. Internal Revenue Service Form W-8BEN, W8BEN-E, W-8ECI or W-8IMY or any subsequent versions thereof or successors thereto, in the case of a Non-U.S. Lender claiming the benefits of an income tax treaty to which the United States is a party, with respect to payments of interest hereunder, establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty, and establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business" profits or "other income" article of such treaty, with respect to any other applicable payments hereunder. In addition, in the case of a Non-U.S. Lender claiming exemption from U.S. federal withholding tax under Section 871(h) or 881(c) of the Code, such Non-U.S. Lender shall deliver to the Borrower and Administrative Agent (in such number of copies as shall be requested by the recipient), no later than the date on which such Non-U.S. Lender becomes a party hereto (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), a certificate to the effect that such Non-U.S. Lender is not a bank for purposes of Section 881(c) of the Code, is not a 10-percent shareholder (within the meaning of Section 871(h)(3)(B) of the Code) of the Borrower and is not a controlled foreign corporation related to the Borrower (within the meaning of Section 881(c)(3)(C) of the Code) substantially in the form of Exhibit E hereto (a "*U.S. Tax Compliance Certificate"*), and such Non-U.S. Lender agrees that it shall notify the Borrower and the Administrative Agent in the event any such certificate is no longer accurate. In addition, to the extent a Non-U.S. Lender is not the beneficial owner, such Non-U.S. Lender shall also provide a U.S. Tax Compliance Certificate or other certification documents from

each beneficial owner, as applicable, provided that if the Non-U.S. Lender is a partnership and one or more direct or indirect partners of such Non-U.S. Lender are one or more direct or indirect partners of such Non-U.S. Lender are claiming the portfolio interest exemption, such Non-U.S. Lender may provide a U.S. Tax Compliance Certificate on behalf of each such direct and indirect partner. Such forms shall be delivered by each Non-U.S. Lender on or before the date it becomes a party to this Agreement and on or before the date, if any, such Non-U.S. Lender designates a new lending office. In addition, each Non-U.S. Lender shall deliver such forms as promptly as practicable after receipt of a written request therefor from the Borrower or the Administrative Agent. Notwithstanding any other provision of this Section 12.03, a Non-U.S. Lender shall not be required to deliver any form pursuant to this Section 12.03(g) that such Non-U.S. Lender is not legally able to deliver.

(iii) Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative in writing of its legal inability to do so.

(h) If any Secured Party requires the Borrower to pay any additional amount to such Secured Party or any taxing Governmental Authority for the account of such Secured Party or to indemnify such Secured Party pursuant to this Section 12.03, then such Secured Party shall use reasonable efforts to designate a different lending office for funding or booking its Advances hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if such Lender determines, in its sole discretion, that such designation or assignment (i) would eliminate or reduce amounts payable pursuant to this Section 12.03 in the future and (ii) would not subject such Secured Party to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Secured Party. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(i) Nothing in this Section 12.03 shall be construed to require any Secured Party to make available its tax returns (or any other information relating to its taxes that it deems confidential) to the Borrower or any other Person.

(j) *Compliance with FATCA.* If a payment made to a Lender under this Agreement would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by Applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount, if any, to deduct and withhold from such payment. Solely for purposes of this clause (j), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(k) *Survival.* Each party's obligations under this Section 12.03 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender and the repayment, satisfaction or discharge of all amounts owing under any Facility Document.

Section 12.04. Costs and Expenses; Indemnification. (a) The Borrower agrees to pay all reasonable and documented out-of-pocket costs and expenses of the Administrative Agent, the Backup Servicer, the Canadian Collection Account Bank, the U.S. Collection Account Bank and the other Lenders in connection with the preparation, review, negotiation, reproduction, execution and delivery of this Agreement and the other Facility Documents, including the reasonable fees and disbursements of outside counsel for each such Person and any auditors, accountants, consultants, appraisers and rating agency or other professional advisors and agents engaged by the Administrative Agent; UCC and PPSA filing fees and all other related fees and expenses in connection therewith; and in connection with any modification or amendment of this Agreement or any other Facility Document. Further, the Borrower shall pay (A) all reasonable and documented out-of-pocket costs and expenses (including all reasonable and documented fees, expenses and disbursements of legal counsel), and any auditors, accountants, consultants or appraisers or other professional advisors and agents engaged by the Administrative Agent and incurred by the Administrative Agent or any Lender in the preparation, execution, delivery, filing, recordation, administration, performance or enforcement of this Agreement or any other Facility Document or any consent, amendment, waiver or other modification relating thereto, (B) all reasonable out-of-pocket costs and expenses of creating, perfecting, releasing or enforcing the Administrative Agent's security interests in the Collateral, including filing and recording fees, expenses and Other Taxes, search fees, and title insurance premiums, and (C) after the occurrence of any Event of Default, all costs and expenses incurred by the Administrative Agent and the other Secured Parties in connection with the preservation, collection, foreclosure or enforcement of the Collateral subject to the Facility Documents or any interest, right, power or remedy of the Administrative Agent and the other Secured Parties or in connection with the collection or enforcement of any of the Obligations or the proof, protection, administration or resolution of any claim based upon the Obligations in any insolvency proceeding, including all reasonable and documented fees and disbursements of attorneys, accountants, auditors, consultants, appraisers and other professionals engaged by the Administrative Agent and the other Secured Parties. The undertaking in this Section shall survive repayment of the Obligations, any foreclosure under, or modification, release or discharge of, any or all of the Related Documents, termination of this Agreement and the other Facility Documents and the resignation or replacement of the Administrative Agent. Without prejudice to its rights hereunder, the expenses and the compensation for the services of the Administrative Agent are intended to constitute expenses of administration under any applicable bankruptcy law.

(b) The Borrower agrees to indemnify and hold harmless each Secured Party and each of their Affiliates and the respective officers, directors, employees, agents, managers of, and any Person controlling any of, the foregoing (each, an "*Indemnified Party*") from and against any and all claims, damages, losses, liabilities, obligations, expenses, penalties, actions, suits, judgments and disbursements of any kind or nature whatsoever (including the reasonable and documented fees and disbursements of counsel) that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or by reason of the

execution, delivery, enforcement, performance, administration of or otherwise arising out of or incurred in connection with this Agreement, any other Facility Document, any Related Document or any transaction contemplated hereby or thereby (and regardless of whether or not any such transactions are consummated) (collectively, the "*Liabilities*"), including any such Liability that is incurred or arises out of or in connection with, or by reason of any one or more of the following: (i) preparation for a defense of any actual or prospective investigation, litigation or proceeding arising out of, related to or in connection with this Agreement, any other Facility Document, any Related Document or any of the transactions contemplated hereby or thereby; (ii) any breach of any covenant by the Borrower, the Parent, the Sponsor, the Canadian Collection Account Bank, the U.S. Collection Account Bank, any Seller, any Servicer or any Backup Servicer contained in any Facility Document; (iii) any representation or warranty made or deemed made by the Borrower, the Parent, the Sponsor, the Canadian Collection Account Bank, the U.S. Collection Account Bank, any Seller, any Backup Servicer or any Servicer contained in any Facility Document or in any certificate, statement or report delivered in connection therewith is false or misleading; (iv) any failure by the Borrower, the Parent, the Sponsor, the Canadian Collection Account Bank, the U.S. Collection Account Bank, any Seller, any Servicer or any Backup Servicer to comply with any Applicable Law or contractual obligation binding upon it; (v) any failure to vest, or delay in vesting, in the Administrative Agent (for the benefit of the Secured Parties) a perfected first priority security interest in all of the Collateral free and clear of all Liens; (vi) any action or omission, not expressly authorized by the Facility Documents, by the Borrower or any Affiliate of the Borrower which has the effect of reducing or impairing the Collateral or the rights of the Administrative Agent or the Secured Parties with respect thereto; (vii) the failure to file, or any delay in filing, financing statements, continuation statements or other similar instruments or documents under the UCC or PPSA, as applicable, of any applicable jurisdiction or other Applicable Law with respect to any Collateral, whether at the time of any Advance or at any subsequent time; (viii) any dispute, claim, offset or defense (other than the discharge in bankruptcy of an Obligor) of an Obligor to the payment with respect to any Collateral (including a defense based on any Receivable (or the Related Documents evidencing such Collateral Receivable) not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms), or any other claim resulting from any related property; (ix) the commingling of Collections on the Collateral at any time with other funds; (x) any failure by the Borrower to give reasonably equivalent value to any Seller, in consideration for the transfer by such Seller to the Borrower of any item of Collateral or any attempt by any Person to void or otherwise avoid any such transfer under any statutory provision or common law or equitable action, including any provision of the Bankruptcy Code; and (xi) any Unmatured Event of Default or Event of Default; *provided*, that the Borrower shall not be liable (A) for any Liability or losses arising due to the deterioration in the credit quality or market value of the Collateral Receivables or other Collateral hereunder to the extent that such credit quality or market value was not misrepresented in any material respect by the Borrower or any of its Affiliates or (B) to the extent any such Liability is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's fraud, bad faith, gross negligence or willful misconduct; *provided* however that in no event will such Indemnified Party have any liability for any special, exemplary, indirect, punitive or consequential damages in connection with or as a result of such Indemnified Party's activities related to this Agreement or any Facility Document or any agreement or instrument contemplated hereby or thereby or referred to herein or therein; *provided, further,* that any

payment hereunder which relates to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim, or additional sums described in Sections 2.09 or 2.10, shall not be covered by this Section 12.04(b).

(c) All amounts due under this Section 12.04 shall be payable not later than three (3) Business Days after demand therefor.

Section 12.05. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Agreement. Delivery of an executed signature page of this Agreement by facsimile or other electronic transmission shall be effective as delivery of a manually executed counterpart hereof. The parties hereto agree that "execution," "signed," "signature," and words of like import in this Agreement, shall be deemed to include electronic signatures, authentication, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based record keeping system, as the case may be, to the extent and as provided for in any Applicable Law, including the Electronic Signatures in Global and National Commerce Act, the Uniform Electronic Transactions Act as in effect in any state, the New York Electronic Signatures and Records Act (N.Y. State Tech. §§ 301-309), the Illinois Electronic Commerce Security Act (5 ILCS 175/1-101 et seq.), or the Uniform Commercial Code, and the parties hereto hereby waive any objection to the contrary.

Section 12.06. Assignability. The Borrower may not assign its rights or obligations hereunder or any interest herein without the prior written consent of the Administrative Agent. The Lenders may assign their rights, interests or obligations under this Agreement as permitted under Section 13.02. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns (including by operation of law).

Section 12.07. Governing Law. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF (EXCEPT FOR SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

Section 12.08. Severability of Provisions. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 12.09. Confidentiality. Each Secured Party agrees to keep all Borrower Information confidential; *provided* that nothing herein shall prevent any Secured Party from disclosing any Borrower Information (a) in connection with this Agreement and the other Facility Documents and not for any other purpose, (x) to any Secured Party or any Affiliate of a

Secured Party, or (y) any of their respective Affiliates, employees, directors, agents, representatives, consultants, attorneys, accountants and other professional advisors (collectively, the *"Secured Party Representatives"*), it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Borrower Information, (b) subject to an agreement to comply with the provisions of this Section (or other provisions at least as restrictive as this Section), (i) to any actual or bone fide prospective permitted assignees and Participants in any of the Secured Parties' interests under or in connection with this Agreement, (ii) to any prospective agent or co-agent of the Administrative Agent, (iii) as reasonably required by any direct or indirect contractual counterparties or professional advisors thereto, to any swap or derivative transaction relating to the Borrower and the Obligations, and (iv) to any provider of credit protection to a Lender or any provider of a hedge for the benefit of a Lender, (c) to any Governmental Authority purporting to have jurisdiction over any Secured Party or any of its Affiliates or any Secured Party Representative, (d) in response to any order of any court or other Governmental Authority or as may otherwise be required or requested to be disclosed pursuant to any Applicable Law, (e) that is a matter of general public knowledge or that has heretofore been made available to the public by any Person other than any Secured Party or any Secured Party Representative in violation hereof, (f) any rating agency or a nationally recognized statistical rating organization in connection with Rule 17g-5 promulgated by the SEC, (g) in connection with the exercise of any remedy hereunder or under any other Facility Document and (h) to any Seller, the Servicer, the Backup Servicer, the Canadian Collection Account Bank and the U.S. Collection Account Bank in connection with the administration of this credit facility or the enforcement of the Facility Documents. In addition, each Secured Party may disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry and service providers to the Secured Parties in connection with the administration and management of this Agreement and the other Facility Documents.

Section 12.10. Merger. This Agreement and the other Facility Documents executed by the Administrative Agent or the Lenders taken as a whole incorporate the entire agreement between the parties thereto concerning the subject matter thereof and such Facility Documents supersede any prior agreements among the parties relating to the subject matter thereof.

Section 12.11. Survival. All representations and warranties made hereunder, in the other Facility Documents and in any certificate delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery of this Agreement and the making of the Advances hereunder. The agreements in Sections 2.09, 2.10, 2.13, the final sentence of Section 7.02, 7.06(b), 12.02, 12.03, 12.04, 12.07, 12.08, 12.12, 12.13, 12.14, 12.16, 12.18, 12.19 and 12.23 and this Section 12.11 shall survive the termination of this Agreement in whole or in part and the payment in full of the principal of and interest on the Advances.

Section 12.12. Submission to Jurisdiction; Waivers; Etc. Each party hereto hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement or the other Facility Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the exclusive general jurisdiction of the courts of the State of New York located in the County of New York,

the courts of the United States of America for the Southern District of New York, and the appellate courts of any of them;

(b) consents that any such action or proceeding may be brought in any court described in Section 12.12(a) and waives to the fullest extent permitted by Applicable Law any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such party at its address referenced in Section 12.02 or at such other address as may be permitted thereunder;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding against any party hereto or any Secured Party arising out of or relating to this Agreement or any other Facility Document any special, exemplary, indirect, punitive or consequential damages (as opposed to direct or actual damages) (whether or not the claim therefor is based on contract, tort or duty imposed by any applicable legal requirement).

Section 12.13. Waiver of Jury Trial. Each of the parties hereto hereby irrevocably and unconditionally waives trial by jury in any legal action or proceeding relating to this Agreement or any other Facility Document or for any counterclaim therein or relating thereto.

Section 12.14. Service of Process. EACH OF THE PARTIES HERETO WAIVES PERSONAL SERVICE OF PROCESS AND IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 12.02. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY TO THIS AGREEMENT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

Section 12.15. Waiver of Setoff. The Borrower hereby waives any right of setoff it may have or to which it may be entitled under this Agreement from time to time against any Lender or its assets.

Section 12.16. PATRIOT Act Notice. Each Lender and the Administrative Agent hereby notifies the Borrower that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law on October 26, 2001)) (the *"PATRIOT Act"*) and the Beneficial Ownership Regulation, it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower, a Beneficial Ownership Certification and other information that will allow the Lenders to identify the Borrower in accordance with the PATRIOT Act and the Beneficial Ownership Regulation. The Borrower shall provide to the extent commercially reasonable, such information and take such actions as are reasonably requested by any Lender in order to assist such Lender in maintaining compliance with the PATRIOT Act and the Beneficial Ownership Regulation.

Section 12.17. Business Days. In the event that the date of any Payment Date, date of prepayment or Final Maturity Date shall not be a Business Day, then notwithstanding any other provision of this Agreement or any Facility Document, payment need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the nominal date of any such Payment Date, date of prepayment or Final Maturity Date, as the case may be, and interest shall accrue on such payment for the period from and after any such nominal date to but excluding such next succeeding Business Day.

Section 12.18. Third-Party Beneficiary. The parties hereto acknowledge and agree that the Indemnified Parties and the Affected Persons are third party beneficiaries of this Agreement.

Section 12.19. No Fiduciary Duty. The Administrative Agent, each Lender and their Affiliates (collectively, solely for purposes of this paragraph, the "*Lenders*"), may have economic interests that conflict with those of the Borrower, its stockholders or their Affiliates. The Borrower agrees that nothing in the Facility Documents or otherwise will be deemed to create an advisory, fiduciary or agency relationship or fiduciary or other implied duty between any Lender, on the one hand, and the Borrower, its stockholders or its Affiliates, on the other. The Borrower acknowledges and agrees that (i) the transactions contemplated by the Facility Documents (including the exercise of rights and remedies hereunder and thereunder) are arm's length commercial transactions between the Lenders, on the one hand, and the Borrower, on the other, and (ii) in connection therewith and with the process leading thereto, (x) no Lender has assumed an advisory or fiduciary responsibility in favor of the Borrower, its stockholders or its Affiliates with respect to the transactions contemplated hereby (or the exercise of rights or remedies with respect thereto) or the process leading thereto (irrespective of whether any Lender has advised, is currently advising or will advise the Borrower, its stockholders or its Affiliates on other matters) or any other obligation to the Borrower except the obligations expressly set forth in the Facility Documents and (y) each Lender is acting solely as principal and not as the agent or fiduciary of the Borrower, its management, stockholders, creditors or any other Person. The Borrower acknowledges and agrees that it has consulted its own legal and financial advisors to the extent it deemed appropriate and that it is responsible for making its own independent judgment with respect to such transactions and the process leading thereto. The Borrower agrees that it will not claim that any Lender has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Borrower, in connection with such transaction or the process leading thereto.

Section 12.20. Non-Reliance on Administrative Agent and other Lenders. Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Affiliates or the respective officers, directors, employees, agents, managers of, and any Person controlling any of, the foregoing, and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Affiliates or the respective officers, directors, employees, agents, managers of, and any Person controlling any of, the foregoing, and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or

based upon this Agreement, any other Facility Document or any related agreement or any document furnished hereunder or thereunder.

12.21. Acknowledgement and Consent to Bail-In of Affected Financial Institutions. Notwithstanding anything to the contrary in any Facility Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Facility Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and

(b) the effects of any Bail-in Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Facility Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of the applicable Resolution Authority.

Section 12.22. Acknowledgement Regarding Any Supported QFCs. To the extent that the Facility Documents provide support, through a guarantee or otherwise, for hedging agreements or any other agreement or instrument that is a QFC (such support, "*QFC Credit Support*" and each such QFC a "*Supported QFC*"), the parties acknowledge and agree with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "*U.S. Special Resolution Regimes*") in respect of such Supported QFC and QFC Credit Support (with this Section 12.22 applicable notwithstanding that the Facility Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York or of the U.S. or any other state of the U.S.) that in the event a Covered Entity that is party to a Supported QFC (each, a "*Covered Party*") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the U.S. or a state of the U.S. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S.

Special Resolution Regime, Default Rights under the Facility Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Facility Documents were governed by the laws of the U.S. or a state of the U.S.

Section 12.23. Non-Petition.

(a) Each of the parties hereto (other than the Administrative Agent acting at the direction of the Required Lenders) hereby covenants and agrees that, prior to the date that is one (1) year and one (1) day after the payment in full of all outstanding Advances, it shall not institute against, or join any other Person in instituting against, the Borrower any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under the laws of the United States or any state of the United States or any other jurisdiction.

(b) Each of the parties hereto (other than Administrative Agent acting at the direction of the Required Lenders) hereby covenants and agrees that it shall not at any time institute against, solicit or join or cooperate with or encourage any institution against Borrower of, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under any United States federal or state bankruptcy or similar law.

(c) Nothing in this Section 12.23 shall preclude, or be deemed to estop, any of the foregoing Persons from taking (to the extent such action is otherwise permitted to be taken by such Person hereunder) or omitting to take any action prior to such date in (i) any case or proceeding with respect to Borrower voluntarily filed or commenced by or on behalf of Borrower under or pursuant to any such law or (ii) any involuntary case or proceeding pertaining to Borrower under or pursuant to any such law, which involuntary use was not commenced by any of the foregoing Persons.

Article XIII

Syndication

Section 13.01. Syndication. The Lenders may at any time sell, assign or participate any portion or all of the Advances and the Facility Documents to one or more Persons subject to the terms and conditions of this Article XIII.

Section 13.02. Assignment of Advances, Participations and Servicing, Appointment of Agent. (a) The Lenders may, at their individual option, sell and assign all or any part of their right, title and interest in, and to, and under the Advances and this Agreement, on a pro rata basis, in the sole discretion of such Lender, subject to, other than in connection with the exercise of the Class B Buyout Option or an assignment to a Lender or any Affiliate of a Lender, the prior written consent of the Administrative Agent (not to be unreasonably withheld, conditioned or delayed) (the "*Syndication*"), to one or more additional lenders; *provided, however*, that no assignment shall be made to (x) a natural Person (or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural Person), (y) the Borrower or any of the Borrower's Affiliates or (z) without the

Borrower's written consent, a Competitor. Each additional Lender shall enter into and deliver to the Administrative Agent an Assignment

and Acceptance whereby the existing Lender (the "*Assigning Lender*") assigns to such new Lender a portion of its rights under the Advances, and pursuant to which the new Lender accepts such assignment. From and after the effective date specified in the Assignment and Acceptance (i) each new Lender shall be a party hereto and to each applicable Facility Document to the extent of the applicable percentage or percentages and, if applicable, priorities, set forth in the Assignment and Acceptance and, except as specified otherwise herein, shall succeed to the rights of the Assigning Lender hereunder in respect of the Advances, and (ii) the Assigning Lender shall, to the extent such rights and obligations have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations hereunder and under the Facility Documents.

The liabilities of each of the Lenders shall be several and not joint, and any Lender's Percentage shall be reduced by the amount of each such Assignment and Acceptance. No Lender shall be responsible for the obligations of any other Lender.

(b) The Borrower agrees that it shall reasonably cooperate, in connection with any sale of all or any portion of the Advances permitted under Section 13.02(a), whether in whole or to an additional Lender or Participant, to furnish to Administrative Agent, any information as reasonably requested by any additional Lender or Participant in performing its due diligence in connection with its purchase of an interest in the Advances.

(c) The Borrower acknowledges that the Administrative Agent shall have the sole and exclusive authority to execute and perform this Agreement and each Facility Document on behalf of itself and as agent for the Secured Parties. The Lenders acknowledge that, subject to Section 12.01(b), the Administrative Agent shall retain the exclusive right to grant approvals and give consents required to be delivered hereunder. Except as otherwise provided herein, the Borrower shall have no obligation to recognize or deal directly with any Lender, and no Lender shall have any right to deal directly with the Borrower with respect to the rights, benefits and obligations of the Borrower under this Agreement, the Facility Documents or any one or more documents or instruments in respect thereof, except as explicitly provided herein or therein.

(d) Notwithstanding any provision to the contrary in this Agreement, the Administrative Agent shall not have any duties or responsibilities except those expressly set forth herein and no covenants, functions, responsibilities, duties, obligations or liabilities of the Administrative Agent shall be implied by or inferred from this Agreement or any other Facility Document, or otherwise exist against Administrative Agent.

(e) Except to the extent its obligations hereunder and its interest in the Advances have been assigned pursuant to one or more Assignments and Acceptances, if the Administrative Agent is also a Lender, the Administrative Agent shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not the Administrative Agent, respectively. The Lenders and their respective Affiliates may accept deposits from, lend money to, act as trustee under indentures of, and generally engage in any kind of business with, the Borrower, or any Affiliate of the Borrower and any Person who may do business with or own securities of the Borrower or any Affiliate of the Borrower, all as if they

were not serving in such capacities hereunder and without any duty to account therefor to each other.

(f) If required by any Lender, the Borrower hereby agrees to execute notes in the principal amount of such Lender's Percentage of the Advances, and such note shall (i) be payable to order of such Lender, (ii) be dated as of the effective date specified in the Assignment and Acceptance (or, if later, the date that such Lender became a Lender hereunder), and (iii) mature on the Termination Date. Such note shall provide that it evidences a portion of the existing Obligations hereunder and not any new or additional indebtedness of the Borrower.

(g) The Administrative Agent, acting solely for this purpose as a non-fiduciary agent of the Borrower, shall maintain at one of its offices a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and principal amounts (and stated interest) of the Advances owing to, each Lender pursuant to the terms hereof from time to time (the "*Register*"). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be made available by the Administrative Agent for inspection by the Borrower and any Lender, at any reasonable time and from time to time, upon reasonable prior written request to the Administrative Agent.

(h) Any Lender may at any time sell participations to any Person (other than (A) a natural Person (or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural Person), (B) the Borrower or any of the Borrower's Affiliates or subsidiaries or (C) without the prior written consent of the Borrower and the Administrative Agent, a Competitor) (each, a "*Participant*") in all or a portion of such Lender's rights or obligations under this Agreement (including all or a portion of the Advances owing to it); *provided* that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, and (iii) the Borrower, the Administrative Agent and Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. For the avoidance of doubt, each Lender shall be responsible for the payments made under Section 2.09 with respect to any payments made by such Lender to its Participant(s).

(i) Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in Section 12.01 that affects such Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.09, 12.03 and 12.04 (subject to the requirements and limitations therein, including the requirements under Section 12.03(g) (it being understood that the documentation required under Section 12.03(g) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that such Participant shall not be entitled to receive any greater payment

under Section 2.09 or 12.03, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a change in Applicable Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Advances or other obligations under the Facility Documents (the "*Participant Register*"); *provided* that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Facility Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(j) Notwithstanding any other provision set forth in this Agreement, any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including amounts owing to it in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System), provided that no such security interest or the exercise by the secured party of any of its rights thereunder shall release such Lender from any of its funding obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

Section 13.03. Cooperation in Syndication. (a) The Borrower agrees to use commercially reasonable efforts to assist the Lenders and the Administrative Agent, upon reasonable request, in completing a Syndication. Such assistance may include (i) direct contact between senior management and advisors of the Borrower and the proposed Lenders, (ii) assistance in the preparation of a confidential information memorandum and other marketing materials to be used in connection with the Syndication, (iii) the hosting, with the Lenders and the Administrative Agent, of one or more meetings of prospective Lenders or with the credit rating agencies, (iv) the delivery of appraisals reasonably satisfactory to the Lenders and the Administrative Agent if required, and (v) working with the Lenders and the Administrative Agent to procure a rating for the Advances by the credit rating agencies.

(b) The Lenders and the Administrative Agent shall manage all aspects of any Syndication of the Advances, including decisions as to the selection of institutions to be approached and when they will be approached, when their commitments will be accepted, which institutions will participate, the allocations of the commitments among the Lenders and the amount and distribution of fees among the Lenders. To assist the Lenders and the Administrative Agent in their Syndication efforts, the Borrower agrees promptly to prepare and provide to the Lenders and the Administrative Agent all information with respect to the Borrower, the Parent, the Sponsor, each Seller and the Servicer contemplated hereby, including

all financial information and projections (the "*Projections*"), as the Lenders and the Administrative Agent may reasonably request in connection with the Syndication of the Advances. The Borrower hereby represents and covenants that (i) all information other than the Projections (the "*Information*") that has been or will be made available to the Lenders and the Administrative Agent by the Borrower or any of their representatives is or will be, when furnished, complete and correct in all material respects and does not or will not, when furnished, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not materially misleading in light of the circumstances under which such statements are made and (ii) the Projections that have been or will be made available to the Lenders and the Administrative Agent by the Borrower or any of its representatives have been or will be prepared in good faith based upon reasonable assumptions. The Borrower understands that in arranging and syndicating the Advances, the Administrative Agent, the Lenders and, if applicable, the credit rating agencies, may use and rely on the Information and Projections without independent verification thereof.

(c) If required in connection with the Syndication, the Borrower hereby agrees to:

(i) deliver updated financial and operating statements and other information reasonably required by the Lenders and the Administrative Agent to facilitate the Syndication;

(ii) deliver reliance letters reasonably satisfactory to the Lenders and the Administrative Agent with respect to any environmental assessments and reports delivered to the Lenders and the Administrative Agent, which will run to the Lender and their respective successors and assigns;

(iii) execute modifications to the Facility Documents required by the Lenders, provided that such modification will not change any material or economic terms of the Facility Documents, or otherwise materially increase the obligations or materially decrease the rights of the Borrower pursuant to the Facility Documents; and

(iv) if the Lenders and the Administrative Agent elect, in their respective individual sole discretion, prior to or upon a Syndication, to split the Advances into two or more parts, or any note into multiple component notes or tranches which may have different interest rates, principal amounts, payment priorities and maturities, the Borrower agrees to cooperate with Lenders and the Administrative Agent, at no cost or expense to the Borrower, in connection with the foregoing and to execute the required modifications and amendments to any note, this Agreement and the other Facility Documents and to provide opinions necessary to effectuate the same. Such notes or components may be assigned different interest rates, so long as (x) with respect to Class A Advances, the weighted average of such interest rates does not exceed the Class A Interest and (y) with respect to Class B Advances, the weighted average of such interest rates does not exceed the Class B Interest, in each case, without giving effect to any deviation attributable to the imposition of any Post-Default Rate or prepayments pursuant to Section 2.06 hereof and without the prior consent of the Borrower and the Administrative Agent.

[Signature Pages to Follow]

In Witness Whereof, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

Sezzle Funding SPE II, LLC, as Borrower

By:
Name:
Title:

[Signature Page Revolving Credit and Security Agreement]

Goldman Sachs Bank USA, as Administrative Agent and Class A Lender

By:
Name:
Title:

Bastion Consumer Funding II LLC, as Class B Lender

By:
Name:
Title:

Schedule 1-A

Lenders – percentage

Lender	Percentage	Committed Facility Amount	Incremental Amount
Goldman Sachs Bank USA	77.78%	$97,220,000	$97,220,000
Bastion Consumer Funding II LLC	22.22%	$27,780,000	$27,780,000
Aggregate Percentage:	100%	$125,000,000	$125,000,000

Schedule 1-B

Lenders – Class Percentages

Class A Lender	Percentage of Class A Advances	Class A Committed Facility Amount	Class A Incremental Amount
Goldman Sachs Bank USA	100%	$97,220,000	$97,220,000
Total:	100%	$97,220,000	$97,220,000

Class B Lender	Percentage of Class B Advances	Class B Committed Facility Amount	Class B Incremental Amount
Bastion Consumer Funding II LLC	100%	$27,780,000	$27,780,000
Total:	100%	$27,780,000	$27,780,000

Schedule 2

Collateral Receivable

As used in this Agreement, "*Collateral Receivable*" means a Receivable that at all times satisfies each of the following conditions, unless such condition is expressly waived by the Administrative Agent in writing:

(a) such Receivable was originated during the period beginning on January 1, 2021 and ending on the Scheduled Reinvestment Period Termination Date;

(b) such Receivable is serviced by the Servicer under the Servicing Agreement or by the Backup Servicer under the Backup Servicing Agreement;

(c) the applicable Seller, the Borrower and the Servicer have, and had at the time such Receivable was originated, purchased or serviced, as applicable, all material licenses and other governmental approvals required for the origination, purchase or servicing, as applicable, of such Receivable;

(d) the collection and servicing practices used since the origination of such Receivable have been (i) legal and customary in the consumer retail installment financing and servicing industry, and (ii) in accordance with the terms of such Receivable;

(e) by the related Purchase Date and on each relevant date thereafter the applicable Seller, the Borrower and the Servicer will have caused the portions of their respective servicing records relating to such Receivable to be clearly and unambiguously marked to show that such Receivable is owned by the Borrower and constitutes part of the Collateral;

(f) (i) such Receivable does not contain any provisions pursuant to which installment payments are paid by any source other than the applicable Obligor, (ii) all Collections relating to such Receivable are required pursuant to the terms of the relevant Contract to be directly deposited into, and are directly deposited into, the Canadian Collection Account or the U.S. Collection Account, as applicable and (iii) such Receivable is subject to a first priority perfected security interest in favor of the Administrative Agent for the benefit of the Secured Parties (subject to Permitted Liens);

(g) such Receivable was originated in, and is subject to the laws of, a jurisdiction under the laws of which the grant of the security interest in such Receivable to the Administrative Agent hereunder is lawful, valid and enforceable;

(h) such Receivable was originated by the applicable Seller in connection with the sale of goods or rendering of services by the related Merchant in the ordinary course of business, such sale of goods or rendering of services has been consummated by the Merchant and the performance of the Contract or other Related Documents with respect to such Receivable have been completed by the applicable Seller, the Merchant and any other parties thereto (other than the payment in full thereof by the related Obligor);

Schedule 2-1

(i) such Receivable was originated by the applicable Seller in the ordinary course of its business (i) in accordance with the Credit Guidelines, and (ii) in accordance with, and serviced in compliance with all requirements of Applicable Laws, including all applicable nondiscrimination, usury, consumer credit laws, disclosure laws, MLA, SCRA, credit reporting laws and equal credit opportunity laws, as applicable to such Receivable;

(j) (i) the applicable Obligor had, as of the corresponding time of origination, the legal capacity to enter into such Receivable and to execute and deliver the Related Documents related to such Receivable, and (ii) such Related Documents are enforceable against the applicable Obligor (except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally or general principles of equity, regardless of whether considered in a proceeding in equity or at law (to the extent not related to inequitable conduct of the Borrower)) and have been duly executed and delivered by the applicable Obligor;

(k) each of the Related Documents related to such Receivable (i) is complete and, if applicable, such Related Documents include all amendments, supplements and modifications thereto and (ii) is in form and substance reasonably satisfactory to the Administrative Agent;

(l) the Servicer and the Backup Servicer are in possession of a copy of the Contract and each other Related Document on behalf of the Administrative Agent and the Lenders and any original version or instrument of the relevant Contract are, or after giving effect to the Borrower's purchase of such Receivable, will be, in the possession of the Backup Servicer if it is not an electronic document;

(m) the Related Documents related to such Receivable do not prohibit (nor require the related Obligor to consent to, or be notified of) the transfer, pledge, sale or assignment of such Receivable and Related Documents or the rights and duties of the applicable Seller, the Borrower or any transferee or assignee thereunder;

(n) such Receivable was sold to the Borrower by the applicable Seller pursuant to the applicable Receivable Purchase Agreement, free and clear of any Lien (other than Permitted Liens), defense, offset, counterclaim, recoupment or other adverse claim, in an arm's length transaction in exchange for payment of an amount which constitutes fair market value, fair consideration and reasonably equivalent value;

(o) (i) at the time such Receivable was sold to the Borrower, the applicable Seller had good and indefeasible title to, and was the sole owner of, such Receivable; and (ii) no Person has a Lien on or other interest in, or a participation in, or other right to receive, proceeds of such Receivable (other than Permitted Liens);

(p) (i) if such Receivable is a U.S. Receivable, such Receivable is denominated and payable in U.S. Dollars and (ii) if such Receivable is a Canadian Receivable, such Receivable is denominated and payable in Canadian Dollars;

Schedule 2-2

(q) such Receivable is an obligation of an Obligor that is an individual who (i) is domiciled in the United States of America or Canada; (ii) is not a business, a corporation, institution or other legal entity; (iii) is not a Governmental Authority, and (iv) is not a Person whose name appears on the "List of Specially Designated Nationals" and "Blocked Persons" maintained by the OFAC;

(r) such Receivable has been fully disbursed and funded (and no obligation for making any future advance to the related Obligor exists or is contemplated with respect to such Receivable);

(s) except in the case of a Zero Down Receivable, the Obligor of such Receivable made the initial scheduled installment payment at the time such Receivable was originated and such payment has cleared;

(t) (i) at the time such Receivable was acquired by the Borrower, it was not defaulted or delinquent and (ii) on and after acquisition by the Borrower, such Receivable is not a Delinquent Collateral Receivable or a Defaulted Collateral Receivable~~;~~

(u) such Receivable was originated by the applicable Seller and sold by such Seller to the Borrower without any fraud or misrepresentation on the part of such Seller or on the part of the related Obligor;

(v) the Obligor of which is not deceased and is not the subject of (i) the filing by or against such Obligor of any proceeding in bankruptcy, receivership, insolvency, reorganization, liquidation, conservatorship or any similar proceeding or the occurrence of any other Insolvency Event or (ii) any assignment by such Obligor for the benefit of creditors**;**

(w) with respect to which, neither the related Merchant nor the applicable Seller is liable to the Obligor for goods sold or services rendered to the Obligor;

(x) (i) except in the case of a Rescheduled Receivable, a Promotional Receivable or a Zero Down Receivable, such Receivable is payable in four (4) equal, interest-free installments payable over a period not to exceed six (6) weeks, (ii) if such Receivable is a Rescheduled Receivable (other than a Promotional Receivable or a Zero Down Receivable that is a Rescheduled Receivable, if applicable), such Receivable is payable in four (4) equal, interest-free installments payable over a period not to exceed eight (8) weeks, (iii) if such Receivable is a Promotional Receivable, such Receivable is payable in the number of installments over the term specified in the definition applicable to such Promotional Receivable (or as specified in the written notice described in clause (b) of the definition of "Promotional Receivable"), and (iv) if such Receivable is a Zero Down Receivable, such Receivable is payable in four (4) equal, interest-free installments payable over a period not to exceed eight (8) weeks, unless such Zero Down Receivable is a Rescheduled Receivable, in which case, such Zero Down Receivable is payable in four (4) equal, interest-free installments payable over a period not to exceed ten (10) weeks, and in the case of each of clauses (i) through (iv), such Receivable is otherwise on terms and conditions that are reasonably acceptable to the Administrative Agent;

Schedule 2-3

(y) (i) the Obligor of such Receivable does not reside in a Contingent Jurisdiction, or (ii) if the Obligor of such Receivable resides in a Contingent Jurisdiction, then, (A) for a Receivable related to a Contract originated on or prior to March 15, 2021, neither an Account Reactivation Fee nor a Rescheduling Fee has been charged and neither such fee is permitted to be charged in respect to such related Contract or (B) the Receivable relates to a Contract originated after the date when the Administrative Agent has approved (in writing) Contracts originated in a Contingent Jurisdiction, which approval shall not be unreasonably withheld;

(z) (i) the Obligor of such Receivable does not reside in the Province of Saskatchewan, or (ii) if the Obligor of such Receivable resides in the Province of Saskatchewan, the Borrower has delivered (or shall cause the Canadian Seller to deliver) evidence reasonably acceptable to the Administrative Agent that the Canadian Seller has obtained all Governmental Authorizations or Private Authorizations necessary to originate Receivables in the Province of Saskatchewan;

(aa) such Receivable does not arise from product returns or exchanges with respect to the underlying sale;

(ab) such Receivable is not a Receivable for which the Administrative Agent in its good faith business judgment determines collection to be doubtful;

(ac) such Receivable is not subject to a Regulatory Event;

(ad) the Original Receivable Balance of such Receivable does not exceed $2,500;

(ae) such Receivable and the applicable Related Documents have not been subject to a Material Modification (other than a Rescheduled Receivable) and such Receivable has not otherwise been modified or re-aged except in accordance with the Servicing Guide and with the prior written consent of the Administrative Agent;

(af) all information provided to the Administrative Agent as to such Receivable (including, but not limited to, information relating to the purchase and servicing of such Receivable) is true and correct in all material respects (without duplicating any materiality qualifiers therein);

(ag) no selection procedures were used by the Borrower with respect to such Receivable that are adverse in any material respect to the interests of the Secured Parties;

(ah) each representation and warranty contained in this Agreement with respect to such Receivable shall be true and correct in all material respects (except to the extent any such representation or warranty is already qualified by materiality, in which case such representation and warranty shall be true and correct in all respects);

(ai) if such Receivable is a (i) U.S. Receivable, it constitutes an “account”, “payment intangible”, “instrument” or proceeds thereof within the meaning of the UCC, or (ii) Canadian Receivable, it constitutes an “account” within the meaning of the PPSA, in each case of (i) and

Schedule 2-4

(ii), does not constitute "electronic chattel paper" or "chattel paper" within the meaning of the UCC or PPSA, as applicable;

(aj) (ii) with respect to which the Borrower has a valid and binding ownership interest in such Receivable its entirety (and not a fractional interest in such Receivable);

(ak) such Receivable was originated without discrimination against the applicable Obligor based upon race, color, religion, national origin, sex, marital status, age (other than confirming such Obligor was not a minor);

(al) if a FICO Score was obtained for the relevant Obligor, the Obligor of which had a FICO Score obtained at the time of origination thereof of at least the minimum FICO Score required pursuant to the Credit Guidelines; and

(am) the purchase of such Receivable by the Borrower would not cause the number of Contracts related to the Receivables sold to the Borrower on a given day (or other interval) for which a FICO Score was obtained with respect to the relevant Obligor to be less than five percent (5%) of the aggregate number of Contracts related to the Receivables sold to the Borrower on such day (or for such other interval);

provided, that any Collateral Receivable shall only consist of those Receivables which have been fully earned**.**

Schedule 3

Notice Information

If to the Administrative Agent or any Lender:	Goldman Sachs Bank USA 200 West Street New York, NY 10282 Attention: Mortgage Trading/Warehouse Lending and IBD Structured Finance Group Telephone No.: (212) 902-0974 Email: gs-sf-consumer-ny@gs.com, gs-asset-financing@gs.com and gs-consumer-am@gs.com
with copies (which shall not constitute notice) to:	Goldman Sachs Warehouse Lending 2001 Ross Avenue, Suite 2800 Dallas, TX 75201 Attention: Jeff Hartwick, Peter McGrane and Mohamad Kaafarani Telephone No.: (972) 368-2952, (972) 368-2256 and (972) 368-2064 Email: jeff.hartwick@gs.com, peter.mcgrane@gs.com and mohamad.kaafarani@gs.com
If to the Borrower:	Sezzle Funding SPE II, LLC 251 1st Avenue North, Suite 200 Minneapolis, MN 55401 Attention: Karen Hartje Telephone No: 651.442.0363 Email: karen.hartje@sezzle.com

Schedule 4

Account Details

Schedule 4-1

Schedule 5

Credit Guidelines

Schedule 6

Servicing Guide

Schedule 6-1

Schedule 7

Data Tape Information

Schedule 7-1

Schedule 8

Form of Biweekly Report

Schedule 8-1

Schedule 9

Competitors

Schedule 9-1

Schedule 10

Post-Closing Compliance Requirements

(1) The Sponsor shall have revised its Unfair Deceptive or Abusive Acts or Practices (*"UDAAP"*) policy to (i) provide an explanation of how each element thereof actually works in practice, (ii) provide examples thereof relevant to the Sponsor's products and services, (iii) describe how the Sponsor ensures compliance with such UDAAP policy and (iv) discuss whether and how the Sponsor analyzes consumer complaints for potential UDAAPs;

(2) The Sponsor shall have reviewed its Truth in Lending Act (*"TILA"*) disclosures (e.g., disclosure of creditor, narrative format of payment schedule and undefined purchase amount) in respect of its Contracts offered to Obligors in respect of Receivables payable in six (6) equal, interest-free installments (including Bass Pro Shops Receivables) in consultation with legal counsel and shall have made revisions to such disclosures as such counsel may recommend to ensure compliance with TILA;

(3) The Sponsor shall have developed and implemented a refund policy that describes its processes for effectuating refunds to Obligors by Merchants both in the U.S. and Canada;

(4) The Sponsor shall have conducted a review of applicable state-specific disclosures required to be included in a Contract (at minimum (i) for all jurisdictions in which the Sponsor is licensed and (ii) with respect to Contracts offered to Obligors in respect of Receivables payable in six (6) equal, interest-free installments (including Bass Pro Shops Receivables), in states that have adopted the Uniform Consumer Credit Code) and implement any required changes;

(5) The Sponsor shall have memorialized in writing its existing onboarding and oversight processes for Merchants in a comprehensive "Merchant Policy", that provides for, among other things, the scope of onboarding reviews of Merchants, review of Merchant eligibility per the Sponsor's "Authorized Use Policy", the training of Merchant analysts, Merchant escalations, on-going oversight activities conducted, and off-boarding or termination of Merchants;

(6) The Sponsor shall have developed and implemented a complaint policy that details its handling of Obligor complaints, including review of Obligor complaints, disposition, and trending / root cause analysis;

(7) The Sponsor shall have implemented change management policies and procedures;

(8) The Sponsor shall have revised its "Hardship Policy" to state that fees will not be charged in the Province of Quebec;

(9) The Sponsor shall have revised its "Data Privacy Policy" to describe what information the Sponsor receives from and provides to Merchants, and how such information may be processed by each of the Sponsor and such Merchants, and the Sponsor shall have

Schedule 10-1

included provisions in each of the Sponsor's agreements with such Merchants that restricts the use of such information by such Merchants solely to the purpose for such disclosure; and

(10) The Sponsor shall have revised its "Data Privacy Policy" to fully describe what personal information in respect of any Obligor the Sponsor collects, how that information may be used and disclosed, and any options the user of such information may have, with particular consideration to the Sponsor's practices with respect to fraud prevention and data sharing with Merchants. Any instances where the Sponsor's "Data Privacy Policy" does not reflect its actual practices (e.g., statements that the Sponsor may draw on bank accounts absent a pre-authorized debit agreement), shall have been aligned with actual practice.

(11) The Sponsor shall have revised the "Initial Statement" in respect of each Contract for a Canadian Receivable to disclose the "Outstanding Balance" and "Loan Amount" instead of the "Payment Schedule" referred to therein and the Administrative Agent shall have received a form of e-mail communication sent to Obligors containing their Contract for such Canadian Receivables, each in form and substance reasonably satisfactory to the Administrative Agent.

Schedule 10-2

Exhibit 10.26

*** Certain information identified by brackets has been omitted as the Company has determined that: (i) the omitted information is not material; and (ii) disclosure of the omitted information would constitute a clearly unwarranted invasion of personal privacy.**

SUPPORT AGREEMENT

This SUPPORT AGREEMENT, dated as of February 28, 2022 (this "Agreement"), is made and entered into by and between Zip Co Limited, an Australian public company limited by shares, ("Parent"), and the undersigned stockholder (the "Stockholder") of Sezzle Inc., a Delaware public benefit corporation (the "Company"). Parent and the Stockholder are referred to individually as a "Party" and collectively as the "Parties."

W I T N E S S E T H

WHEREAS, concurrently with the execution and delivery of this Agreement, Parent, the Company and Miyagi Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of Parent ("Merger Sub"), are entering into an Agreement and Plan of Merger, dated as of February 28, 2022 (as amended, supplemented or otherwise modified from time to time, the "Merger Agreement"), pursuant to which, on the terms and subject to the conditions set forth therein, and in accordance with the DGCL, Merger Sub will merge with and into the Company, with the Company surviving as a wholly-owned subsidiary of Parent (the "Merger"), and pursuant to the Merger Agreement, each share of the Company's common stock, $0.00001 par value per share (including each share of the Company's common stock in respect of which a CHESS Depositary Instrument has been issued) (the "Company Shares"), outstanding at the Effective Time will be converted into the right to receive the applicable Merger Consideration as set forth in the Merger Agreement, except that (i) each Parent Excluded Share will be cancelled and retired and shall cease to exist, and no consideration will be delivered in exchange therefor and (ii) each Subsidiary Excluded Share shall be converted into such number of shares of common stock of the Surviving Corporation such that the ownership percentage of any such Subsidiary in the Surviving Corporation immediately following the Effective Time, shall equal the ownership percentage of such Subsidiary in the Company immediately prior to the Effective Time;

WHEREAS, as of the date hereof, the Stockholder Beneficially Owns (as defined below) and owns of record the number of Company Shares set forth opposite the Stockholder's name on Schedule I hereto (the "Existing Shares"); and

WHEREAS, as a material inducement to Parent and Merger Sub's willingness to enter into the Merger Agreement, the Stockholder has agreed to execute and deliver this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the representations, warranties, covenants and agreements contained herein, and intending to be legally bound hereby, the Parties agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Defined Terms. The following terms, as used in this Agreement, shall have the meanings specified in this Section 1.1. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Merger Agreement.

"Beneficial Owner" means, with respect to a security, any Person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, (i) has or

shares the power to vote, or to direct the voting of, such security or (ii) is the "beneficial owner" (within the meaning of Rule 13d-3 under the Exchange Act) of such security; provided that, for purposes of determining whether a Person is a Beneficial Owner of such security, a Person shall be deemed to be the Beneficial Owner of any securities which may be acquired by such Person pursuant to any contract, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise. The terms "Beneficially Own," "Beneficially Owned" and "Beneficial Ownership" shall have a correlative meaning. For the avoidance of doubt, Parent shall not be deemed to be the Beneficial Owner of the Covered Company Shares by virtue of this Agreement.

"Covered Company Shares" means, with respect to the Stockholder, (1) the Existing Shares, and (2) any Company Shares or other voting capital stock of the Company and any securities convertible into or exercisable or exchangeable for Common Shares or other voting capital stock of the Company, in each case that the Stockholder has Beneficial Ownership of on or after the date hereof; it being understood that if the Stockholder acquires securities (or rights with respect thereto) described in clause (2) above, the Stockholder shall promptly notify Parent in writing, indicating the number of such securities so acquired.

"Permitted Transfer" means a Transfer of Covered Company Shares by the Stockholder to (i) any affiliate of the Stockholder or (ii) if the Stockholder is a natural person, (A) a spouse, lineal descendant or antecedent, brother or sister, adopted child or grandchild or the spouse of any child, adopted child, grandchild or adopted grandchild of the Stockholder, (B) any trust, the trustees of which include only the Persons named in clause (A) and the beneficiaries of which include only the Persons named in clause (A), (C) any corporation, limited liability company or partnership, the stockholders, members or general or limited partners of which include only the Persons named in clauses (A) and (B) or (D) any Person by will, for estate or tax planning purposes; provided that, in any such case, a Transfer referred to in this sentence shall be permitted only if the transferee of such Covered Company Shares evidences in a writing reasonably satisfactory to Parent such transferee's eligibility to receive Parent Ordinary Shares and Parent ADRs under the Merger Agreement and agreement to be bound by and subject to the terms and provisions hereof to the same extent as such transferring Stockholder, and upon such transfer to be deemed a Stockholder hereunder.

"Transfer" means any direct or indirect offer, sale, lease, assignment, encumbrance, pledge, hypothecation, grant of an option with respect to, disposition or other transfer (by operation of law or otherwise) or entry into any contract or other agreement with respect to any of the foregoing, of any shares of Company Shares or interest (including voting interest) in any shares of Company Shares to any Person other than Parent.

ARTICLE II

VOTING AGREEMENT AND IRREVOCABLE PROXY

Section 2.1 Agreement to Vote.

(a) The Stockholder hereby irrevocably and unconditionally agrees that, during the term of this Agreement, at the Company Stockholders' Meeting and at any other meeting of the Company Stockholders, however called, including any adjournment or postponement thereof, and in connection with any written consent of the Company Stockholders (the date of the taking of any such action being an applicable "Determination

Date"), the Stockholder shall, in each case to the fullest extent that the Covered Company Shares are entitled to vote thereon or consent thereto, or in any other circumstance in which the vote, consent or other approval of the Company Stockholders is sought:

(i) appear at each such meeting or otherwise cause the Stockholder's Covered Company Shares to be counted as present thereat for purposes of establishing a quorum; and

(ii) vote (or cause to be voted), in person or by proxy, or if applicable deliver (or cause to be delivered) a written consent covering, all of the Stockholder's Covered Company Shares:

(1) in favor of the approval of the Merger and the adoption of the Merger Agreement;

(2) if (i) the Company has not received proxies representing the Company Stockholder Approval, whether or not a quorum is present, (ii) there are insufficient Company Shares represented (either in person or by proxy) and voting to approve the Merger and the Contemplated Transactions to constitute a quorum necessary to conduct the business of the Company Stockholders' Meeting, or (iii) it is necessary to ensure that any supplement or amendment to the Registration Statement is delivered to the Company Stockholders, in favor of any proposal to adjourn a meeting of the Company Stockholders to solicit additional proxies in favor of the approval of the Contemplated Transactions, including the Merger and the adoption of the Merger Agreement;

(3) against any Acquisition Proposal with respect to the Company; and

(4) against any other action, agreement or transaction that is intended to, or would reasonably be expected to, impede, interfere with, delay, postpone, discourage, frustrate the purposes of or adversely affect the Contemplated Transactions, including the Merger or the other transactions contemplated by this Agreement or the performance by the Company of its obligations under the Merger Agreement or any other documents contemplated by the Merger Agreement or by the Stockholder of its obligations under this Agreement.

(b) The Stockholder shall cast or execute any vote required to be cast or consent required to be executed pursuant to this Section 2.1, in accordance with the applicable procedures relating thereto so as to ensure that it is duly counted for purposes of determining that quorum is present and for purposes of recording the result of that vote or consent.

Section 2.2 No Inconsistent Agreements. The Stockholder represents, covenants and agrees that, except for this Agreement, the Stockholder (a) has not entered into, and shall not enter into at any time prior to the Termination Date, any voting agreement, voting trust or similar arrangement or understanding with respect to any Covered Company Shares, (b) has not granted, and shall not grant at any time prior to the Termination Date, a proxy (except in accordance with Section 2.3 hereof), consent or power of attorney with respect to any Covered Company Shares and (c) has not taken, and shall not take at any time while this Agreement remains in effect, any action that would (1) make any representation or warranty of the Stockholder contained herein untrue or incorrect, (2) violate or conflict with the Stockholder's covenants and obligations under this Agreement or (3) otherwise have the effect of restricting, preventing or disabling the Stockholder from performing any of its obligations under this Agreement.

Section 2.3 Grant of Irrevocable Proxy. The Stockholder hereby irrevocably appoints as its proxy and attorney-in-fact Parent, and any other Person designated by Parent in writing

(collectively, the "Grantees"), each of them individually, with full power of substitution and resubstitution, effective as of the date hereof and continuing until the Termination Date (the "Voting Period"), to vote (or execute written consents, if applicable) with respect to the Covered Company Shares as required pursuant to Section 2.1(a) and Section 2.1(b) hereof. The proxy granted by the Stockholder hereunder shall be irrevocable during the Voting Period, shall be deemed to be coupled with an interest sufficient in Law to support an irrevocable proxy, and the Stockholder (a) will take such further action or execute such other instruments as may be necessary to effectuate the intent of this proxy and (b) hereby revokes any proxy previously granted by the Stockholder with respect to any Covered Company Shares. The power of attorney granted by the Stockholder hereunder is a durable power of attorney and shall survive the bankruptcy or dissolution of the Stockholder. For Covered Company Shares as to which the Stockholder is the Beneficial Owner but not the holder of record, the Stockholder shall use reasonable best efforts to cause any holder of record of such Covered Company Shares to grant to the Grantees a proxy to the same effect as that described in this Section 2.3. The proxy granted by the Stockholder shall not be exercised to vote, consent or act on any matter except as contemplated by Section 2.1 and Section 2.3 of this Agreement. The proxy granted by the Stockholder shall be revoked, terminated and of no further force or effect, automatically and without further action, upon the valid termination of this Agreement in accordance with Section 5.1.

ARTICLE III

OTHER COVENANTS

Section 3.1 Restrictions on Transfer. The Stockholder hereby agrees that, from and after the date hereof until the Termination Date, the Stockholder shall not, without the prior written consent of Parent, directly or indirectly, offer to Transfer, Transfer, or consent to a Transfer of, any Covered Company Shares, unless the Transfer is a Permitted Transfer. Any Transfer in violation of this Section 3.1 shall be void.

Section 3.2 No Solicitation.

(a) The Stockholder shall not, and shall cause each of its affiliates and its and their Representatives or any other Person acting on its or their behalf not to, directly or indirectly, (i) initiate, seek or solicit, or knowingly encourage or facilitate or take any other action that is reasonably expected to promote, directly or indirectly, any inquiring or the making or submission of any proposal that constitutes, or could reasonably be expected to lead to, any Acquisition Proposal or IPO; (ii) engage or participate in discussions or negotiations with respect to, or could reasonably be expected to lead to, any Acquisition Proposal or IPO; (iii) provide any confidential, proprietary or nonpublic information or data of the Company or its Subsidiaries to any Person (other than Parent, its affiliates and its and its affiliates' respective Representatives, in their capacity as such) in respect of any Acquisition Proposal or IPO (including to facilitate any Acquisition Proposal or IPO) or (iv) enter into any agreement, arrangement, undertaking, instrument or understanding (including any letter of intent, memorandum of understanding, agreement in principle, merger agreement, share purchase agreement, exchange agreement, acquisition agreement or other similar agreement) with respect to any Acquisition Proposal or IPO.

(b) Notwithstanding the foregoing Section 3.2(a) the Stockholder may, and may authorize its affiliates (other than the Company and its Subsidiaries) or Representatives to, provide non-public information to, and participate in discussions or negotiations, with any Person, engage in discussions or negotiations with any

Person or to take any actions in his capacity as a director or officer of the Company on behalf of the Company, in each case, if and to the extent permitted by the Merger Agreement.

Section 3.3 Litigation. The Stockholder hereby agrees not to commence, join in, facilitate, assist or encourage, and agrees to take all actions necessary to opt out of any class in any class action with respect to, any claim, derivative or otherwise, against Parent, Merger Sub, the Company or any of their respective Representatives or successors or permitted assigns (a) challenging the validity or enforceability of, or seeking to enjoin the operation of, any provision of this Agreement, the Merger Agreement or any other document relating to the Contemplated Transactions or the Parent Share Issuance, (b) seeking to enjoin the Closing or (c) alleging a breach of any fiduciary duty of any Person in connection with the evaluation, negotiation or entry into the Merger Agreement, this Agreement or the consummation of the Contemplated Transactions.

Section 3.4 Stock Dividends, Distributions, Etc. In the event of a stock split, reverse stock split, stock dividend or distribution, or any change in the Company Shares by reason of any recapitalization, combination, reclassification, exchange of shares or similar transaction, the terms "Existing Shares" and "Covered Company Shares" shall be deemed to refer to and include all such stock dividends and distributions and any securities into which or for which any or all of such shares may be changed or exchanged or which are received in such transaction.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Section 4.1 Representations and Warranties of the Stockholder. The Stockholder hereby represents and warrants to Parent as follows:

(a) Organization; Capacity. If the Stockholder is an entity, the Stockholder is duly organized, validly existing and (where applicable) in good standing under the Laws of the jurisdiction of its organization. If the Stockholder is an individual, the Stockholder is of full age and capacity and of sound mind as of the date of this Agreement.

(b) Authority; Execution and Delivery; Enforceability. If the Stockholder is an entity, (i) the Stockholder has full corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby and (ii) the execution, delivery and performance by the Stockholder of this Agreement and the performance and compliance by the Stockholder with each of its obligations herein and the consummation by the Stockholder of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate or other similar action on the part of the Stockholder and no other corporate action or similar proceedings on the part of the Stockholder are necessary for the Stockholder to execute and deliver this Agreement or perform its obligations under this Agreement. The Stockholder has duly executed and delivered this Agreement and, assuming the due authorization, execution and delivery by Parent of this Agreement, this Agreement constitutes the Stockholder's legal, valid and binding obligation, enforceable against it in accordance with its terms, except as enforcement may be limited by any applicable bankruptcy, insolvency (including all laws relating to fraudulent transfers), reorganization, moratorium or similar Laws affecting creditors' rights generally and subject to the effect of general principles of equity (regardless of whether considered in a proceeding at law or in equity) (the "Bankruptcy and Equity Exceptions").

(c) Ownership of Shares. As of the date hereof, the Stockholder is the Beneficial Owner and sole owner of record of the Existing Shares set forth opposite the Stockholder's name on Schedule I hereto, free and clear of any Liens and free of any other limitation or restriction (including any limitation or restriction on the right to vote, sell, transfer or otherwise dispose of such Existing Shares) other than this Agreement and any limitations or restrictions imposed under applicable securities Laws, and such Existing Shares constitute all of

the Company Shares Beneficially Owned by the Stockholder. As of the date hereof, the Stockholder is neither the Beneficial Owner nor the owner of record of any Parent Ordinary Shares. The Stockholder has full voting power with respect to the Company Shares, full power of disposition and full power to (a) issue instructions with respect to the matters set forth herein and (b) agree to all of the matters set forth in this Agreement, in each case with respect to all of the Company Shares Beneficially Owned by Holder.

(d) No Conflicts. The execution, delivery and performance of this Agreement by the Stockholder, and the consummation of the transactions contemplated hereby do not (i) conflict with or violate the Company Organizational Documents, (ii) conflict with or violate any Law or Governmental Order to which the Stockholder or any of the Stockholder's properties or assets is subject, (iii) conflict with or result in any breach of, constitute (with or without notice of or lapse of time or both) a default under, result in a violation of, give rise to a right of termination, modification, cancellation or acceleration under, any of the terms, conditions or provisions of any Contract to which the Stockholder is a party or by which the Stockholder or its respective properties or assets may be bound or affected or (iv) result in the creation or imposition of any Lien on the Existing Shares.

(e) Consents and Approvals. Except as provided in the Merger Agreement, the execution, delivery and performance by the Stockholder of this Agreement and the consummation by the Stockholder of the transactions contemplated hereby do not and will not require the consent, approval or authorization of any Governmental Body or any other Person or the submission of any notice, report or other filing with, any Governmental Body, except any filings that may be required pursuant to the rules of the ASX and the SEC or under the Corporations Act 2001 (Cth of Australia).

(f) Legal Proceedings. There are no Actions pending or, to the knowledge of the Stockholder, threatened against the Stockholder or any of his, her or its assets, rights or properties or, to the extent the Stockholder is an entity, any of the officers or directors of the Stockholder, as applicable, in each case, that will, or would reasonably be expected to, prevent or materially impair the ability of the Stockholder to perform its obligations under this Agreement or consummate the transactions contemplated hereby or result in the creation or imposition of any Lien on the Existing Shares. Neither the Stockholder nor any of its properties, rights or assets is or are subject to or in violation of any Governmental Order, except for those that, individually or in the aggregate, would not reasonably be expected to prevent or materially impair the Stockholder's ability to perform its obligations under this Agreement or to consummate the transactions contemplated hereby.

(g) Finder's Fees. No investment banker, broker, finder or other intermediary is entitled to any brokerage commissions, finders' fee or similar compensation from Parent, Merger Sub or the Company in connection with this Agreement, the Merger Agreement or the Contemplated Transactions based upon any arrangement or agreement made by or on behalf of the Stockholder; provided that, no arrangement or agreement with any Person engaged by the Company, the board of directors of the Company or committee thereof shall be deemed to be an arrangement or agreement made on behalf of the Stockholder.

Section 4.2 Representations and Warranties of Parent. Parent hereby represents and warrants to the Stockholder as follows:

(a) Organization. Parent is a body corporate validly existing and in good standing under the Laws of Australia.

(b) Authority; Execution and Delivery; Enforceability. Parent has full corporate power and authority to enter into this Agreement and perform its obligations

hereunder. Parent has all requisite corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby, subject to the receipt of the Parent Stockholder Approval. Parent has unanimously approved this Agreement, and except for the Parent Stockholder Approval, no other corporate action pursuant to the Laws of Australia, on the part of Parent, is necessary to authorize this Agreement or to perform its obligations hereunder or to consummate the transactions contemplated hereby. Parent has duly executed and delivered this Agreement and, assuming the due authorization, execution and delivery of this Agreement by the Stockholder, this Agreement constitutes a legal, valid and binding obligation of Parent, enforceable against it in accordance with its terms except as enforcement may be limited by the Bankruptcy and Equity Exceptions.

(c) No Conflicts. The execution, delivery and performance of this Agreement by Parent, and the consummation of the transactions contemplated hereby do not (i) conflict with or violate the Parent Organizational Documents, (ii) conflict with or violate any Law or Governmental Order to which the Parent or any of the Parent's properties or assets is subject or (iii) conflict with or result in any breach of, constitute (with or without notice of or lapse of time or both) a default under, result in a violation of, give rise to a right of termination, modification cancellation or acceleration under, any Contract that is material to the business of Parent and its Subsidiaries, taken as a whole, and which Parent or any of its Subsidiaries is a party to or bound by, or result in the creation of any Lien upon the properties or assets of Parent or any of its Subsidiaries.

(d) Consents and Approvals. Except as provided in the Merger Agreement, the execution, delivery and performance by Parent of this Agreement and the consummation by Parent of the transactions contemplated hereby do not and will not require the consent, approval or authorization of any Governmental Body or any other Person or the submission of any notice, report or other filing with, any Governmental Body, except any filings that may be required pursuant to the rules of the ASX and the SEC or under the Corporations Act 2001 (Cth of Australia).

ARTICLE V

TERMINATION

Section 5.1 Termination. This Agreement shall terminate automatically, without any notice or other action by any of the Parties, upon the first to occur of (a) the valid termination of the Merger Agreement in accordance with its terms, (b) the Effective Time, (c) the termination of this Agreement by written notice from Parent to the Stockholder or (d) in the event the board of directors of the Company or any duly authorized and empowered committee thereof makes a Company Adverse Recommendation Change in accordance with Section 5.07(e) or Section 5.07(f) of the Merger Agreement (the "Termination Date"), and, in each case, shall thereafter be of no further force or effect, and there shall not be any further liability or obligation on the part of any Party hereto, other than this Section 5.1 and Article VI, which provisions shall survive such termination; provided, however, that nothing in this Section 5.1 shall relieve any Party from liability for any breach of any representation, warranty, covenant or other agreement contained in this Agreement, in which case the aggrieved Party shall be entitled to all rights and remedies available at law or in equity.

ARTICLE VI

MISCELLANEOUS

Section 6.1 Publication. The Stockholder (i) hereby consents to and authorizes the publication and disclosure by Parent and the Company in any ASX announcement, press release or in the Proxy Statement, Registration Statement (including all documents and schedules filed with the SEC), Australian Prospectus, Notice of the Parent Extraordinary General Meeting, any other document required to be filed with the ASX or any other Governmental Body or other disclosure document required in connection with the Merger Agreement or the Contemplated Transactions, its identity and ownership of Company Shares and the existence and terms of this Agreement (including a copy of this Agreement), the Merger Agreement and any other documents contemplated thereby, and (ii) hereby agrees to reasonably cooperate with Parent in connection with such filings. As promptly as practicable, the Stockholder shall notify Parent of any required corrections with respect to any information supplied by the Stockholder, if and to the extent the Stockholder becomes aware that any such information shall have become false or misleading in any material respect.

Section 6.2 No Ownership Interest. Nothing contained in this Agreement shall be deemed to vest in Parent any direct or indirect ownership or incidence of ownership of or with respect to any Covered Company Shares. All rights, ownership and economic benefits of and relating to the Covered Company Shares shall remain vested in and belong to the Stockholder, and Parent shall have no authority to direct the Stockholder in the voting or disposition of any of the Covered Company Shares, except as otherwise provided herein.

Section 6.3 Further Assurances. Each of the Parties agrees that it shall use reasonable best efforts to take, or cause to be taken, all actions necessary, proper or advisable to give effect to the obligations of the Parties hereunder, including by executing and delivering such additional documents as may be reasonably necessary or desirable to effectuate this Agreement, the Merger Agreement or the Contemplated Transactions.

Section 6.4 Amendment and Modification; Waiver. At any time prior to the Effective Time, any provision of this Agreement may be amended (whether before or after any required approval by the Company Stockholders or, if applicable, the Parent Stockholders) if, and only if, such amendment or waiver is in writing and signed by Parent and the Stockholder. No Party will be deemed to have waived any claim arising out of this Agreement, or any power, right, privilege or remedy under this Agreement, unless the waiver of such claim, power, right, privilege or remedy is expressly set forth in a written instrument duly executed and delivered on behalf of such Party, and any such waiver will not be applicable or have any effect except in the specific instance in which it is given.

Section 6.5 Notices. All notices, demands and other communications to be given or delivered under or by reason of the provisions of this Agreement will be in writing and will be deemed to have been given and received (a) when personally delivered, (b) the day following the day on which the same has been delivered prepaid to a reputable national overnight air courier service, (c) the third (3rd) Business Day following the day on which the same is sent by certified or registered mail, postage prepaid or (d) when sent by electronic mail. Nothing herein contained shall be deemed to affect the right of any Party to serve process in any manner permitted by Law or to commence legal proceedings or otherwise proceed against any other Party in any other jurisdiction, in each case, to enforce judgments obtained in any Action, suit or proceeding brought pursuant to

this Section 6.5. Notices, demands and communications, in each case to the respective Parties, will be sent to the applicable address set forth below, unless another address has been previously specified in writing:

if to Parent, to:

Zip Co Limited
Level 14, 10 Spring Street
Sydney, New South Wales 2000
Australia
Attention: David Tyler
E-mail: David.Tyler@zip.co

With a copy (which shall not constitute notice) to:

With a copy (which shall not constitute notice) to:

Skadden, Arps, Slate, Meagher & Flom LLP
One Manhattan West
New York, New York 10001
Attention: Jeffrey A. Brill, Esq.
Thomas W. Greenberg, Esq.
E-mail: Jeffrey.Brill@skadden.com
Thomas.Greenberg@skadden.com

and

Arnold Bloch Leibler
Level 24, 2 Chifley Square
Sydney, New South Wales 2000
Australia
Attention: Jeremy Leibler and Gavin Hammerschlag
Email: JLeibler@abl.com.au
GHammerschlag@abl.com.au

and

if to the Stockholder, to:
[__]
[__]
E-mail: [__]

Section 6.6 Counterparts. This Agreement may be executed in multiple counterparts (including counterparts delivered by electronic transmission), each of which will be deemed an original and all of which will constitute one and the same instrument.

Section 6.7 Entire Agreement; Third Party Beneficiaries. This Agreement (and the schedule hereto, (and, to the extent referred to in this Agreement, the Merger Agreement, together with all schedules and exhibits thereto) constitutes the entire agreement among the Parties hereto and supersedes all other prior agreements and understandings, both written and oral, among or between any of the Parties hereto with respect to the subject matter hereof. Parent and the Stockholder agree that (a) the representations, warranties and covenants set forth herein are solely for the benefit of the other Party, in accordance with and subject to the terms of this Agreement and (b) this Agreement is not intended to, and does not, confer upon any Person other than the Parties any rights or remedies hereunder, including the right to rely upon the representations and warranties set forth herein.

Section 6.8 Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable Law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable Law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement, and the Parties shall amend or otherwise modify this Agreement to replace any prohibited or invalid provision with an effective and valid provision that gives effect to the intent of the Parties to the maximum extent permitted by applicable Law.

Section 6.9 Assignment. This Agreement will be binding upon, and will be enforceable by and inure solely to the benefit of, the Parties and their respective successors and permitted assigns; provided, however, that neither this Agreement nor any rights, interests or obligations hereunder may be assigned by any Party without the prior written consent of the other Party, and any attempted assignment of this Agreement or any of such rights, interests or obligations without such consent will be void and of no effect; provided, further that Parent may assign this Agreement to any of its Affiliates without the prior written consent of the Stockholder.

Section 6.10 Interpretation. The interpretation provisions of Section 8.12 of the Merger Agreement shall apply, *mutatis mutandis*, to this Agreement.

Section 6.11 Governing Law. This Agreement, and all claims or causes of action based upon, arising out of, or related to this Agreement or the transactions contemplated hereby, will be governed by, and construed in accordance with, the Laws of the State of Delaware, regardless of the Laws that might otherwise govern under applicable principles of conflicts of laws thereof.

Section 6.12 Enforcement; Exclusive Jurisdiction. Each of the Parties hereby (i) expressly and irrevocably submits to the exclusive personal jurisdiction of the Court of Chancery of the State of Delaware or if such Court of Chancery lacks subject matter jurisdiction, the United States Court for the District of Delaware in the event any dispute arises out of this Agreement or the Contemplated Transactions, (ii) agrees that it shall not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court, and (iii) agrees that it shall not bring any action relating to this Agreement or the Contemplated Transactions in any court other than the Court of Chancery of the State of Delaware or if such Court of Chancery lacks subject matter jurisdiction, the United States District Court for the District of Delaware; provided, that, each of the Parties has the right to bring any action or proceeding for enforcement of a judgment entered by such court in any other court or jurisdiction.

Section 6.13 WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO KNOWINGLY, VOLUNTARILY, UNCONDITIONALLY AND IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING DIRECTLY OR INDIRECTLY TO THIS AGREEMENT OR THE CONTEMPLATED TRANSACTIONS.

Section 6.14 Capacity as a Stockholder. The Stockholder makes the agreements and understandings herein solely in its capacities as record holder and Beneficial Owner of the Covered Company Shares and, notwithstanding anything to the contrary herein, nothing herein shall limit or affect any actions taken by the Stockholder solely in his or her capacity as a director or officer of the Company.

Section 6.15 Specific Performance. The Parties agree that irreparable damage for which monetary damages, even if available, would not be an adequate remedy, would occur in the event that any party hereto does not perform the provisions of this Agreement (including failing to take

such actions as are required of it hereunder to consummate this Agreement) in accordance with its specified terms or otherwise breach such provisions. Accordingly, the Parties acknowledge and agree that, prior to any termination of this Agreement in accordance with Section 5.1, the Parties shall be entitled to seek an injunction, specific performance and other equitable relief to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof, in addition to any other remedy to which they are entitled at law or in equity. Each of the Parties agrees that it will not oppose the seeking of the granting of an injunction, specific performance and other equitable relief on the basis that any other party has an adequate remedy at law or that any award of specific performance is not an appropriate remedy for any reason at law or in equity. Any Party seeking an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement shall not be required to provide any bond or other security in connection with any such order or injunction.

[*Remainder of this page intentionally left blank*]

IN WITNESS WHEREOF, Parent and the Stockholder have duly executed this Agreement as of the date first written above.

EXECUTED by Zip Co Limited)
ACN 139 546 428 by:)
)

/s/ Larry Diamond
Signature of director

Larry Diamond
Full name of director

X **Tick if signatory signs electronically**.
By ticking this box the signatory confirms that it has signed this document electronically in accordance with section 127(3B) of the *Corporations Act 2001 (Cth)*

X **Tick if the signatory has signed a separate counterpart of this document** as permitted by section 127(3C) of the *Corporations Act 2001* (Cth)

/s/ Peter Gray
Signature of director

Peter Gray
Full name of director

X **Tick if signatory signs electronically**.
By ticking this box the signatory confirms that it has signed this document electronically in accordance with section 127(3B) of the *Corporations Act 2001 (Cth)*

X **Tick if the signatory has signed a separate counterpart of this document** as permitted by section 127(3C) of the *Corporations Act 2001* (Cth)

CHARLES G. YOUAKIM

/s/ Charles G. Youakim

CHARLES G. YOUAKIM 2020 GRANTOR RETAINED ANNUITY TRUST #1

By: /s/ Charles G. Youakim
Name: Charles G. Youakim
Title: Trustee

CHARLES G. YOUAKIM 2020 GRANTOR RETAINED ANNUITY TRUST #2

By: /s/ Charles G. Youakim
Name: Charles G. Youakim
Title: Trustee

CHARLES G. YOUAKIM 2020 IRREVOCABLE GST TRUST

By: /s/ Charles G. Youakim
Name: Charles G. Youakim
Title: Trustee

CERRO GORDO LLC

By: /s/ Charles G. Youakim
Name: Charles G. Youakim
Title: Manager

Exhibit 10.26

SCHEDULE I

EXISTING SHARES*

Name	Existing Shares
Charlie G. Youakim	65,391,996
Charles G. Youakim 2020 Grantor Retained Annuity Trust #1, under agreement dated April 7, 2020	1,855,854
Charles G. Youakim 2020 Grantor Retained Annuity Trust #2, under agreement dated April 7, 2020	5,567,562
Charles G. Youakim 2020 Irrevocable GST Trust, under agreement dated March 20, 2020	9,553,571
Cerro Gordo LLC	6,000,000
TOTAL	**88,368,983**

Exhibit 10.27

*** Certain information identified by brackets has been omitted as the Company has determined that: (i) the omitted information is not material; and (ii) disclosure of the omitted information would constitute a clearly unwarranted invasion of personal privacy.**

SUPPORT AGREEMENT

This SUPPORT AGREEMENT, dated as of February 28, 2022 (this "Agreement"), is made and entered into by and between Zip Co Limited, an Australian public company limited by shares, ("Parent"), and the undersigned stockholder (the "Stockholder") of Sezzle Inc., a Delaware public benefit corporation (the "Company"). Parent and the Stockholder are referred to individually as a "Party" and collectively as the "Parties."

W I T N E S S E T H

WHEREAS, concurrently with the execution and delivery of this Agreement, Parent, the Company and Miyagi Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of Parent ("Merger Sub"), are entering into an Agreement and Plan of Merger, dated as of February 28, 2022 (as amended, supplemented or otherwise modified from time to time, the "Merger Agreement"), pursuant to which, on the terms and subject to the conditions set forth therein, and in accordance with the DGCL, Merger Sub will merge with and into the Company, with the Company surviving as a wholly-owned subsidiary of Parent (the "Merger"), and pursuant to the Merger Agreement, each share of the Company's common stock, $0.00001 par value per share (including each share of the Company's common stock in respect of which a CHESS Depositary Instrument has been issued) (the "Company Shares"), outstanding at the Effective Time will be converted into the right to receive the applicable Merger Consideration as set forth in the Merger Agreement, except that (i) each Parent Excluded Share will be cancelled and retired and shall cease to exist, and no consideration will be delivered in exchange therefor and (ii) each Subsidiary Excluded Share shall be converted into such number of shares of common stock of the Surviving Corporation such that the ownership percentage of any such Subsidiary in the Surviving Corporation immediately following the Effective Time, shall equal the ownership percentage of such Subsidiary in the Company immediately prior to the Effective Time;

WHEREAS, as of the date hereof, the Stockholder Beneficially Owns (as defined below) and owns of record the number of Company Shares set forth opposite the Stockholder's name on Schedule I hereto (the "Existing Shares"); and

WHEREAS, as a material inducement to Parent and Merger Sub's willingness to enter into the Merger Agreement, the Stockholder has agreed to execute and deliver this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the representations, warranties, covenants and agreements contained herein, and intending to be legally bound hereby, the Parties agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Defined Terms. The following terms, as used in this Agreement, shall have the meanings specified in this Section 1.1. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Merger Agreement.

"Beneficial Owner" means, with respect to a security, any Person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, (i) has or

shares the power to vote, or to direct the voting of, such security or (ii) is the "beneficial owner" (within the meaning of Rule 13d-3 under the Exchange Act) of such security; provided that, for purposes of determining whether a Person is a Beneficial Owner of such security, a Person shall be deemed to be the Beneficial Owner of any securities which may be acquired by such Person pursuant to any contract, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise. The terms "Beneficially Own," "Beneficially Owned" and "Beneficial Ownership" shall have a correlative meaning. For the avoidance of doubt, Parent shall not be deemed to be the Beneficial Owner of the Covered Company Shares by virtue of this Agreement.

"Covered Company Shares" means, with respect to the Stockholder, (1) the Existing Shares, and (2) any Company Shares or other voting capital stock of the Company and any securities convertible into or exercisable or exchangeable for Common Shares or other voting capital stock of the Company, in each case that the Stockholder has Beneficial Ownership of on or after the date hereof; it being understood that if the Stockholder acquires securities (or rights with respect thereto) described in clause (2) above, the Stockholder shall promptly notify Parent in writing, indicating the number of such securities so acquired.

"Permitted Transfer" means a Transfer of Covered Company Shares by the Stockholder to (i) any affiliate of the Stockholder or (ii) if the Stockholder is a natural person, (A) a spouse, lineal descendant or antecedent, brother or sister, adopted child or grandchild or the spouse of any child, adopted child, grandchild or adopted grandchild of the Stockholder, (B) any trust, the trustees of which include only the Persons named in clause (A) and the beneficiaries of which include only the Persons named in clause (A), (C) any corporation, limited liability company or partnership, the stockholders, members or general or limited partners of which include only the Persons named in clauses (A) and (B) or (D) any Person by will, for estate or tax planning purposes; provided that, in any such case, a Transfer referred to in this sentence shall be permitted only if the transferee of such Covered Company Shares evidences in a writing reasonably satisfactory to Parent such transferee's eligibility to receive Parent Ordinary Shares and Parent ADRs under the Merger Agreement and agreement to be bound by and subject to the terms and provisions hereof to the same extent as such transferring Stockholder, and upon such transfer to be deemed a Stockholder hereunder.

"Transfer" means any direct or indirect offer, sale, lease, assignment, encumbrance, pledge, hypothecation, grant of an option with respect to, disposition or other transfer (by operation of law or otherwise) or entry into any contract or other agreement with respect to any of the foregoing, of any shares of Company Shares or interest (including voting interest) in any shares of Company Shares to any Person other than Parent.

ARTICLE II

VOTING AGREEMENT AND IRREVOCABLE PROXY

Section 2.1 Agreement to Vote.

(a) The Stockholder hereby irrevocably and unconditionally agrees that, during the term of this Agreement, at the Company Stockholders' Meeting and at any other meeting of the Company Stockholders, however called, including any adjournment or postponement thereof, and in connection with any written consent of the Company Stockholders (the date of the taking of any such action being an applicable "Determination

Date"), the Stockholder shall, in each case to the fullest extent that the Covered Company Shares are entitled to vote thereon or consent thereto, or in any other circumstance in which the vote, consent or other approval of the Company Stockholders is sought:

(i) appear at each such meeting or otherwise cause the Stockholder's Covered Company Shares to be counted as present thereat for purposes of establishing a quorum; and

(ii) vote (or cause to be voted), in person or by proxy, or if applicable deliver (or cause to be delivered) a written consent covering, all of the Stockholder's Covered Company Shares:

(1) in favor of the approval of the Merger and the adoption of the Merger Agreement;

(2) if (i) the Company has not received proxies representing the Company Stockholder Approval, whether or not a quorum is present, (ii) there are insufficient Company Shares represented (either in person or by proxy) and voting to approve the Merger and the Contemplated Transactions to constitute a quorum necessary to conduct the business of the Company Stockholders' Meeting, or (iii) it is necessary to ensure that any supplement or amendment to the Registration Statement is delivered to the Company Stockholders, in favor of any proposal to adjourn a meeting of the Company Stockholders to solicit additional proxies in favor of the approval of the Contemplated Transactions, including the Merger and the adoption of the Merger Agreement;

(3) against any Acquisition Proposal with respect to the Company; and

(4) against any other action, agreement or transaction that is intended to, or would reasonably be expected to, impede, interfere with, delay, postpone, discourage, frustrate the purposes of or adversely affect the Contemplated Transactions, including the Merger or the other transactions contemplated by this Agreement or the performance by the Company of its obligations under the Merger Agreement or any other documents contemplated by the Merger Agreement or by the Stockholder of its obligations under this Agreement.

(b) The Stockholder shall cast or execute any vote required to be cast or consent required to be executed pursuant to this Section 2.1, in accordance with the applicable procedures relating thereto so as to ensure that it is duly counted for purposes of determining that quorum is present and for purposes of recording the result of that vote or consent.

Section 2.2 No Inconsistent Agreements. The Stockholder represents, covenants and agrees that, except for this Agreement, the Stockholder (a) has not entered into, and shall not enter into at any time prior to the Termination Date, any voting agreement, voting trust or similar arrangement or understanding with respect to any Covered Company Shares, (b) has not granted, and shall not grant at any time prior to the Termination Date, a proxy (except in accordance with Section 2.3 hereof), consent or power of attorney with respect to any Covered Company Shares and (c) has not taken, and shall not take at any time while this Agreement remains in effect, any action that would (1) make any representation or warranty of the Stockholder contained herein untrue or incorrect, (2) violate or conflict with the Stockholder's covenants and obligations under this Agreement or (3) otherwise have the effect of restricting, preventing or disabling the Stockholder from performing any of its obligations under this Agreement.

Section 2.3 Grant of Irrevocable Proxy. The Stockholder hereby irrevocably appoints as its proxy and attorney-in-fact Parent, and any other Person designated by Parent in writing

(collectively, the "Grantees"), each of them individually, with full power of substitution and resubstitution, effective as of the date hereof and continuing until the Termination Date (the "Voting Period"), to vote (or execute written consents, if applicable) with respect to the Covered Company Shares as required pursuant to Section 2.1(a) and Section 2.1(b) hereof. The proxy granted by the Stockholder hereunder shall be irrevocable during the Voting Period, shall be deemed to be coupled with an interest sufficient in Law to support an irrevocable proxy, and the Stockholder (a) will take such further action or execute such other instruments as may be necessary to effectuate the intent of this proxy and (b) hereby revokes any proxy previously granted by the Stockholder with respect to any Covered Company Shares. The power of attorney granted by the Stockholder hereunder is a durable power of attorney and shall survive the bankruptcy or dissolution of the Stockholder. For Covered Company Shares as to which the Stockholder is the Beneficial Owner but not the holder of record, the Stockholder shall use reasonable best efforts to cause any holder of record of such Covered Company Shares to grant to the Grantees a proxy to the same effect as that described in this Section 2.3. The proxy granted by the Stockholder shall not be exercised to vote, consent or act on any matter except as contemplated by Section 2.1 and Section 2.3 of this Agreement. The proxy granted by the Stockholder shall be revoked, terminated and of no further force or effect, automatically and without further action, upon the valid termination of this Agreement in accordance with Section 5.1.

ARTICLE III

OTHER COVENANTS

Section 3.1 Restrictions on Transfer. The Stockholder hereby agrees that, from and after the date hereof until the Termination Date, the Stockholder shall not, without the prior written consent of Parent, directly or indirectly, offer to Transfer, Transfer, or consent to a Transfer of, any Covered Company Shares, unless the Transfer is a Permitted Transfer. Any Transfer in violation of this Section 3.1 shall be void.

Section 3.2 No Solicitation.

(a) The Stockholder shall not, and shall cause each of its affiliates and its and their Representatives or any other Person acting on its or their behalf not to, directly or indirectly, (i) initiate, seek or solicit, or knowingly encourage or facilitate or take any other action that is reasonably expected to promote, directly or indirectly, any inquiring or the making or submission of any proposal that constitutes, or could reasonably be expected to lead to, any Acquisition Proposal or IPO; (ii) engage or participate in discussions or negotiations with respect to, or could reasonably be expected to lead to, any Acquisition Proposal or IPO; (iii) provide any confidential, proprietary or nonpublic information or data of the Company or its Subsidiaries to any Person (other than Parent, its affiliates and its and its affiliates' respective Representatives, in their capacity as such) in respect of any Acquisition Proposal or IPO (including to facilitate any Acquisition Proposal or IPO) or (iv) enter into any agreement, arrangement, undertaking, instrument or understanding (including any letter of intent, memorandum of understanding, agreement in principle, merger agreement, share purchase agreement, exchange agreement, acquisition agreement or other similar agreement) with respect to any Acquisition Proposal or IPO.

(b) Notwithstanding the foregoing Section 3.2(a) the Stockholder may, and may authorize its affiliates (other than the Company and its Subsidiaries) or Representatives to, provide non-public information to, and participate in discussions or negotiations, with any Person, engage in discussions or negotiations with any

Person or to take any actions in his capacity as a director or officer of the Company on behalf of the Company, in each case, if and to the extent permitted by the Merger Agreement.

Section 3.3 Litigation. The Stockholder hereby agrees not to commence, join in, facilitate, assist or encourage, and agrees to take all actions necessary to opt out of any class in any class action with respect to, any claim, derivative or otherwise, against Parent, Merger Sub, the Company or any of their respective Representatives or successors or permitted assigns (a) challenging the validity or enforceability of, or seeking to enjoin the operation of, any provision of this Agreement, the Merger Agreement or any other document relating to the Contemplated Transactions or the Parent Share Issuance, (b) seeking to enjoin the Closing or (c) alleging a breach of any fiduciary duty of any Person in connection with the evaluation, negotiation or entry into the Merger Agreement, this Agreement or the consummation of the Contemplated Transactions.

Section 3.4 Stock Dividends, Distributions, Etc. In the event of a stock split, reverse stock split, stock dividend or distribution, or any change in the Company Shares by reason of any recapitalization, combination, reclassification, exchange of shares or similar transaction, the terms "Existing Shares" and "Covered Company Shares" shall be deemed to refer to and include all such stock dividends and distributions and any securities into which or for which any or all of such shares may be changed or exchanged or which are received in such transaction.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Section 4.1 Representations and Warranties of the Stockholder. The Stockholder hereby represents and warrants to Parent as follows:

(a) Organization; Capacity. If the Stockholder is an entity, the Stockholder is duly organized, validly existing and (where applicable) in good standing under the Laws of the jurisdiction of its organization. If the Stockholder is an individual, the Stockholder is of full age and capacity and of sound mind as of the date of this Agreement.

(b) Authority; Execution and Delivery; Enforceability. If the Stockholder is an entity, (i) the Stockholder has full corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby and (ii) the execution, delivery and performance by the Stockholder of this Agreement and the performance and compliance by the Stockholder with each of its obligations herein and the consummation by the Stockholder of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate or other similar action on the part of the Stockholder and no other corporate action or similar proceedings on the part of the Stockholder are necessary for the Stockholder to execute and deliver this Agreement or perform its obligations under this Agreement. The Stockholder has duly executed and delivered this Agreement and, assuming the due authorization, execution and delivery by Parent of this Agreement, this Agreement constitutes the Stockholder's legal, valid and binding obligation, enforceable against it in accordance with its terms, except as enforcement may be limited by any applicable bankruptcy, insolvency (including all laws relating to fraudulent transfers), reorganization, moratorium or similar Laws affecting creditors' rights generally and subject to the effect of general principles of equity (regardless of whether considered in a proceeding at law or in equity) (the "Bankruptcy and Equity Exceptions").

(c) Ownership of Shares. As of the date hereof, the Stockholder is the Beneficial Owner and sole owner of record of the Existing Shares set forth opposite the Stockholder's name on Schedule I hereto, free and clear of any Liens and free of any other limitation or restriction (including any limitation or restriction on the right to vote, sell, transfer or otherwise dispose of such Existing Shares) other than this Agreement and any limitations or restrictions imposed under applicable securities Laws, and such Existing Shares constitute all of

the Company Shares Beneficially Owned by the Stockholder. As of the date hereof, the Stockholder is neither the Beneficial Owner nor the owner of record of any Parent Ordinary Shares. The Stockholder has full voting power with respect to the Company Shares, full power of disposition and full power to (a) issue instructions with respect to the matters set forth herein and (b) agree to all of the matters set forth in this Agreement, in each case with respect to all of the Company Shares Beneficially Owned by Holder.

(d) No Conflicts. The execution, delivery and performance of this Agreement by the Stockholder, and the consummation of the transactions contemplated hereby do not (i) conflict with or violate the Company Organizational Documents, (ii) conflict with or violate any Law or Governmental Order to which the Stockholder or any of the Stockholder's properties or assets is subject, (iii) conflict with or result in any breach of, constitute (with or without notice of or lapse of time or both) a default under, result in a violation of, give rise to a right of termination, modification, cancellation or acceleration under, any of the terms, conditions or provisions of any Contract to which the Stockholder is a party or by which the Stockholder or its respective properties or assets may be bound or affected or (iv) result in the creation or imposition of any Lien on the Existing Shares.

(e) Consents and Approvals. Except as provided in the Merger Agreement, the execution, delivery and performance by the Stockholder of this Agreement and the consummation by the Stockholder of the transactions contemplated hereby do not and will not require the consent, approval or authorization of any Governmental Body or any other Person or the submission of any notice, report or other filing with, any Governmental Body, except any filings that may be required pursuant to the rules of the ASX and the SEC or under the Corporations Act 2001 (Cth of Australia).

(f) Legal Proceedings. There are no Actions pending or, to the knowledge of the Stockholder, threatened against the Stockholder or any of his, her or its assets, rights or properties or, to the extent the Stockholder is an entity, any of the officers or directors of the Stockholder, as applicable, in each case, that will, or would reasonably be expected to, prevent or materially impair the ability of the Stockholder to perform its obligations under this Agreement or consummate the transactions contemplated hereby or result in the creation or imposition of any Lien on the Existing Shares. Neither the Stockholder nor any of its properties, rights or assets is or are subject to or in violation of any Governmental Order, except for those that, individually or in the aggregate, would not reasonably be expected to prevent or materially impair the Stockholder's ability to perform its obligations under this Agreement or to consummate the transactions contemplated hereby.

(g) Finder's Fees. No investment banker, broker, finder or other intermediary is entitled to any brokerage commissions, finders' fee or similar compensation from Parent, Merger Sub or the Company in connection with this Agreement, the Merger Agreement or the Contemplated Transactions based upon any arrangement or agreement made by or on behalf of the Stockholder; provided that, no arrangement or agreement with any Person engaged by the Company, the board of directors of the Company or committee thereof shall be deemed to be an arrangement or agreement made on behalf of the Stockholder.

Section 4.2 Representations and Warranties of Parent. Parent hereby represents and warrants to the Stockholder as follows:

(a) Organization. Parent is a body corporate validly existing and in good standing under the Laws of Australia.

(b) Authority; Execution and Delivery; Enforceability. Parent has full corporate power and authority to enter into this Agreement and perform its obligations

hereunder. Parent has all requisite corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby, subject to the receipt of the Parent Stockholder Approval. Parent has unanimously approved this Agreement, and except for the Parent Stockholder Approval, no other corporate action pursuant to the Laws of Australia, on the part of Parent, is necessary to authorize this Agreement or to perform its obligations hereunder or to consummate the transactions contemplated hereby. Parent has duly executed and delivered this Agreement and, assuming the due authorization, execution and delivery of this Agreement by the Stockholder, this Agreement constitutes a legal, valid and binding obligation of Parent, enforceable against it in accordance with its terms except as enforcement may be limited by the Bankruptcy and Equity Exceptions.

(c) No Conflicts. The execution, delivery and performance of this Agreement by Parent, and the consummation of the transactions contemplated hereby do not (i) conflict with or violate the Parent Organizational Documents, (ii) conflict with or violate any Law or Governmental Order to which the Parent or any of the Parent's properties or assets is subject or (iii) conflict with or result in any breach of, constitute (with or without notice of or lapse of time or both) a default under, result in a violation of, give rise to a right of termination, modification cancellation or acceleration under, any Contract that is material to the business of Parent and its Subsidiaries, taken as a whole, and which Parent or any of its Subsidiaries is a party to or bound by, or result in the creation of any Lien upon the properties or assets of Parent or any of its Subsidiaries.

(d) Consents and Approvals. Except as provided in the Merger Agreement, the execution, delivery and performance by Parent of this Agreement and the consummation by Parent of the transactions contemplated hereby do not and will not require the consent, approval or authorization of any Governmental Body or any other Person or the submission of any notice, report or other filing with, any Governmental Body, except any filings that may be required pursuant to the rules of the ASX and the SEC or under the Corporations Act 2001 (Cth of Australia).

ARTICLE V

TERMINATION

Section 5.1 Termination. This Agreement shall terminate automatically, without any notice or other action by any of the Parties, upon the first to occur of (a) the valid termination of the Merger Agreement in accordance with its terms, (b) the Effective Time, (c) the termination of this Agreement by written notice from Parent to the Stockholder or (d) in the event the board of directors of the Company or any duly authorized and empowered committee thereof makes a Company Adverse Recommendation Change in accordance with Section 5.07(e) or Section 5.07(f) of the Merger Agreement (the "Termination Date"), and, in each case, shall thereafter be of no further force or effect, and there shall not be any further liability or obligation on the part of any Party hereto, other than this Section 5.1 and Article VI, which provisions shall survive such termination; provided, however, that nothing in this Section 5.1 shall relieve any Party from liability for any breach of any representation, warranty, covenant or other agreement contained in this Agreement, in which case the aggrieved Party shall be entitled to all rights and remedies available at law or in equity.

ARTICLE VI

MISCELLANEOUS

Section 6.1 Publication. The Stockholder (i) hereby consents to and authorizes the publication and disclosure by Parent and the Company in any ASX announcement, press release or in the Proxy Statement, Registration Statement (including all documents and schedules filed with the SEC), Australian Prospectus, Notice of the Parent Extraordinary General Meeting, any other document required to be filed with the ASX or any other Governmental Body or other disclosure document required in connection with the Merger Agreement or the Contemplated Transactions, its identity and ownership of Company Shares and the existence and terms of this Agreement (including a copy of this Agreement), the Merger Agreement and any other documents contemplated thereby, and (ii) hereby agrees to reasonably cooperate with Parent in connection with such filings. As promptly as practicable, the Stockholder shall notify Parent of any required corrections with respect to any information supplied by the Stockholder, if and to the extent the Stockholder becomes aware that any such information shall have become false or misleading in any material respect.

Section 6.2 No Ownership Interest. Nothing contained in this Agreement shall be deemed to vest in Parent any direct or indirect ownership or incidence of ownership of or with respect to any Covered Company Shares. All rights, ownership and economic benefits of and relating to the Covered Company Shares shall remain vested in and belong to the Stockholder, and Parent shall have no authority to direct the Stockholder in the voting or disposition of any of the Covered Company Shares, except as otherwise provided herein.

Section 6.3 Further Assurances. Each of the Parties agrees that it shall use reasonable best efforts to take, or cause to be taken, all actions necessary, proper or advisable to give effect to the obligations of the Parties hereunder, including by executing and delivering such additional documents as may be reasonably necessary or desirable to effectuate this Agreement, the Merger Agreement or the Contemplated Transactions.

Section 6.4 Amendment and Modification; Waiver. At any time prior to the Effective Time, any provision of this Agreement may be amended (whether before or after any required approval by the Company Stockholders or, if applicable, the Parent Stockholders) if, and only if, such amendment or waiver is in writing and signed by Parent and the Stockholder. No Party will be deemed to have waived any claim arising out of this Agreement, or any power, right, privilege or remedy under this Agreement, unless the waiver of such claim, power, right, privilege or remedy is expressly set forth in a written instrument duly executed and delivered on behalf of such Party, and any such waiver will not be applicable or have any effect except in the specific instance in which it is given.

Section 6.5 Notices. All notices, demands and other communications to be given or delivered under or by reason of the provisions of this Agreement will be in writing and will be deemed to have been given and received (a) when personally delivered, (b) the day following the day on which the same has been delivered prepaid to a reputable national overnight air courier service, (c) the third (3rd) Business Day following the day on which the same is sent by certified or registered mail, postage prepaid or (d) when sent by electronic mail. Nothing herein contained shall be deemed to affect the right of any Party to serve process in any manner permitted by Law or to commence legal proceedings or otherwise proceed against any other Party in any other jurisdiction, in each case, to enforce judgments obtained in any Action, suit or proceeding brought pursuant to

this Section 6.5. Notices, demands and communications, in each case to the respective Parties, will be sent to the applicable address set forth below, unless another address has been previously specified in writing:

if to Parent, to:

Zip Co Limited
Level 14, 10 Spring Street
Sydney, New South Wales 2000
Australia
Attention: David Tyler
E-mail: David.Tyler@zip.co

With a copy (which shall not constitute notice) to:

With a copy (which shall not constitute notice) to:

Skadden, Arps, Slate, Meagher & Flom LLP
One Manhattan West
New York, New York 10001
Attention: Jeffrey A. Brill, Esq.
Thomas W. Greenberg, Esq.
E-mail: Jeffrey.Brill@skadden.com
Thomas.Greenberg@skadden.com

and

Arnold Bloch Leibler
Level 24, 2 Chifley Square
Sydney, New South Wales 2000
Australia
Attention: Jeremy Leibler and Gavin Hammerschlag
Email: JLeibler@abl.com.au
GHammerschlag@abl.com.au

and

if to the Stockholder, to:

[__]
[__]
E-mail: [__]

Section 6.6 Counterparts. This Agreement may be executed in multiple counterparts (including counterparts delivered by electronic transmission), each of which will be deemed an original and all of which will constitute one and the same instrument.

Section 6.7 Entire Agreement; Third Party Beneficiaries. This Agreement (and the schedule hereto, (and, to the extent referred to in this Agreement, the Merger Agreement, together with all schedules and exhibits thereto) constitutes the entire agreement among the Parties hereto and supersedes all other prior agreements and understandings, both written and oral, among or between any of the Parties hereto with respect to the subject matter hereof. Parent and the Stockholder agree that (a) the representations, warranties and covenants set forth herein are solely for the benefit of the other Party, in accordance with and subject to the terms of this Agreement and (b) this Agreement is not intended to, and does not, confer upon any Person other than the Parties any rights or remedies hereunder, including the right to rely upon the representations and warranties set forth herein.

Section 6.8 Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable Law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable Law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement, and the Parties shall amend or otherwise modify this Agreement to replace any prohibited or invalid provision with an effective and valid provision that gives effect to the intent of the Parties to the maximum extent permitted by applicable Law.

Section 6.9 Assignment. This Agreement will be binding upon, and will be enforceable by and inure solely to the benefit of, the Parties and their respective successors and permitted assigns; provided, however, that neither this Agreement nor any rights, interests or obligations hereunder may be assigned by any Party without the prior written consent of the other Party, and any attempted assignment of this Agreement or any of such rights, interests or obligations without such consent will be void and of no effect; provided, further that Parent may assign this Agreement to any of its Affiliates without the prior written consent of the Stockholder.

Section 6.10 Interpretation. The interpretation provisions of Section 8.12 of the Merger Agreement shall apply, *mutatis mutandis*, to this Agreement.

Section 6.11 Governing Law. This Agreement, and all claims or causes of action based upon, arising out of, or related to this Agreement or the transactions contemplated hereby, will be governed by, and construed in accordance with, the Laws of the State of Delaware, regardless of the Laws that might otherwise govern under applicable principles of conflicts of laws thereof.

Section 6.12 Enforcement; Exclusive Jurisdiction. Each of the Parties hereby (i) expressly and irrevocably submits to the exclusive personal jurisdiction of the Court of Chancery of the State of Delaware or if such Court of Chancery lacks subject matter jurisdiction, the United States Court for the District of Delaware in the event any dispute arises out of this Agreement or the Contemplated Transactions, (ii) agrees that it shall not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court, and (iii) agrees that it shall not bring any action relating to this Agreement or the Contemplated Transactions in any court other than the Court of Chancery of the State of Delaware or if such Court of Chancery lacks subject matter jurisdiction, the United States District Court for the District of Delaware; provided, that, each of the Parties has the right to bring any action or proceeding for enforcement of a judgment entered by such court in any other court or jurisdiction.

Section 6.13 WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO KNOWINGLY, VOLUNTARILY, UNCONDITIONALLY AND IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING DIRECTLY OR INDIRECTLY TO THIS AGREEMENT OR THE CONTEMPLATED TRANSACTIONS.

Section 6.14 Capacity as a Stockholder. The Stockholder makes the agreements and understandings herein solely in its capacities as record holder and Beneficial Owner of the Covered Company Shares and, notwithstanding anything to the contrary herein, nothing herein shall limit or affect any actions taken by the Stockholder solely in his or her capacity as a director or officer of the Company.

Section 6.15 Specific Performance. The Parties agree that irreparable damage for which monetary damages, even if available, would not be an adequate remedy, would occur in the event that any party hereto does not perform the provisions of this Agreement (including failing to take

such actions as are required of it hereunder to consummate this Agreement) in accordance with its specified terms or otherwise breach such provisions. Accordingly, the Parties acknowledge and agree that, prior to any termination of this Agreement in accordance with Section 5.1, the Parties shall be entitled to seek an injunction, specific performance and other equitable relief to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof, in addition to any other remedy to which they are entitled at law or in equity. Each of the Parties agrees that it will not oppose the seeking of the granting of an injunction, specific performance and other equitable relief on the basis that any other party has an adequate remedy at law or that any award of specific performance is not an appropriate remedy for any reason at law or in equity. Any Party seeking an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement shall not be required to provide any bond or other security in connection with any such order or injunction.

[*Remainder of this page intentionally left blank*]

IN WITNESS WHEREOF, Parent and the Stockholder have duly executed this Agreement as of the date first written above.

EXECUTED by Zip Co Limited)
ACN 139 546 428 by:)
)

/s/ Larry Diamond
Signature of director

Larry Diamond
Full name of director

X **Tick if signatory signs electronically**.
By ticking this box the signatory confirms that it has signed this document electronically in accordance with section 127(3B) of the *Corporations Act 2001 (Cth)*

X **Tick if the signatory has signed a separate counterpart of this document** as permitted by section 127(3C) of the *Corporations Act 2001* (Cth)

/s/ Peter Gray
Signature of director

Peter Gray
Full name of director

X **Tick if signatory signs electronically**.
By ticking this box the signatory confirms that it has signed this document electronically in accordance with section 127(3B) of the *Corporations Act 2001 (Cth)*

X **Tick if the signatory has signed a separate counterpart of this document** as permitted by section 127(3C) of the *Corporations Act 2001* (Cth)

Exhibit 10.27

PAUL V. PARADIS

/s/ Paul V. Paradis

PARADIS FAMILY LLC

By: /s/ Paul V. Paradis
Name: Paul V. Paradis
Its: Manager

Exhibit 10.27

SCHEDULE I

EXISTING SHARES*

Name	Existing Shares
Paul V. Paradis	6,809,433
Paradis Family LLC	3,200,000
TOTAL	**10,009,433**

Exhibit 21.1

SEZZLE INC.

Subsidiaries of the Registrant

Name of subsidiary	Jurisdiction of incorporation or organization
Sezzle Canada Corp.	Nova Scotia
Sezzle Funding SPE, LLC	Delaware
Sezzle Funding SPE II, LLC	Delaware
Sezzle Funding SPE II Parent, LLC	Delaware
Sezzle Holdings I, Inc.	Delaware
Sezzle Holdings II, Inc.	Delaware
Sezzle Holdings III B.V.	Netherlands
Sezzle Holdings IV, Inc.	Delaware
Sezzle Payments Private Limited	India
Sezzle FinTech Private Limited	India
Sezzle Germany GmbH	Germany
Sezzle Lithuania UAB	Lithuania
Sezzle Brasil Ltda.	Brazil

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement on Form S-8 (File No. 333-257366) of Sezzle Inc. and Subsidiaries of our report dated March 30, 2022, relating to the consolidated financial statements, appearing in the annual report on Form 10-K for the year ended December 31, 2021.

/s/ BAKER TILLY US, LLP

Minneapolis, Minnesota
March 30, 2022

Cover - USD ($)	12 Months Ended Dec. 31, 2021	Feb. 28, 2022	Jun. 30, 2021
Cover [Abstract]			
Document Type	10-K		
Document Annual Report	true		
Document Period End Date	Dec. 31, 2021		
Current Fiscal Year End Date	--12-31		
Document Transition Report	false		
Entity File Number	000-56267		
Entity Registrant Name	SEZZLE INC.		
Entity Incorporation, State or Country Code	DE		
Entity Tax Identification Number	81-0971660		
Entity Address, Address Line One	251 N 1st Avenue		
Entity Address, Address Line Two	Ste. 200		
Entity Address, City or Town	Minneapolis		
Entity Address, State or Province	MN		
Entity Address, Postal Zip Code	55401		
Country Region	+1		
City Area Code	651		
Local Phone Number	504 5402		
Title of 12(g) Security	Common Stock, par value $0.00001 per share		
Entity Well-known Seasoned Issuer	No		
Entity Voluntary Filers	No		
Entity Current Reporting Status	Yes		
Entity Interactive Data Current	Yes		
Entity Filer Category	Non-accelerated Filer		
Entity Small Business	true		
Entity Emerging Growth Company	true		
Entity Ex Transition Period	false		
ICFR Auditor Attestation Flag	false		
Entity Shell Company	false		
Entity Public Float			$ 582,910,693
Entity Common Stock, Shares Outstanding		204,409,961	
Documents Incorporated by Reference			

DOCUMENTS INCORPORATED BY REFERENCE

None.

Entity Central Index Key	0001662991
Amendment Flag	false
Document Fiscal Year Focus	2021

Document Fiscal Period Focus	FY
Auditor Firm ID	23

Audit Information	12 Months Ended Dec. 31, 2021
Audit Information [Abstract]	
Auditor Firm ID	23
Auditor Name	Baker Tilly US, LLP
Auditor Location	Minneapolis, Minnesota

Consolidated Balance Sheets - USD ($)	Dec. 31, 2021	Dec. 31, 2020
Current Assets		
Cash and cash equivalents	$ 76,983,728	$ 84,285,383
Restricted cash, current	1,886,440	4,798,520
Notes receivable, net	133,986,583	80,807,300
Other receivables, net	5,084,099	1,403,306
Prepaid expenses and other current assets	3,350,053	1,705,919
Total current assets	221,290,903	173,000,428
Non-Current Assets		
Internally developed intangible assets, net	910,584	537,046
Property and equipment, net	662,472	375,186
Operating right-of-use assets	285,865	145,576
Restricted cash, non-current	20,000	20,000
Other assets	233,752	32,537
Total Assets	223,403,576	174,110,773
Current Liabilities		
Merchant accounts payable	96,516,668	60,933,272
Operating lease liabilities	171,959	142,743
Accrued liabilities	7,996,772	6,680,870
Other payables	2,874,046	615,839
Total current liabilities	107,559,445	68,372,724
Long Term Liabilities		
Long term debt	250,000	1,470,332
Lease liabilities	90,962	0
Line of credit, net of unamortized debt issuance costs of $1,088,869 and $173,773, respectively	77,711,131	39,826,227
Other non-current liabilities	0	4,483,073
Total Liabilities	185,611,538	114,152,356
Commitments and Contingencies		
Stockholders' Equity		
Common stock, $0.00001 par value; 750,000,000 and 300,000,000 shares authorized, respectively; 204,891,057 and 197,078,709 shares issued, respectively; 204,230,939 and 196,926,674 shares outstanding, respectively	2,044	1,970
Additional paid-in capital	168,338,673	112,640,974
Stock subscriptions: 20,729 and 64,000 shares subscribed, respectively	(18,545)	(69,440)
Treasury stock, at cost: 660,118 and 152,035 shares, respectively	(3,691,322)	(875,232)
Accumulated other comprehensive income	563,911	494,505
Accumulated deficit	(127,402,723)	(52,234,360)
Total Stockholders' Equity	37,792,038	59,958,417
Total Liabilities and Stockholders' Equity	$ 223,403,576	$ 174,110,773

Consolidated Balance Sheets (Parentheticals) - USD ($)	Dec. 31, 2021	Dec. 31, 2020
Statement of Financial Position [Abstract]		
Unamortized debt issuance costs	$ 1,088,869	$ 173,773
Common stock par value (in usd per share)	$ 0.00001	$ 0.00001
Common stock authorized (in shares)	750,000,000	300,000,000
Common stock issued (in shares)	204,891,057	197,078,709
Common stock outstanding (in shares)	204,230,939	196,926,674
Stock subscriptions (in shares)	20,729	64,000
Treasury stock at cost (in shares)	660,118	152,035

Consolidated Statements of Operations and Comprehensive Loss - USD ($)	12 Months Ended	
	Dec. 31, 2021	Dec. 31, 2020
Income		
Total income	$ 114,816,635	$ 58,788,273
Operating Expenses		
Personnel	56,831,368	30,689,462
Transaction expense	43,476,143	22,489,626
Third-party technology and data	5,549,844	2,464,113
Marketing, advertising, and tradeshows	9,251,854	4,274,929
General and administrative	15,768,583	7,214,535
Provision for uncollectible accounts	52,621,682	19,587,918
Total operating expenses	183,499,474	86,720,583
Operating Loss	(68,682,839)	(27,932,310)
Other Expenses		
Net interest expense	(5,269,284)	(4,303,175)
Other expense, net	(65,145)	(126,291)
Loss on extinguishment of line of credit	(1,092,679)	0
Loss before taxes	(75,109,947)	(32,361,776)
Income tax expense	58,416	30,964
Net Loss	(75,168,363)	(32,392,740)
Other Comprehensive Income		
Foreign currency translation adjustment	69,406	494,505
Total Comprehensive Loss	$ (75,098,957)	$ (31,898,235)
Net Losses per Share:		
Basic loss per common share (in usd per share)	$ (0.38)	$ (0.17)
Diluted loss per common share (in usd per share)	$ (0.38)	$ (0.17)
Net Losses per Share:		
Basic weighted average shares outstanding (shares)	200,344,028	186,842,646
Diluted weighted average shares outstanding (shares)	200,344,028	186,842,646
Sezzle income		
Income		
Total income	$ 98,200,184	$ 49,659,042
Account reactivation fee income		
Income		
Total income	$ 16,616,451	$ 9,129,231

Consolidated Statements of Stockholders' Equity - USD ($)	Total	Common Stock	Additional Paid-in Capital	Stock Subscriptions	Treasury Stock, At Cost	Accumulated Other Comprehensive Income	Accumulated Deficit
Beginning balance (in shares) at Dec. 31, 2019		178,931,312					
Beginning balance at Dec. 31, 2019	$ 27,314,316	$ 1,789	$ 47,154,147	$ 0	$ 0	$ 0	$ (19,841,620)
Increase (Decrease) in Stockholders' Equity [Roll Forward]							
Equity based compensation	$ 6,528,356		6,528,356				
Stock option exercises (in shares)	1,736,476	1,492,060					
Stock option exercises	$ 427,731	$ 14	427,717				
Restricted stock issuances and vesting of awards (in shares)		464,736					
Restricted stock issuances and vesting of awards	482,488	$ 5	482,483				
Stock subscriptions receivable related to stock option exercises (in shares)		244,416					
Stock subscriptions receivable related to stock option exercises	0	$ 3	77,912	(77,915)			
Stock subscriptions collected related to stock option exercises	8,475			8,475			
Repurchase of common stock (in shares)		(152,035)					
Repurchase of common stock	(875,232)				(875,232)		
Retirement of common stock (in shares)		(343,750)					
Retirement of common stock	(2,234)	$ (3)	(2,231)				
Proceeds from issuance of common stock, net of issuance costs (in shares)		16,289,935					
Proceeds from issuance of common stock, net of issuance costs	57,972,752	$ 162	57,972,590				
Foreign currency translation adjustment	494,505					494,505	
Net loss	(32,392,740)						(32,392,740)
Ending balance (in shares) at Dec. 31, 2020		196,926,674					
Ending balance at Dec. 31, 2020	59,958,417	$ 1,970	112,640,974	(69,440)	(875,232)	494,505	(52,234,360)
Increase (Decrease) in Stockholders' Equity [Roll Forward]							
Equity based compensation	$ 9,013,029		9,013,029				

Stock option exercises (in shares)	1,683,397	1,486,341					
Stock option exercises	$ 765,786	$ 15	765,771				
Restricted stock issuances and vesting of awards (in shares)		1,569,681					
Restricted stock issuances and vesting of awards	5,148,725	$ 16	5,148,709				
Issuance of restricted stock units for settlement of accrued expenses	1,996,779		1,996,779				
Conversion of liability-classified incentive awards to stockholder's equity	8,580,123		8,580,123				
Stock subscriptions receivable related to stock option exercises (in shares)		197,056					
Stock subscriptions receivable related to stock option exercises	0	$ 2	196,102	(196,104)			
Stock subscriptions collected related to stock option exercises	246,999			246,999			
Repurchase of common stock (in shares)		(508,083)					
Repurchase of common stock	(2,816,095)	$ (5)			(2,816,090)		
Proceeds from issuance of common stock, net of issuance costs (in shares)		4,559,270					
Proceeds from issuance of common stock, net of issuance costs	29,997,232	$ 46	29,997,186				
Foreign currency translation adjustment	69,406					69,406	
Net loss	(75,168,363)						(75,168,363)
Ending balance (in shares) at Dec. 31, 2021		204,230,939					
Ending balance at Dec. 31, 2021	$ 37,792,038	$ 2,044	$ 168,338,673	$ (18,545)	$ (3,691,322)	$ 563,911	$ (127,402,723)

Consolidated Statements of Cash Flows - USD ($)	12 Months Ended Dec. 31, 2021	Dec. 31, 2020
Operating Activities:		
Net loss	$ (75,168,363)	$ (32,392,740)
Adjustments to reconcile net loss to net cash used for operating activities:		
Depreciation and amortization	749,111	428,374
Provision for uncollectible accounts	52,621,682	19,587,918
Provision for other uncollectible receivables	7,349,852	2,723,853
Equity based compensation and restricted stock vested	14,161,754	7,010,844
Amortization of debt issuance costs	689,930	417,054
Impairment losses on long-lived assets	5,475	7,850
Loss on extinguishment of line of credit	1,092,679	0
Changes in operating assets and liabilities:		
Notes receivable	(105,950,424)	(74,983,119)
Other receivables	(11,031,826)	(3,810,392)
Prepaid expenses and other assets	(1,855,206)	(795,884)
Merchant accounts payable	35,696,079	47,467,731
Other payables	2,111,082	84,962
Accrued liabilities	7,416,249	9,469,738
Operating leases	(20,124)	(25,050)
Net Cash Used for Operating Activities	(72,132,050)	(24,808,861)
Investing Activities:		
Purchase of property and equipment	(686,032)	(410,896)
Internally developed intangible asset additions	(733,995)	(322,015)
Net Cash Used for Investing Activities	(1,420,027)	(732,911)
Financing Activities:		
Proceeds from issuance of long term debt	0	1,220,332
Payments on long term debt	(1,220,332)	0
Proceeds from line of credit	174,666,667	85,650,000
Payments to line of credit	(135,866,667)	(67,100,000)
Payments of debt issuance costs	(1,697,705)	0
Payment of debt extinguishment costs	(1,000,000)	0
Proceeds from stock option exercises	765,786	427,731
Stock subscriptions collected related to stock option exercises	246,999	8,475
Repurchase of common stock	(2,652,014)	(611,215)
Retirement of common stock	0	(2,234)
Proceeds from issuance of common stock	30,000,000	60,457,256
Costs incurred from issuance of common stock	(2,768)	(2,484,504)
Net Cash Provided from Financing Activities	63,239,966	77,565,841
Effect of exchange rate changes on cash	98,376	455,216
Net (decrease) increase in cash, cash equivalents, and restricted cash	(10,312,111)	52,024,069
Cash, cash equivalents, and restricted cash, beginning of year	89,103,903	36,624,618
Cash, cash equivalents, and restricted cash, end of period	78,890,168	89,103,903

Noncash investing and financing activities:		
Lease liabilities arising from obtaining right-of-use assets	328,341	0
Issuance of restricted stock units for settlement of accrued expenses	1,996,779	0
Conversion of liability-classified incentive awards to stockholder's equity	8,580,123	0
Withholding of restricted stock units to cover employee tax withholding	164,081	264,017
Supplementary disclosures:		
Interest paid	4,819,604	3,770,838
Income taxes paid	$ 56,017	$ 8,326

Principal Business Activity and Significant Accounting Policies	12 Months Ended
	Dec. 31, 2021
Accounting Policies [Abstract]	
Principal Business Activity and Significant Accounting Policies	

Principal Business Activity and Significant Accounting Policies

Principal Business Activity

Sezzle Inc. (the “Company” or “Sezzle”) is a technology-enabled payments company based in the United States with operations in the United Sta and startup operations in Brazil. The Company is a Delaware Public Benefit Corporation formed on January 4, 2016. The Company offers its pay stores and a select number of brick-and-mortar retail locations, connecting consumers with merchants via a proprietary payments solution that ins point-of-sale, allowing consumers to purchase and receive the items that they need now while paying over time in interest-free installments.

Merchants turn to Sezzle to increase sales by tapping into Sezzle’s existing user base, increase conversion rates, increase spend per transaction, in and reduce return rates, all without bearing any credit risk. Sezzle is a high-growth, networked platform that benefits from a symbiotic and mutua between merchants and consumers.

The Company’s core product allows consumers to make online purchases and split the payment for the purchase over four equal, interest-free pay consumer makes the first payment at the time of checkout and makes the subsequent payments every two weeks thereafter. For the Company’s co solution, the purchase price, less merchant fees, is paid to merchants by Sezzle in advance of collecting the purchase price installments from the c Virtual Card solution, the full purchase price is paid to merchants at the time of sale, and Sezzle separately invoices the merchant for merchant fe

The Company is headquartered in Minneapolis, Minnesota.

Basis of Presentation and Principles of Consolidation

The consolidated financial statements are prepared and presented under accounting principles generally accepted in the United States of America are reported in U.S. dollars, unless otherwise noted. The Company consolidates the accounts of subsidiaries for which it has a controlling financia accompanying consolidated financial statements include all the accounts and activity of Sezzle Inc. and its wholly-owned subsidiaries. All interco transactions have been eliminated in consolidation.

Liquidity and Financial Condition

The Company meets its liquidity requirements primarily through proceeds from its line of credit, of which it is subject to various covenants. Duri December 31, 2021, the Company incurred net losses from its operations, which if continued at the same level in future periods would result in th such line of credit covenants. The Company's line of credit is a significant component of its working capital management.

On February 25, 2022 the Company amended its existing line of credit covenants as disclosed in the subsequent event footnote of the consolidate Additionally, on March 10, 2022 the Company undertook a workforce reduction to provide the Company with additional annualized cost savings $10 million. The Company will undertake further cost cutting measures if the actions taken during the first quarter of 2022 do not fully mitigate t more of its line of credit covenants.

Management believes that the implementation of these plans will allow the Company to continue as a going concern through at least March 31, 2

There are no assurances that the Company’s implementation of these efforts will be successful, or that the degree of success will be sufficient to n costs and requirements under its line of credit covenants. If the Company is unable to increase its profitability and liquidity, it may not be able to operations.

The accompanying consolidated financial statements assume that the Company will continue as a going concern and have been prepared on the ba assets and the satisfaction of liabilities and commitments in the normal course of business. The accompanying consolidated financial statements d adjustments to the recoverability and classifications of recorded assets and liabilities as a result of uncertainties.

Concentrations of Credit Risk

Cash and Cash Equivalents

Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash and cash equivalents. The Co depository accounts that, at times, may exceed limits established by the Federal Deposit Insurance Corporation (“FDIC”) and equivalent foreign i of this report, the Company has experienced no losses on such accounts.

Foreign Currency Risk

The Company holds funds and settles payments that are denominated in currencies other than U.S. dollars. Changes in foreign currency exchange to fluctuations on its consolidated balance sheets and statements of operations and comprehensive loss. Currency risk is managed through limits s on hand that the Company routinely monitors.

Notes Receivable

The Company is exposed to the risk of credit losses as a result of extending credit to consumers. Changes in economic conditions may result in hi Company has a policy for establishing credit lines for individual consumers that helps mitigate credit risk. The allowance for uncollectible accoun any potential losses on outstanding notes receivable.

Cash and Cash Equivalents

The Company considers all money market funds and other highly liquid investments with an original maturity of three months or less when purch equivalents. The Company accepts Automated Clearing House ("ACH"), Electronic Funds Transfer ("EFT"), debit card, and credit card payment as a method to settle its receivables, and these transactions are generally transmitted through third parties. The payments due from the third parties ACH, and EFT transactions are generally settled within three days of initiation. The Company considers all bank, debit, and credit card transactio of the period to be cash and cash equivalents. The Company had cash and cash equivalents of $76,983,728 and $84,285,383 as of December 31, 2 respectively.

Restricted Cash

The Company is required to maintain cash balances in a bank account in accordance with the lending agreement executed on February 10, 2021 b SPE II, LLC, Sezzle Inc, and their third party line of credit providers Goldman Sachs Bank USA, Bastion Consumer Funding II, LLC, and Bastio bank account is the property of Sezzle Funding SPE II, LLC, but access to consumer payments is controlled by the line of credit providers. On a r from consumers is deposited to the bank account and subsequently made available to Sezzle through periodic settlement reporting with the line of deposits to the bank account represent cash received from consumers not yet made available to Sezzle, as well as a minimum balance consisting o interest on the drawn credit facility, accrued management fees charged by the line of credit providers, and 1% of the highest funded facility amou collection periods. From time to time, Sezzle may withdraw cash received from the bank account provided it meets certain requirements. The Cor maintain a minimum balance of $25,000 in a deposit account with a third-party service provider in order to fund merchants using the Company's Company had funds on deposit with foreign banking institutions as part of their respective local licensing processes that were restricted until the p The amount on deposit within the current restricted bank accounts totaled $1,886,440 and $4,798,520 as of December 31, 2021 and 2020, respect

The Company is required to maintain a $20,000 cash balance held in a reserve account to cover ACH transactions. The cash balance within this ac current restricted cash on the consolidated balance sheets.

Receivables and Credit Policy

Notes receivable represent amounts from uncollateralized consumer receivables generated from the purchase of merchandise. The original terms Company's core product are to be paid back in four equal installments every two weeks over a six-week period, with the first installment being pa The Company does not charge interest on the notes to consumers. Sezzle income is recognized over the average life of the notes receivable using method. These net deferred costs are recorded within notes receivable, net on the consolidated balance sheets. Notes receivable are recorded at ne recorded as current assets. The Company evaluates the collectability of the balances based on historical performance, current economic conditions circumstances of individual notes, with an allowance for uncollectible accounts being provided as necessary.

Other receivables represents the net realizable value of consumer account reactivation fees receivable, merchant accounts receivable, and merchan receivable. Consumer account reactivation fees receivable, less an allowance for uncollectible accounts, represents the amount of account reactiva reasonably expects to receive from consumers. Receivables from merchants represent amounts merchants owe Sezzle relating to transactions plac sites.

All notes receivable from consumers, as well as related fees, outstanding greater than 90 days past due are charged off as uncollectible. It is the C continue collection efforts after the charge-off date. Refer to Note 4 and Note 5 for further information about receivable balances, allowances, and

Sezzle Income

Sezzle income as disclosed within the consolidated statements of operations and comprehensive loss is comprised of merchant fees and reschedul origination costs.

Sezzle earns its income primarily from fees paid by merchants in exchange for Sezzle's payment processing services. These fees are applied to th consumers passing through the Company's platform and are predominantly based on a percentage of the consumer order value plus a fixed fee pe installment payment plans typically consist of four installments, with the first payment made at the time of purchase and subsequent payments co thereafter. Consumers are allowed to reschedule their initial installment one time without incurring a reschedule fee and the principal of a resched considered to be delinquent. If consumers reschedule a payment more than once in the same order cycle they are subject to a reschedule fee. Note

comprised of costs paid to third-parties to obtain data for underwriting consumers which result in a successful transaction. Such costs which resul recorded within third-party technology and data on the consolidated statements of operations and comprehensive loss.

Sezzle income is initially recorded as a reduction to notes receivable, net, within the consolidated balance sheets. Sezzle income is then recognize of the note using the effective interest rate method. Total Sezzle income to be recognized over the duration of existing notes receivable outstandin $3,458,222 as of December 31, 2021 and 2020, respectively. Total Sezzle income recognized was $98,200,184 and $49,659,042 for the years end 2020, respectively. Sezzle income in the fourth quarter has historically been strongest for the Company, in line with consumer spending habits du season.

Account Reactivation Fee Income

Sezzle also earns income from consumers in the form of account reactivation fees. These fees are assessed to consumers who fail to make a timely at a minimum and subject to state jurisdiction regulation, a 48-hour waiver period where fees are dismissed if the installment is paid by the consu fees are recognized at the time the fee is charged to the consumer, less an allowance for uncollectible amounts. Account reactivation fee income r $16,616,451 and $9,129,231 for the years ended December 31, 2021 and 2020, respectively.

Debt Issuance Costs

Costs incurred in connection with originating debt are capitalized and are classified in the consolidated balance sheets as a reduction of the financ which those costs relate. Debt issuance costs are amortized over the life of the underlying debt obligation utilizing the straight-line method, which interest method. Amortization of debt issuance costs is included within net interest expense on the consolidated statements of operations and com

Property and Equipment

Property and equipment are recorded at cost, less accumulated depreciation. The Company capitalizes all property and equipment exceeding $1,0 provided using either the straight-line or double-declining balance method, based on the useful lives of the assets:

	Years	M
Computers and computer equipment	3	Double-d
Office equipment	5	Double-d
Furniture and fixtures	7	Str

Maintenance and repairs are expensed as incurred. See Note 2 for further information.

Internally Developed Intangible Assets

The Company capitalizes costs incurred for web development and software developed for internal use. The costs capitalized primarily relate to di employees and contractors working directly on software development and implementation. Projects are eligible for capitalization once it is determ being designed or modified to meet internal business needs; the project is ready for its intended use; the total estimated costs to be capitalized exc no plans to market, sell, or lease the project.

Amortization is provided using the straight-line method, based on the useful lives of the intangible assets as follows:

	Years	M
Internal use software	3	Str
Website development costs	3	Str

See Note 3 for further information.

Research and Development Costs

Research expenditures that relate to the development of new processes, including internally developed software, are expensed as incurred. Such c $1,462,000 and $490,000 for the years ended December 31, 2021 and 2020, respectively. Research expenditures are recorded within personnel on statements of operations and comprehensive loss.

Impairment of Long-Lived Assets

The Company reviews the carrying value of long-lived assets, which includes property, equipment, and internally developed intangible assets, for events and circumstances indicate that the assets' carrying value may not be recoverable from the future cash flows expected to result from its use In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends, an

which the asset is used; and the effects of obsolescence, demand, competition, and other economic factors. Impairments for the years ended Decer were $5,475 and $7,850, respectively. Impairment costs are recorded in general and administrative within operating expenses in the consolidated s and comprehensive loss.

As of December 31, 2021 and 2020, the Company had not renewed or extended the initial determined life for any of its recognized internally deve

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the consolidated financial statements and consist of taxes currently due pl primarily to differences between the basis of receivables, property and equipment, equity based compensation, and accrued liabilities for financial The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible liabilities are recovered or settled. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely or all of the deferred tax assets will not be realized. A full valuation allowance is recorded against the Company's deferred tax assets.

The Company evaluates its tax positions that have been taken or are expected to be taken on income tax returns to determine if an accrual is neces positions. To date the Company has not recorded any liabilities for uncertain tax positions. Refer to Note 8 for further information.

Advertising Costs

Advertising costs are expensed as incurred and consist of traditional marketing, digital marketing, sponsorships, and promotional product expense $8,569,276 and $3,883,936 for the years ended December 31, 2021 and 2020, respectively.

Equity Based Compensation

The Company maintains stock compensation plans that offer incentives in the form of non-statutory stock options and restricted stock to employe of the Company. Equity based compensation expense reflects the fair value of awards measured at the grant date and recognized over the relevant Company estimates the fair value of stock options without a market condition on the measurement date using the Black-Scholes option valuation stock options and restricted stock units with a market condition is estimated, at the date of grant, using the Monte Carlo Simulation model. The Bl Carlo Simulation models incorporate assumptions about stock price volatility, the expected life of the options, risk-free interest rate, and dividend Company's stock option grants, significant judgment is required for determining the expected volatility of the Company's common stock and is ba volatility of both its common stock and its defined peer group. The fair value of restricted stock awards and restricted stock units is based on the f Company's common stock on the date of grant. The expense associated with equity based compensation is recognized over the requisite service p line method. The Company issues new shares of common stock upon the exercise of stock options and vesting of restricted stock units. Refer to N further information around the Company's equity based compensation plans.

Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions tha reported in the consolidated financial statements. The Company's estimates and judgments are based on historical experience and various other as are reasonable under the circumstances. The amount of assets and liabilities reported on the Company's consolidated balance sheets and the amou expenses reported for each of the periods presented are affected by estimates and assumptions, which are used for, but not limited to, determining uncollectible accounts recorded against outstanding receivables, the useful life of property and equipment and internally developed intangible asse impairment of property and equipment and internally developed intangible assets, valuation of equity based compensation, leases, and income tax

Fair Value

Fair values are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market par measurement date (i.e. an exit price). The accounting guidance includes a fair value hierarchy that prioritizes the inputs to valuation techniques us The three levels of the fair value hierarchy are as follows:

- Level 1 — Unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 — Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indire full term of the asset or liability; and
- Level 3 — Unobservable inputs for the asset or liability, which include management's own assumption about the assumptions market pa pricing the asset or liability, including assumptions about risk.

The Company measures the value of its money market securities on a regular basis. The fair value of its money market securities, totaling $6,408, December 31, 2021 and 2020, respectively, are based on Level 1 inputs and are included within cash and cash equivalents on the consolidated bal

Segments

We conduct our operations through a single operating segment and, therefore, one reportable segment. There are no significant concentrations by location, nor are there any significant individual customer concentrations by balance.

Foreign Currency Exchange Gains (Losses)

Sezzle works with international merchants, creating exposure to gains and losses from foreign currency exchanges. Sezzle's income and cash can in the Canadian Dollar, Euro, Indian Rupee, and Brazilian Real. Losses from foreign exchange rate fluctuations that affect Sezzle's net loss totale for the years ended December 31, 2021 and 2020, respectively. Foreign currency exchange gains and losses are recorded within other income and consolidated statements of operations and comprehensive loss.

The financial statements of the Company's non-U.S. subsidiaries are translated into U.S. dollars in accordance with ASC 830, "Foreign Currency if the assets and liabilities of the Company are recorded in certain non-U.S. functional currencies other than the U.S. dollar, they are translated at Revenue and expense items are translated at the average monthly exchange rates. The resulting translation adjustments are recorded directly into a comprehensive income. Foreign currency translation adjustment income totaled $69,406 and $494,505 for the years ended December 31, 2021 an

Recent Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2016-13, "Financial Instrun Measurement of Credit Losses on Financial Instruments" which requires reporting entities estimate credit losses expected to occur over the life of will be recorded in current period earnings and recorded through an allowance for credit losses on the consolidated balance sheet. During Novemb 2019, October 2019, November 2019 and March 2020, the FASB also issued ASU No. 2018-19, "Codification Improvements to Topic 326, Finan Losses"; ASU No. 2019-04, "Codification Improvements to Topic 326, Financial Instruments – Credit Losses"; ASU No. 2019-05 "Targeted Tran 2019-10 "Financial Instruments—Credit Losses (Topic 326): Effective Dates"; ASU No. 2019-11, "Codification Improvements to Topic 326, Fin Losses"; and ASU No. 2020-03 "Codification Improvements to Financial Instruments". ASU No. 2018-19 clarifies the effective date for nonpubl receivables arising from operating leases are not within the scope of Subtopic 326-20, ASU Nos. 2019-04 and 2019-05 amend the transition guida 2016-13, ASU No. 2019-10 delayed the effective date for applying this standard and ASU Nos. 2019-11 and 2020-03 amend ASU No. 2016-13 to or improve the guidance. ASU No. 2016-13 (as amended) is effective for annual periods and interim periods within those annual periods beginnin 2021. Companies that meet the criteria of a smaller reporting company can elect to defer adoption of ASU No. 2016-13 (as amended) to annual pe within those annual periods beginning after December 15, 2022. Early adoption is permitted for annual and interim periods beginning after Decem reporting company, Sezzle plans to adopt this standard beginning January 1, 2023 and is currently evaluating the impact of the standard on its con statements.

In December 2019, the FASB issued ASU No. 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes" which requir calculated based on income are included in income tax expense. To the extent that the franchise taxes not based on income exceed the franchise ta excess is recorded outside of income tax expense. ASU No. 2019-12 is effective for fiscal years, and interim periods within those fiscal years, beg 2020 for public entities. Sezzle adopted this standard beginning January 1, 2021 with no impact to the consolidated financial statements for the ye 2021.

In March 2020, the FASB issued ASU No. 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform o which provides optional expedients and exceptions if certain criteria are met when accounting for contracts or other transactions that reference LI guidance is optional until December 31, 2022 and varies based on the practical expedients elected. Effective January 1, 2022, the Company amen agreement to replace references to LIBOR with the U.S. Federal Reserve's Secured Overnight Financing Rate (SOFR). The Company believes the rate to SOFR from LIBOR will not have a material impact on the Company's financial statements, and as such the Company does not anticipate m expedients related to Reference Rate Reform.

In August 2020, the FASB issued ASU No. 2020-06, "Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and He Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity" which simplifies the a debt by eliminating the beneficial conversion feature and cash conversion feature models from the guidance and instead requires entities to record amortized cost. Application of the guidance is optional starting in fiscal years beginning after December 15, 2020 and required for public entities The Company is not expecting this standard to have any potential future impacts on the Company's consolidated financial statements, as its previ debt had been settled prior to the earliest presented period in its consolidated financial statements.

In November 2021, the FASB issued ASU No. 2021-10, "Government Assistance (Topic 832)—Disclosures by Business Entities about Governm requires annual disclosures about transactions with a government that are accounted for by applying a grant or contribution accounting model by a is effective for annual periods beginning after December 15, 2021 for all entities. The Company is not expecting this standard to have any potentia Company's consolidated financial statements, as its Paycheck Protection Program loan was accounted for as debt rather than a government grant

Property and Equipment

12 Months Ended
Dec. 31, 2021

Property, Plant and Equipment [Abstract]

Property and Equipment

Property and Equipment

As of December 31, 2021 and 2020, property and equipment, net, consists of the following:

		2021
Computer and office equipment	$	1,314,656 $
Furniture and fixtures		28,967
Property and equipment, gross		1,343,623
Less accumulated depreciation		(681,151)
Property and equipment, net	**$**	**662,472 $**

Depreciation expense relating to property and equipment was $394,068 and $170,949 for the years ended December 31, 2021 and 2020, respectiv
general and administrative on the consolidated statements of operations and comprehensive loss.

Internally Developed Intangible Assets	12 Months Ended Dec. 31, 2021
Goodwill and Intangible Assets Disclosure [Abstract]	
Internally Developed Intangible Assets	

Internally Developed Intangible Assets

As of December 31, 2021 and 2020, internally developed intangible assets, net, consists of the following:

		2021
Internal use software and website development costs	$	1,397,169 $
Works in process		260,468
Internally developed intangible assets, gross		1,657,637
Less accumulated amortization		(747,053)
Internally developed intangible assets, net	**$**	**910,584 $**

Amortization expense relating to internally developed intangible assets was $355,043 and $257,425 for the years ended December 31, 2021 and 2
recorded within general and administrative on the consolidated statements of operations and comprehensive loss.

Notes Receivable

12 Months Ended
Dec. 31, 2021

Receivables [Abstract]
Notes Receivable

Notes Receivable

Sezzle's notes receivable comprise outstanding consumer principal and reschedule fees that Sezzle reasonably expects to collect from its consume
2021 and 2020, Sezzle's notes receivable, related allowance for uncollectible accounts, and deferred net origination fees are recorded within the c
as follows:

		2021
Notes receivable, gross	$	162,341,675 $
Less allowance for uncollectible accounts:		
Balance at beginning of year		(11,133,146)
Provision		(52,621,682)
Charge-offs, net of recoveries totaling $6,153,728 and $648,799, respectively		40,640,655
Total allowance for uncollectible accounts		(23,114,173)
Notes receivable, net of allowance		139,227,502
Deferred Sezzle income		(5,240,919)
Notes receivable, net	**$**	**133,986,583 $**

Sezzle maintains an allowance for uncollectible accounts at a level necessary to absorb estimated probable losses on principal and reschedule fee
consumers. Any amounts delinquent after 90 days are charged-off with an offsetting reversal of the allowance for doubtful accounts through the p
accounts. Additionally, amounts identified as no longer collectible—such as when a consumer becomes deceased or bankrupt—are charged off in
payments recovered after the 90 day charge-off period are recognized as a reduction to the allowance for uncollectible accounts in the period the r
Sezzle has not changed the methodology for estimating its allowance for uncollectible accounts during the year ended December 31, 2021.

Sezzle uses its judgment to evaluate the allowance for uncollectible accounts based on current economic conditions and historical performance of
historical vintages are grouped into semi-monthly populations for purposes of the allowance assessment. The balances of historical cumulative ch
support the calculation for estimating the allowance for uncollectible accounts for vintages outstanding less than 90 days.

Sezzle estimates the allowance for uncollectible accounts by segmenting consumer accounts receivable by the number of days balances are delinq
least one day past the initial due date are considered delinquent. Balances that are not delinquent are considered current. Consumer notes receivab
following the passage of 90 days without receiving a qualifying payment, upon notice of bankruptcy, or death. Consumers are allowed to reschedu
without incurring a reschedule fee and the principal of a rescheduled payment is not considered to be delinquent. If consumers reschedule a paym
same order cycle they are subject to a reschedule fee.

Deferred Sezzle income is comprised of unrecognized merchant fees and consumer reschedule fees net of direct note origination costs, which are
duration of the note with the consumer and are recorded as an offset to Sezzle income on the consolidated statements of operations and compreher
receivable had a weighted average days outstanding of 34 days, consistent with the prior year's duration.

The following table summarizes Sezzle's gross notes receivable and related allowance for uncollectible accounts as of December 31, 2021 and 20

	2021			2020	
	Gross Receivables	**Less Allowance**	**Net Receivables**	**Gross Receivables**	**Less Allowance**
Current	$ 139,024,393	$ (7,989,217)	$ 131,035,176	$ 79,673,073	$ (2,692,25
Days past due:					
1–28	12,263,154	(5,126,611)	7,136,543	9,574,902	(3,616,32
29–56	5,266,164	(4,267,236)	998,928	3,576,255	(2,646,62
57–90	5,787,964	(5,731,109)	56,855	2,574,438	(2,177,93
Total	**$ 162,341,675**	**$ (23,114,173)**	**$ 139,227,502**	**$ 95,398,668**	**$ (11,133,14**

Other Receivables

Receivables [Abstract]

Other Receivables

12 Months Ended
Dec. 31, 2021

Other Receivables

As of December 31, 2021 and 2020, the balance of other receivables, net, on the consolidated balance sheets is comprised of the following:

		2021
Account reactivation fees receivable, net	$	1,325,443 $
Receivables from merchants, net		3,758,656
Other receivables, net	**$**	**5,084,099 $**

Account reactivation fees are applied to principal installments that are delinquent for more than 48 hours (or longer depending on the regulations jurisdiction) after the scheduled installment payment date. Any account reactivation fees associated with a delinquent payment are considered to b delinquent as the principal payment. Account reactivation fees receivable, net, is comprised of outstanding account reactivation fees that Sezzle re from its consumers.

As of December 31, 2021 and 2020, Sezzle's account reactivation fees receivable and related allowance for uncollectible accounts are recorded w balance sheets as follows:

		2021
Account reactivation fees receivable, gross	$	3,016,514 $
Less allowance for uncollectible accounts:		
Balance at start of period		(1,071,588)
Provision		(6,128,851)
Charge-offs, net of recoveries totaling $1,273,319 and $71,110, respectively		5,509,368
Total allowance for uncollectible accounts		(1,691,071)
Account reactivation fees receivable, net	**$**	**1,325,443 $**

Sezzle maintains the allowance at a level necessary to absorb estimated probable losses on consumer account reactivation fee receivables. Any am days are charged-off with an offsetting reversal of the allowance for doubtful accounts through the provision for uncollectible accounts. Additiona no longer collectible—such as when a consumer becomes deceased or bankrupt—are charged off immediately. Payments recovered after the 90 d recognized as a reduction to the allowance for uncollectible accounts in the period the receivable is recovered. Sezzle has not changed the method allowance for uncollectible accounts during the year ended December 31, 2021.

Receivables from merchants primarily represent merchant fees receivable for orders settled with the Sezzle Virtual Card solution. Such receivable $596,156 as of December 31, 2021 and 2020, respectively. Virtual card transactions are settled with the merchant for the full purchase price at the separately invoices the merchant for the merchant fees due to Sezzle.

Additionally, the Company had other uncollectible receivables, net, which totaled $19,891 and $3,090 as of December 31, 2021 and 2020, respect ended December 31, 2021 and 2020, the Company recorded direct write-downs of $1,221,001 and $376,120, respectively, related to these other u from merchants which are included in transaction expense on the consolidated statements of operations and comprehensive loss. Such write-down provision for uncollectible other receivables on the consolidated statements of cash flows.

Leases

	12 Months Ended Dec. 31, 2021
Leases [Abstract]	
Leases	

Leases

Sezzle is currently entered into operating leases for its corporate office spaces in the United States, Canada, India, Lithuania, and Brazil. Total lea
years ended December 31, 2021 and 2020 was $472,876 and $513,248, respectively. Lease expense is recognized within general and administrati
statements of operations and comprehensive loss. Cash payments for leases totaled $466,315 and $558,631 for the years ended December 31, 202

Right-of-use assets and lease liabilities are recognized as of the commencement date based on the present value of the remaining lease payments c
includes renewal periods that the Company is reasonably certain to exercise. Right-of-use assets and lease liabilities are recorded within current as
respectively, on the consolidated balance sheets.

During the year ended December 31, 2021, Sezzle renewed a portion of its operating leases in the United States and Canada, which it had previou
unlikely to renew. Additionally, Sezzle entered into new operating lease agreements in Lithuania and Brazil. As a result, Sezzle recorded an increa
of-use assets and its corresponding lease liabilities of $328,341.

The expected maturity of the Company’s operating leases as of December 31, 2021 is as follows:

2022	$
2023	
2024	
Interest	
Present value of lease liabilities	$

The weighted average remaining term of the Company’s operating leases is 1.5 years and its weighted average discount rate for all operating lease
December 31, 2021, Sezzle has not entered into any lease agreements that contain residual value guarantees or financial covenants.

Commitments and Contingencies	12 Months Ended Dec. 31, 2021
Commitments and Contingencies Disclosure [Abstract]	
Commitments and Contingencies	

Commitments and Contingencies

Merchant Contract Obligations

The Company has entered into several agreements with third-parties in which Sezzle will reimburse these third-parties for mutually agreed upon co-branded marketing and advertising costs. As of December 31, 2021 and 2020, the Company had outstanding agreements that stipulate Sezzle will commit to spend up to approximately $35.1 million and $0.7 million, respectively, in marketing and advertising spend in future periods. These agreements generally have contractual terms ranging from one to three years.

Expenses incurred relating to these agreements totaled $6,496,361 and $3,220,959 for the years ended December 31, 2021 and 2020, respectively. These expenses are included within marketing, advertising, and tradeshows on the consolidated statements of operations and comprehensive loss. Sezzle had approximately $83,000 and $211,000 recorded as a prepaid expense related to these agreements in the consolidated balance sheets as of December 31, 2021 and 2020, respectively.

Certain agreements also contain provisions that may require payments by the Company and are contingent on Sezzle and/or the third party meeting specified criteria, such as achieving volume targets and implementation benchmarks. As of December 31, 2021, the Company had outstanding agreements that stipulate Sezzle may spend approximately $6.7 million in future periods if such criteria are met.

Income Taxes

Income Tax Disclosure [Abstract]

Income Taxes

12 Months Ended Dec. 31, 2021

Income Taxes

The components of loss before taxes for the years ended December 31, 2021 and 2020 are as follows:

		2021
United States	$	(63,143,175) $
International		(11,966,772)
Total	**$**	**(75,109,947) $**

The income tax expense components for the years ended December 31, 2021 and 2020 are as follows:

		2021
Current tax expense		
Federal	$	— $
Foreign		—
State		58,416
Deferred tax expense		
Federal		—
Foreign		—
State		—
Income tax expense	**$**	**58,416 $**

The components of the net deferred tax assets and liabilities as of December 31, 2021 and December 31, 2020 are as follows:

		2021
Deferred tax assets:		
Net operating loss carryforwards	$	17,865,584 $
Allowance for uncollectible accounts		6,171,512
Equity based compensation		3,273,873
Lease liability		50,408
Startup costs		10,517
Accruals		328,154
Nondeductible interest		945,153
Other		290,029
Total net deferred tax assets		28,935,230
Valuation allowance		(28,842,025)
Deferred tax liabilities:		
Depreciation and amortization		(36,457)
Equity based compensation		(356)
Right-of-use asset		(56,392)
Total net deferred tax liabilities		(93,205)
Net deferred tax asset (liability)	**$**	**— $**

A reconciliation of the Company's provision for income taxes at the federal statutory rate to the reported income tax provision for the years ended 2020 are as follows:

	2021
Computed "expected" tax benefit	(21.0)%
State income tax benefit, net of federal tax effect	(2.6)
Nondeductible equity based compensation	1.2
Other permanent differences	0.3
Change in valuation allowance	23.5
Foreign rate differentials and other	(1.3)
Income tax expense	0.1 %

As of December 31, 2021, the Company had federal, state, and foreign net operating loss carryforwards of approximately $60,228,000, $28,834,0
respectively. The federal net operating loss carryforwards that originated after 2017 have an indefinite life and may be used to offset 80% of a futu
The federal net operating loss carryforwards that originated prior to 2018 have expiration dates between 2036 and 2037. The state net operating lo
between 15 years and indefinitely and begin to expire in 2031.

The Company's ability to utilize a portion of its net operating loss carryforwards to offset future taxable income is subject to certain limitations un
Internal Revenue Code due to changes in the equity ownership of the Company. An ownership change under Section 382 has not been determined

Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permi
deferred tax assets. A significant piece of objective negative evidence evaluated was the cumulative loss incurred over the three-year period ended
objective evidence limits the ability to consider other subjective evidence, such as the Company's projections for future growth.

On the basis of this evaluation, as of December 31, 2021, a valuation allowance of $28,842,025 has been recorded since the deferred tax asset is n
realized. The amount of the deferred tax asset considered realizable, however, could be adjusted if estimates of future taxable income during the c
reduced or increased or if objective negative evidence in the form of cumulative losses is no longer present and additional weight is given to subje
projections for growth. The change in valuation allowance was approximately $17,615,000 and $7,567,000 for the years ended December 31, 202

The Company files income tax returns in the U.S. federal jurisdiction, Brazil, Canada, Germany, India, Lithuania, the Netherlands and various U.S
does not believe an uncertain tax position exists as of December 31, 2021. Based on the Company's assessment of many factors, including past ex
judgements about future events, the Company does not currently anticipate significant changes in its uncertain tax positions over the next 12 mont
adoption of the referenced provisions, the Company recognizes interest and penalties accrued related to unrecognized tax benefits in income tax e
December 31, 2021, the Company had no accrued interest and penalties.

The Company's federal and state tax returns are open for review going back to the 2018 tax year.

The Tax Cuts and Jobs Act, signed into U.S. legislation on December 22, 2017, introduced a new Global Intangible Low-Taxed Income ("GILTI"
GAAP, the Company is allowed to make an accounting policy choice of either 1) treating taxes due on future U.S. inclusions in taxable income re
period cost when incurred, or 2) factoring such amounts into the Company's measurement of its deferred taxes. GILTI depends not only on the Co
and estimated future income, but also on intent and ability to modify the structure or business. The Company has chosen to treat GILTI as a curren
incurred.
In November 2018, the U.S. Treasury issued proposed regulations for the new section 163(j), which generally limits business interest deductions t
income ("ATI"). Any disallowed business interest can be carried forward on an indefinite basis. For the year ended December 31, 2021, the Comp
business interest carryforwards of $3,874,493.

Management's intention is to reinvest foreign earnings into the Company's foreign operations. To date, Sezzle's various foreign subsidiaries do no

Stockholders' Equity	12 Months Ended Dec. 31, 2021
Equity [Abstract]	
Stockholders' Equity	

Stockholders' Equity

Repurchase and Retirement of Common Stock

On June 3, 2020, the Company repurchased 343,750 common shares from an existing stockholder. The purchase was made at the original cost basis, totaling $2,234, and is recorded as a reduction in common stock and additional paid-in capital within the consolidated statements of stockholders' equity as of December 31, 2020. The repurchased shares were retired upon purchase by the Company.

Sezzle retains a portion of vested restricted stock units to cover withholding taxes for employees. As of December 31, 2020, Sezzle had withheld 152,035 shares at a value totaling $875,232. As of December 31, 2021, Sezzle had withheld 660,118 shares at a value totaling $3,691,322. Sezzle recognizes these amounts as treasury stock, at cost, within the consolidated balance sheets as a reduction to stockholders' equity.

Issuance of Common Stock

On July 15, 2020, Sezzle raised $55,316,546 of proceeds via an institutional placement. On August 10, 2020, the Company raised an additional $5,140,710 of proceeds via a Securities Purchase Plan offered to existing investors. The total costs of the capital raise were $2,484,504, resulting in overall net proceeds of $57,972,752. In exchange for the capital raise, Sezzle issued 16,289,935 Chess Depository Interests ("CDIs") at a price of $3.82 per CDI (A$5.30). The issued CDIs are equivalent to common shares on a 1:1 basis.

On July 14, 2021, Sezzle agreed to issue Discover Financial Services LLC $30,000,000 of the Company's common stock at a price of $6.58 per share (A$8.83), which was completed on July 19, 2021. The Company incurred issuance costs of $2,768 in connection to this sale. The proceeds from the sale offset such issuance costs within stockholders' equity on the consolidated balance sheets.

Employee Benefit Plan	12 Months Ended Dec. 31, 2021
Retirement Benefits [Abstract]	
Employee Benefit Plan	Employee Benefit Plan During the years ended December 31, 2021 and 2020, the Company sponsored a defined contribution 401(k) plan for eligible U.S. employees. Participants in the plan can elect to defer a portion of their eligible compensation, on a pre- or post-tax basis, subject to annual statutory contribution limits. Additionally, in 2021 the Company began sponsoring a defined contribution Registered Retirement Savings Plan (“RRSP”) for eligible Canadian employees. Participants in the RRSP can elect to defer a portion of their eligible compensation on a pre-tax basis, subject to annual statutory contribution limits. Assets under both plans are held separately from those of the Company in funds under the control of a third-party trustee. Effective July 1, 2021, the Company began matching up to six percent of employee contributions under both plans. During the year ended December 31, 2021, the Company incurred expenses of $588,612 related to matching contributions. The Company made no contributions to the plan during the year ended December 31, 2020.

Line of Credit	12 Months Ended Dec. 31, 2021
Debt Disclosure [Abstract]	
Line of Credit	

Line of Credit

For the years ended December 31, 2021 and 2020, interest expense relating to the utilization of its lines of credit was $1,745,528 and $2,238,740, respectively. Interest expense relating to unused daily amounts was $560,687 and $229,523 for the years ended December 31, 2021 and 2020, respectively. Amortization expense recorded for debt issuance costs related to its lines of credit totaled $689,930 and $417,054 for the years ended December 31, 2021 and 2020, respectively.

2019 Line of Credit Agreement

On November 29, 2019, Sezzle Funding SPE, LLC and Sezzle Inc. entered into a Loan and Security Agreement (the "Loan Agreement") with Bastion Consumer Funding II, LLC, Atalaya Asset Income Fund IV LP, and Hudson Cove Credit Opportunity Master Fund, LP (the "Syndicate") for a credit facility of $100,000,000 with a maturity date of May 29, 2022. The Loan Agreement bore interest at a floating per annum rate equal to the 3-month LIBOR + 7.75% (minimum 9.50%). The interest rate was 9.50% as of December 31, 2020. Beginning May 27, 2020, any daily unused amounts incurred a facility fee due to the Syndicate from Sezzle at a rate of .50% per annum. The Company had an outstanding revolving line of credit balance of $40,000,000 as of December 31, 2020, recorded within line of credit, net as a non-current liability on the consolidated balance sheets.

Under the Loan Agreement, interest on borrowings was due monthly and all borrowings were due at maturity. Borrowings subsequent to May 1, 2019 were based on 90% of eligible notes receivable from both the United States and Canada, defined as past due balances outstanding less than 30 days originating from the United States. The Company's obligations under the Loan Agreement were secured by its consumer notes receivable. The collateral did not include the Company's intellectual property, but the Company had agreed not to encumber its intellectual property without the consent of the Syndicate. As of December 31, 2020, Sezzle had pledged $70,989,536 of its notes receivable to Sezzle Funding SPE, LLC. Sezzle had an unused borrowing capacity of $23,890,582 as of December 31, 2020.

The Company was required to maintain a drawdown from the credit facility of at least $20,000,000 beginning November 29, 2019 and of at least $40,000,000 beginning November 29, 2020. In February 2021, the Company paid a $1,000,000 fee to terminate this Loan Agreement and repaid the amounts outstanding under the credit facility with proceeds from the Company's new line of credit, which is defined below. Total cumulative cash payments for debt issuance costs related to this Loan Agreement were $663,649.

2021 Line of Credit Agreement

On February 10, 2021, Sezzle Funding SPE II, LLC, a wholly owned indirect subsidiary of Sezzle, (the "Borrower") entered into a senior secured asset-based revolving credit facility, with a borrowing capacity of up to $250,000,000 (the "line of credit"), which is governed by a credit agreement entered into by the Borrower, Goldman Sachs Bank USA (the "Class A senior lender"), and Bastion Consumer Funding II LLC and Bastion Funding IV LLC (the "Class B

mezzanine lenders"). The line of credit has a maturity date of June 12, 2023 (a 28-month term from the agreement date).

Fifty percent of the total available funding facility ($125,000,000) is committed (the "Committed Facility"), while the remaining fifty percent ($125,000,000) is available to the Company for expanding its funding capacity (the "Incremental Facility"). Each of the Committed Facility and Incremental Facility is split between the Class A senior lender and Class B mezzanine lenders (in the amounts of $97.2 million and $27.8 million for each facility, respectively), and the amounts available to be borrowed from the Class A senior lender and Class B mezzanine lenders are subject to separate borrowing bases. Loans under the Incremental Facility are available at the sole discretion of each Class A and Class B lender. The Company had an outstanding line of credit balance of $78,800,000 as of December 31, 2021, recorded within line of credit, net, as a non-current liability on the consolidated balance sheets.

The agreement is secured by the Company's consumer notes receivable it chooses to pledge. Borrowings are generally based on 90% of eligible notes receivable pledged, or 85% if the weighted average FICO scores of the pledged receivables fall below 580. Eligible notes receivable are defined as notes receivable from consumers in the United States or Canada that are less than 15 days past due. As of December 31, 2021, Sezzle had pledged $149,203,705 of its notes receivable and had an unused borrowing capacity of $29,771,561.
The obligations of the Borrower under the line of credit are guaranteed by Sezzle Funding SPE II Parent, LLC, a wholly owned subsidiary of Sezzle, ("SPE II Parent"), which is the sole member and owner of 100% of the equity interests of the Borrower, pursuant to the Pledge and Guaranty Agreement dated as of February 10, 2021 (the "Parent Guaranty"), entered into by SPE II Parent in favor of Goldman Sachs Bank USA, as administrative agent, on behalf of the secured parties under the line of credit. The line of credit is further supported by a limited guaranty and indemnity of certain losses, expenses, and claims of the lenders and other secured parties, provided by the Company, as the direct owner of 100% of the legal and beneficial equity interests in SPE II Parent, pursuant to the Limited Guaranty and Indemnity Agreement entered into as of February 10, 2021 (the "Limited Guaranty") by the Company for the benefit of Goldman Sachs Bank USA, as administrative agent on behalf of the secured parties under the line of credit.

The line of credit carries an interest rate of 3-month LIBOR+3.375% and 3-month LIBOR+10.689% (the LIBOR floor rate is set at 0.25%) for funds borrowed from the Class A senior lender and Class B mezzanine lenders, respectively. As of December 31, 2021, the weighted average interest rate was 5.25%. Interest on borrowings is due on collection dates as specified in the loan agreement, typically fortnightly.

Additionally, any unused daily amounts incurred a facility fee at a rate of 0.50% per annum until May 11, 2021. Beginning May 11, 2021, the facility fee rate became variable, dependent on the percentage of the line of credit utilized. If less than one-third of the facility is used, the rate is 0.65% per annum; if between one-third and two-thirds of the facility is used, the rate is 0.50% per annum; and if more than two-thirds of the facility is used, the rate is 0.35% per annum. In the event of a prepayment due to a broadly marketed and distributed securitization transaction with a party external to the agreement, an exit fee of 0.75% of such prepaid balance will be due to the lender upon such transaction. Total cumulative cash payments for debt issuance costs related to the new line of credit were $1,697,705, all of which were paid during the year ended December 31, 2021.

The agreement governing the line of credit includes certain restrictive covenants and, among other things and subject to certain exceptions and qualifications, limits the Borrower's ability to: (i) incur or guarantee additional indebtedness, (ii) make investments or other restricted payments, (iii) acquire assets or form or acquire subsidiaries; (iv) create liens, (v) sell assets, (vi) pay dividends or make other distributions or repurchase or redeem capital stock, (vii) engage in certain transactions with affiliates, (viii) enter into agreements that restrict the creation or incurrence of liens other than the line of credit and related documents; (ix) engage in liquidations, mergers or consolidations; and (x) make any material amendment, modification or supplement to its credit guidelines or servicing guide. SPE II Parent is subject to similar restrictive covenants contained in the Parent Guaranty.

The Limited Guaranty includes financial maintenance covenants pertaining to the tangible net worth, liquidity and leverage of the Company and its subsidiaries on a consolidated basis (the "Consolidated Group"). The Consolidated Group is required to maintain at all times a minimum tangible net worth of (i) if the aggregate outstanding principal balance of advances under the line of credit is less than or equal to $125.0 million, $15.0 million or (ii) if the aggregate outstanding principal balance of advances under the line of credit is greater than $125.0 million, $30.0 million. With respect to liquidity, the Consolidated Group must maintain unrestricted cash at all times in an amount at least equal to the greater of (i) $7.5 million and (ii) 7.5% of the amount funded under the line of credit. The Consolidated Group is also required to maintain a maximum leverage ratio, tested as of the last day of each fiscal quarter, of (i) on or prior to March 31, 2022, 8.00 to 1.00 and (ii) after March 31, 2022, 12.00 to 1.00. All three financial covenants are subject to tightening should the Company become party to a comparable guaranty containing similar financial covenants set at more restrictive levels. A failure by the Company to satisfy the financial covenants under the Limited Guaranty constitutes an event of default under the line of credit.

The credit agreement governing the line of credit also contains certain customary representations and warranties, affirmative covenants and events of default (including, among others, an event of default upon a change of control). An immediate event of default is also deemed to have occurred if ratios pertaining to defaulted collateral receivables of a particular vintage or past due collateral receivables within a certain collection period exceed pre-determined levels.

Long Term Debt	12 Months Ended Dec. 31, 2021
Debt Disclosure [Abstract]	
Long Term Debt	Long Term Debt

Minnesota Department of Employment and Economic Development Loan

On July 26, 2018, the Minnesota Department of Employment and Economic Development ("DEED") funded a $250,000 seven-year interest-free loan to Sezzle under the State Small Business Credit Initiative Act of 2010 (the "Act"). The Act was created for additional funds to be allocated and dispersed by states that have created programs to increase the amount of capital made available by private lenders to small businesses. The loan proceeds are used for business purposes, primarily start-up costs and working capital needs. The loan may be prepaid in whole or in part at any time without penalty. If more than fifty percent of the ownership interest in Sezzle is transferred during the term of the loan, the loan will be required to be paid in full, along with a penalty in the amount of thirty percent of the original loan amount. The loan matures and is due to be paid back to DEED in June 2025.

Paycheck Protection Program Loan

On April 14, 2020, the Company received loan proceeds in the amount of $1,220,332 under the U.S. Small Business Administration's ("SBA") Paycheck Protection Program ("PPP"). The PPP, established as part of the CARES Act, provides loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. PPP loans are uncollateralized and guaranteed by the SBA, and are forgivable after a "covered period" (eight or twenty-four weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible expenses, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries and wages more than 25% during the covered period. Any unforgiven portion of the PPP loan is payable over two years at an interest rate of 1% with payments deferred until the SBA remits the borrower's loan forgiveness amount to the lender, or, if the borrower does not apply for forgiveness, ten months after the end of the covered period. PPP loan terms provide for customary events of default including payment defaults, breaches of representations and warranties, and insolvency events and may be accelerated upon the occurrence of one or more of these events of default. Additionally, the PPP loan terms do not include prepayment penalties.

On June 24, 2021, the Company repaid the loan in full, comprising $1,220,332 in principal and $14,779 in accrued interest. The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted or the loan has been repaid in full. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

Equity Based Compensation

12 Months Ended
Dec. 31, 2021

Share-based Payment Arrangement [Abstract]

Equity Based Compensation

Equity Based Compensation

The Company issues incentive and non-qualified stock options, restricted stock units, and restricted stock awards to employees and non-employee requirements varying from six months to four years. The Company utilizes the Black-Scholes model for valuing stock option issuances and the gr valuing restricted stock issuances.

Equity based compensation expense, including vesting of restricted stock units, totaled $14,161,754 and $7,010,844 for the years ended Decembe respectively. Equity based compensation expense is recorded within personnel on the consolidated statements of operations and comprehensive lo

2016 Employee Stock Option Plan

The Company adopted the 2016 Employee Stock Option Plan on January 16, 2016. The number of options authorized for issuance under the plan Company had 5,659,017 and 6,844,170 options issued and outstanding under the plan as of December 31, 2021 and 2020, respectively. Additiona 38,888 and 155,556 of restricted stock awards issued and outstanding as of December 31, 2021 and 2020, respectively. During the years ended De 2020, 889,320 and 1,344,145 options were exercised into 888,815 and 1,344,145 shares of common stock, respectively. Differences between optio stock issued are due to shares withheld to cover exercise costs.

2019 Equity Incentive Plan

The Company adopted the 2019 Equity Incentive Plan on June 25, 2019. The number of options authorized for issuance under the plan is 26,000,(15,102,771 and 17,671,374 options issued and outstanding as of December 31, 2021 and 2020, respectively; and 1,467,292 and 2,680,259 restrict outstanding as of December 31, 2021 and 2020, respectively. During the years ended December 31, 2021 and 2020, 835,684 and 392,331 options 794,582 and 392,331 shares of common stock, respectively. Differences between options exercised and common stock issued are due to shares wi costs.

2021 Equity Incentive Plan

The Company adopted the 2021 Equity Incentive Plan on June 15, 2021. The number of options authorized for issuance under the plan is 25,000,(2021, the Company had 433,980 options issued and outstanding, and 4,316,959 restricted stock units issued and outstanding. During the year ende options were exercised into shares of common stock for this equity incentive plan.

The following tables summarize the options issued, outstanding, and exercisable under the Company's equity based compensation plans as of Dec

	For the year ended December 31, 2021		
	Number of Options	Weighted Average Exercise Price	Intrinsic Value
Outstanding, beginning of year	24,515,544	$ 1.34	$ 84,731,639
Granted	1,922,480	6.29	—
Exercised	(1,683,397)	0.71	8,329,397
Canceled	(3,558,859)	2.37	—
Outstanding, end of year	21,195,768	1.74	23,079,520
Exercisable, end of year	11,137,578	1.02	16,036,993
Expected to vest, end of year	10,058,190	$ 2.55	$ 7,042,527

	For the year ended December 31, 2020		
	Number of Options	Weighted Average Exercise Price	Intrinsic Value
Outstanding, beginning of year	17,052,503	$ 0.62	$ 14,895,996
Granted	10,105,163	0.83	—
Exercised	(1,736,476)	0.31	5,917,834
Canceled	(905,646)	0.10	—
Outstanding, end of year	24,515,544	1.34	84,731,639
Exercisable, end of year	7,064,077	0.52	29,883,424
Expected to vest, end of year	17,451,467	$ 1.68	$ 54,848,215

The following table represents the assumptions used for estimating the fair values of stock options granted to employees, contractors, and non-em under the Black-Scholes method. The risk-free interest rate is based on the U.S. Treasury yield curve in effect on the grant date:

	2021
Risk-free interest rate	0.65%–1.07%
Expected volatility	87.39%–90.89%
Expected life (in years)	6.00
Weighted average estimated fair value of options granted	$ 4.95 $

The following table represents the assumptions used for estimating the fair values of stock options granted to executives under the Long Term Inc Company under the Monte Carlo Simulation valuation model. Refer to Note 15 for further information around the Company's LTIP plan. The risk on the U.S. Treasury yield curve in effect on the grant date:

	2021
Risk-free interest rate	1.62 %
Expected volatility	87.40 %
Expected life (in years)	5.81
Weighted average estimated fair value of options granted	$ 3.06 $

Restricted stock award and restricted stock unit transactions during the years ended December 31, 2021 and 2020 are summarized as follows:

	For the year ended December 31, 2021		For the year ended
	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares
Unvested shares, beginning of year	2,833,743 $	3.37	772,222
Granted	4,733,804	4.64	2,659,094
Vested	(1,686,349)	4.19	(581,402)
Forfeited or surrendered	(58,059)	6.25	(16,171)
Unvested shares, end of year	5,823,139 $	4.22	2,833,743

During the year ended December 31, 2021, employees and non-employees received restricted stock units totaling 4,733,804. Vesting of restricted stock awards totaled 1,569,681 and 116,668, respectively. The shares underlying the restricted stock units granted in 2021 were assigned a weight $4.64 per share, for a total value of $21,964,851. The restricted stock issuances are scheduled to vest over a range of one to four years.

During the year ended December 31, 2020, employees and non-employees received restricted stock units totaling 2,659,094. Vesting of restricted stock awards totaled 464,736 and 116,666, respectively. The shares underlying the restricted stock units granted in 2020 were assigned a weighted $3.48 per share, for a total value of $9,250,511. The restricted stock issuances are scheduled to vest over a range of one to four years.

As of December 31, 2021, the total compensation cost related to non-vested awards not yet recognized is $27,266,222 and is expected to be recog average remaining recognition period of approximately 2.7 years.

As of December 31, 2020, the total compensation cost related to non-vested awards not yet recognized is $23,912,268 and is expected to be recog average remaining recognition period of approximately 3.1 years.

Sezzle Payments Employee Share Option Plan

Sezzle Payments Private Limited, an Indian subsidiary of Sezzle, adopted the Sezzle Payments Employee Share Option Plan on February 25, 202 are issued to employees of the subsidiary and are exercisable into common shares of the subsidiary. As of December 31, 2021, 530,305 options w under the plan. During the year ended December 31, 2021, no options vested nor were exercised into shares of common stock. Equity based comp associated with the plan totaled $378,551 and is recognized within personnel on the consolidated statements of operations and comprehensive loss paid-in capital of Sezzle. When an option is exercised under this plan the newly issued shares will be reported as non-controlling interest at an am proportional share of the subsidiary's equity with a corresponding offset to additional paid-in capital on the consolidated balance sheets.

The following table summarizes the options issued, outstanding, and exercisable under the Sezzle Payments Employee Share Option Plan as of D

	For the year ended December 31, 2021		
	Number of Options	Weighted Average Exercise Price	Intrinsic Value
Outstanding, beginning of year	—	$ —	$ —
Granted	530,305	0.23	—
Exercised	—	—	—
Canceled	—	—	—
Outstanding, end of year	530,305	0.23	723,750
Exercisable, end of year	—	—	—
Expected to vest, end of year	530,305	$ 0.23	$ 723,750

The following table represents the assumptions used for estimating the fair values of stock options granted under the Sezzle Payments Employee S the Black-Scholes method. The risk-free interest rate is based on the U.S. Treasury yield curve in effect on the grant date:

Risk-free interest rate	
Expected volatility	
Expected life (in years)	
Weighted average estimated fair value of options granted	$

As of December 31, 2021, the total compensation cost related to non-vested awards not yet recognized is $404,095 and is expected to be recogniz average remaining recognition period of approximately 1.7 years.

Short and Long–Term Incentive Plans

In May 2020, the Company adopted a short-term incentive compensation plan for its employees and executives. The program is based on achieve will be compensated for Company-wide and individual and/or team performance for the fiscal year. Measurement of compensable amounts is dete year and payouts to individuals are generally made in the form of restricted stock units in the following year. As of December 31, 2020, the Comp estimate of $2,133,806 for this program, which was recorded in accrued liabilities on the consolidated balance sheets. During 2021, the Company compensation amounts for the 2020 plan and issued restricted stock units valued at $1,996,779 as compensation to eligible employees, recorded a accrued liabilities to stockholder's equity. The Company did not have an accrual for the short-term incentive program as of December 31, 2021.

The Company also adopted an LTIP program for its executive team in May 2020. The LTIP comprises grants of market priced stock options unde Plan, with vesting subject to required levels of Comparative Total Shareholder Return (TSR) tested over three years, and subject to continued emp period ending January 1, 2023. Both the market and service vesting conditions must be met in order for the grantee to vest at the end of the three y Each of the eligible executive and designated senior officers of the Company was awarded a long term incentive stock option grant to purchase sh May 22, 2020. The stock options have an exercise price of A$2.10 per share, based on the closing sale price of CHESS Depository Interests (CDI Securities Exchange (ASX) on May 21, 2020, the trading day prior to the date of grant. The amount of each award is equal to 300% of the individ May 22, 2020 (100% for each of the three years in the performance period and pro-rated for start date). The Company's stock price performance v its volume weighted average price relative to other companies included within the S&P/ASX All Technology Index. The number of long term inc were calculated based on a fair value of $0.64 per option, determined under the Monte Carlo Simulation valuation method.

During 2021, an executive became eligible for the LTIP program and was issued an option award on March 12, 2021. The total fair value of the a the individual's salary in effect on the date of grant. The awards have an exercise price of A$8.00 and a fair value of $3.06 per award. This award market and service vesting conditions as the grants issued in 2020, though is measured over a two-year period ending January 1, 2023.

The compensable amounts under the LTIP to executive board members were subject to shareholder approval. Due to the pending approval as of D Company remeasured the fair value of the awards issued to executive board members utilizing the Monte Carlo Simulation valuation method and other non-current liabilities in the consolidated balance sheets, and offset by an expense recognized in personnel on the consolidated statements o comprehensive loss. The Company remeasured the fair value of the awards on March 31, 2021 and on June 10, 2021, when the Company receive grant the LTIP awards to executive board members in the form of performance-based restricted stock units. Upon the approval date the Company from other long-term liabilities to stockholder's equity. The total fair value reclassified from liability to stockholder's equity for the LTIP awards v expense recognized related to compensation under the LTIP program was $6,680,130 and $5,939,644 for the years ended December 31, 2021 and

Merchant Accounts Payable	12 Months Ended Dec. 31, 2021
Payables and Accruals [Abstract]	
Merchant Accounts Payable	Merchant Accounts Payable

During the years ended December 31, 2021 and 2020, Sezzle offered its merchants an interest bearing program in which merchants could defer payment from the Company in exchange for interest. Merchant accounts payable in total were $96,516,668 and $60,933,272 as of December 31, 2021 and 2020, respectively, as disclosed in the consolidated balance sheets. Of these amounts, $78,097,910 and $53,528,501 were recorded within the merchant interest program balance as of December 31, 2021 and 2020, respectively.

Deferred payments retained in the program bear interest at the LIBOR daily (3 month) rate plus three percent (3.0%) on an annual basis, compounding daily. The weighted average annual percentage yield was 3.22% and 5.43% for the years ended December 31, 2021 and 2020, respectively. Interest expense associated with the program totaled $2,314,770 and $1,475,554 for the years ended December 31, 2021 and 2020, respectively.

Deferred payments are due on demand, up to $250,000 during any seven day period, at the request of the merchant. Any request larger than $250,000 is honored after 7 days. Sezzle reserves the right to impose additional limits on the program and make changes to the program without notice or limits. These limits and changes to the program can include but are not limited to: maximum balances, withdrawal amount limits, and withdrawal frequency.

Short and Long-Term Incentive Plans

Share-based Payment Arrangement [Abstract]

Short and Long–Term Incentive Plans

12 Months Ended Dec. 31, 2021

Equity Based Compensation

The Company issues incentive and non-qualified stock options, restricted stock units, and restricted stock awards to employees and non-employee requirements varying from six months to four years. The Company utilizes the Black-Scholes model for valuing stock option issuances and the gr valuing restricted stock issuances.

Equity based compensation expense, including vesting of restricted stock units, totaled $14,161,754 and $7,010,844 for the years ended Decembe respectively. Equity based compensation expense is recorded within personnel on the consolidated statements of operations and comprehensive lo

2016 Employee Stock Option Plan

The Company adopted the 2016 Employee Stock Option Plan on January 16, 2016. The number of options authorized for issuance under the plan Company had 5,659,017 and 6,844,170 options issued and outstanding under the plan as of December 31, 2021 and 2020, respectively. Additiona 38,888 and 155,556 of restricted stock awards issued and outstanding as of December 31, 2021 and 2020, respectively. During the years ended De 2020, 889,320 and 1,344,145 options were exercised into 888,815 and 1,344,145 shares of common stock, respectively. Differences between optio stock issued are due to shares withheld to cover exercise costs.

2019 Equity Incentive Plan

The Company adopted the 2019 Equity Incentive Plan on June 25, 2019. The number of options authorized for issuance under the plan is 26,000,(15,102,771 and 17,671,374 options issued and outstanding as of December 31, 2021 and 2020, respectively; and 1,467,292 and 2,680,259 restrict outstanding as of December 31, 2021 and 2020, respectively. During the years ended December 31, 2021 and 2020, 835,684 and 392,331 options 794,582 and 392,331 shares of common stock, respectively. Differences between options exercised and common stock issued are due to shares wi costs.

2021 Equity Incentive Plan

The Company adopted the 2021 Equity Incentive Plan on June 15, 2021. The number of options authorized for issuance under the plan is 25,000,(2021, the Company had 433,980 options issued and outstanding, and 4,316,959 restricted stock units issued and outstanding. During the year ende options were exercised into shares of common stock for this equity incentive plan.

The following tables summarize the options issued, outstanding, and exercisable under the Company's equity based compensation plans as of Dec

	For the year ended December 31, 2021		
	Number of Options	Weighted Average Exercise Price	Intrinsic Value
Outstanding, beginning of year	24,515,544	$ 1.34	$ 84,731,639
Granted	1,922,480	6.29	—
Exercised	(1,683,397)	0.71	8,329,397
Canceled	(3,558,859)	2.37	—
Outstanding, end of year	21,195,768	1.74	23,079,520
Exercisable, end of year	11,137,578	1.02	16,036,993
Expected to vest, end of year	10,058,190	$ 2.55	$ 7,042,527

	For the year ended December 31, 2020		
	Number of Options	Weighted Average Exercise Price	Intrinsic Value
Outstanding, beginning of year	17,052,503	$ 0.62	$ 14,895,996
Granted	10,105,163	0.83	—
Exercised	(1,736,476)	0.31	5,917,834
Canceled	(905,646)	0.10	—
Outstanding, end of year	24,515,544	1.34	84,731,639
Exercisable, end of year	7,064,077	0.52	29,883,424
Expected to vest, end of year	17,451,467	$ 1.68	$ 54,848,215

The following table represents the assumptions used for estimating the fair values of stock options granted to employees, contractors, and non-em under the Black-Scholes method. The risk-free interest rate is based on the U.S. Treasury yield curve in effect on the grant date:

	2021
Risk-free interest rate	0.65%–1.07%
Expected volatility	87.39%–90.89%
Expected life (in years)	6.00
Weighted average estimated fair value of options granted	$ 4.95 $

The following table represents the assumptions used for estimating the fair values of stock options granted to executives under the Long Term Inc Company under the Monte Carlo Simulation valuation model. Refer to Note 15 for further information around the Company's LTIP plan. The risk on the U.S. Treasury yield curve in effect on the grant date:

	2021
Risk-free interest rate	1.62 %
Expected volatility	87.40 %
Expected life (in years)	5.81
Weighted average estimated fair value of options granted	$ 3.06 $

Restricted stock award and restricted stock unit transactions during the years ended December 31, 2021 and 2020 are summarized as follows:

	For the year ended December 31, 2021		For the year ended
	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares
Unvested shares, beginning of year	2,833,743 $	3.37	772,222
Granted	4,733,804	4.64	2,659,094
Vested	(1,686,349)	4.19	(581,402)
Forfeited or surrendered	(58,059)	6.25	(16,171)
Unvested shares, end of year	5,823,139 $	4.22	2,833,743

During the year ended December 31, 2021, employees and non-employees received restricted stock units totaling 4,733,804. Vesting of restricted stock awards totaled 1,569,681 and 116,668, respectively. The shares underlying the restricted stock units granted in 2021 were assigned a weight $4.64 per share, for a total value of $21,964,851. The restricted stock issuances are scheduled to vest over a range of one to four years.

During the year ended December 31, 2020, employees and non-employees received restricted stock units totaling 2,659,094. Vesting of restricted stock awards totaled 464,736 and 116,666, respectively. The shares underlying the restricted stock units granted in 2020 were assigned a weighted $3.48 per share, for a total value of $9,250,511. The restricted stock issuances are scheduled to vest over a range of one to four years.

As of December 31, 2021, the total compensation cost related to non-vested awards not yet recognized is $27,266,222 and is expected to be recog average remaining recognition period of approximately 2.7 years.

As of December 31, 2020, the total compensation cost related to non-vested awards not yet recognized is $23,912,268 and is expected to be recog average remaining recognition period of approximately 3.1 years.

Sezzle Payments Employee Share Option Plan

Sezzle Payments Private Limited, an Indian subsidiary of Sezzle, adopted the Sezzle Payments Employee Share Option Plan on February 25, 202 are issued to employees of the subsidiary and are exercisable into common shares of the subsidiary. As of December 31, 2021, 530,305 options w under the plan. During the year ended December 31, 2021, no options vested nor were exercised into shares of common stock. Equity based comp associated with the plan totaled $378,551 and is recognized within personnel on the consolidated statements of operations and comprehensive loss paid-in capital of Sezzle. When an option is exercised under this plan the newly issued shares will be reported as non-controlling interest at an am proportional share of the subsidiary's equity with a corresponding offset to additional paid-in capital on the consolidated balance sheets.

The following table summarizes the options issued, outstanding, and exercisable under the Sezzle Payments Employee Share Option Plan as of D

	For the year ended December 31, 2021		
	Number of Options	Weighted Average Exercise Price	Intrinsic Value
Outstanding, beginning of year	—	$ —	$ —
Granted	530,305	0.23	—
Exercised	—	—	—
Canceled	—	—	—
Outstanding, end of year	530,305	0.23	723,750
Exercisable, end of year	—	—	—
Expected to vest, end of year	530,305	$ 0.23	$ 723,750

The following table represents the assumptions used for estimating the fair values of stock options granted under the Sezzle Payments Employee S the Black-Scholes method. The risk-free interest rate is based on the U.S. Treasury yield curve in effect on the grant date:

Risk-free interest rate	
Expected volatility	
Expected life (in years)	
Weighted average estimated fair value of options granted	$

As of December 31, 2021, the total compensation cost related to non-vested awards not yet recognized is $404,095 and is expected to be recogniz average remaining recognition period of approximately 1.7 years.

Short and Long–Term Incentive Plans

In May 2020, the Company adopted a short-term incentive compensation plan for its employees and executives. The program is based on achieve will be compensated for Company-wide and individual and/or team performance for the fiscal year. Measurement of compensable amounts is dete year and payouts to individuals are generally made in the form of restricted stock units in the following year. As of December 31, 2020, the Comp estimate of $2,133,806 for this program, which was recorded in accrued liabilities on the consolidated balance sheets. During 2021, the Company compensation amounts for the 2020 plan and issued restricted stock units valued at $1,996,779 as compensation to eligible employees, recorded a accrued liabilities to stockholder's equity. The Company did not have an accrual for the short-term incentive program as of December 31, 2021.

The Company also adopted an LTIP program for its executive team in May 2020. The LTIP comprises grants of market priced stock options unde Plan, with vesting subject to required levels of Comparative Total Shareholder Return (TSR) tested over three years, and subject to continued emp period ending January 1, 2023. Both the market and service vesting conditions must be met in order for the grantee to vest at the end of the three y Each of the eligible executive and designated senior officers of the Company was awarded a long term incentive stock option grant to purchase sh May 22, 2020. The stock options have an exercise price of A$2.10 per share, based on the closing sale price of CHESS Depository Interests (CDI Securities Exchange (ASX) on May 21, 2020, the trading day prior to the date of grant. The amount of each award is equal to 300% of the individ May 22, 2020 (100% for each of the three years in the performance period and pro-rated for start date). The Company's stock price performance v its volume weighted average price relative to other companies included within the S&P/ASX All Technology Index. The number of long term inc were calculated based on a fair value of $0.64 per option, determined under the Monte Carlo Simulation valuation method.

During 2021, an executive became eligible for the LTIP program and was issued an option award on March 12, 2021. The total fair value of the a the individual's salary in effect on the date of grant. The awards have an exercise price of A$8.00 and a fair value of $3.06 per award. This award market and service vesting conditions as the grants issued in 2020, though is measured over a two-year period ending January 1, 2023.

The compensable amounts under the LTIP to executive board members were subject to shareholder approval. Due to the pending approval as of D Company remeasured the fair value of the awards issued to executive board members utilizing the Monte Carlo Simulation valuation method and other non-current liabilities in the consolidated balance sheets, and offset by an expense recognized in personnel on the consolidated statements o comprehensive loss. The Company remeasured the fair value of the awards on March 31, 2021 and on June 10, 2021, when the Company receive grant the LTIP awards to executive board members in the form of performance-based restricted stock units. Upon the approval date the Company from other long-term liabilities to stockholder's equity. The total fair value reclassified from liability to stockholder's equity for the LTIP awards v expense recognized related to compensation under the LTIP program was $6,680,130 and $5,939,644 for the years ended December 31, 2021 and

Net Loss Per Share	12 Months Ended Dec. 31, 2021
Earnings Per Share [Abstract]	
Net Loss Per Share	Net Loss Per ShareThe computation for basic net loss per share is established by dividing net losses for the period by the weighted average shares outstanding during the reporting period, including repurchases carried as treasury stock. Diluted net loss per share is computed in a similar manner, with the weighted average shares outstanding increasing from the assumed exercise of employee stock options (including options classified as liabilities) and assumed vesting of restricted stock units (if dilutive). Given the Company is in a loss position, the impact of including assumed exercises of stock options and vesting of restricted stock units would have an anti-dilutive impact on the calculation of diluted net loss per share and, accordingly, diluted and basic net loss per share were equal for the years ended December 31, 2021 and 2020.

Subsequent Events

12 Months Ended
Dec. 31, 2021

Subsequent Events [Abstract]

Subsequent Events

Subsequent Events

The Company has evaluated subsequent events through the date of the audit report and determined that there have been no events, other than those disclosed below, that have occurred that would require adjustment to the disclosures in the consolidated financial statements.

Proposed Merger with Wholly-Owned Subsidiary of Zip

On February 28, 2022, the Company entered into the Zip Merger Agreement, pursuant to which, upon the terms and subject to the conditions thereof, the Merger Sub will be merged with and into the Company, with the Company surviving the merger as a wholly-owned subsidiary of Zip. Subject to the terms and conditions of the Zip Merger Agreement, each share of the Company's common stock (including each share of the Company's common stock in respect of which a Company CDI (as defined in the Zip Merger Agreement) has been issued) issued and outstanding immediately prior to the Effective Time (other than shares of the Company's common stock that are held by the Company (or any of its subsidiaries), Zip (or any of its subsidiaries or Merger Sub) shall be cancelled and converted into the right to receive, at the election of the Company's stockholders (subject to the immediately following sentence), (a) a number of Zip ordinary shares equal to the "Exchange Ratio" or (b) a number of Zip ADRs representing a number of Zip ordinary shares equal to the Exchange Ratio. Any person who is an Australian Stockholder (as defined in the Zip Merger Agreement) will only be entitled to consideration in the form of Zip ordinary shares.

The Zip Merger Agreement includes customary representations, warranties and covenants of the Company, Zip and Merger Sub. Subject to the terms of the Zip Merger Agreement and certain exceptions, the Company and Zip have agreed to operate their respective businesses in the ordinary course consistent with past practice and use commercially reasonable efforts to maintain their respective business organizations and advantageous business relationships until the closing of the transaction. Concurrently with the execution and delivery of the Zip Merger Agreement, certain significant stockholders of both the Company (Charles Youakim and Paul Paradis) and Zip (Larry Diamond and Peter Gray) entered into support agreements pursuant to which, among other things, they agreed to vote all of their stock or ordinary shares, as applicable, in favor of the transaction.

Recent Amendment to Credit Agreement and Guaranty

On February 25, 2022, the Company entered into Amendment No. 3 (the "Credit Agreement Amendment") to that certain Revolving Credit and Security Agreement, dated as of February 10, 2021, as amended as of April 29, 2021, as further amended as of October 15, 2021, by and among Sezzle Funding SPE II, LLC (the "Borrower"), Goldman Sachs Bank USA (the "Administrative Agent") and the other lenders party thereto from time to time (the "Existing Credit Agreement").

The Credit Agreement Amendment amends, among other things, certain definitions and events of default under the Existing Credit Agreement to clarify the terms of applicable cure periods involving replacement of the Servicer or Backup Servicer (each as defined therein).

On February 25, 2022, the Company also entered into Amendment No. 1 (the "Limited Guaranty Amendment") to that certain Limited Guaranty and Indemnity Agreement, dated as of February 10, 2021, by and among the Company (as "Limited Guarantor" thereunder) and the Administrative Agent (the "Existing Limited Guaranty").

The Limited Guaranty Amendment amends the Existing Limited Guaranty to adjust and provide alternatives for certain Limited Guarantor financial covenant measurement thresholds and requires certain Limited Guarantor compliance reporting obligations during a defined modification period. The length of the modification period is dependent in part upon the ongoing status of the Merger Agreement and progress toward closing of the merger.

Principal Business Activity and Significant Accounting Policies (Policies)	12 Months Ended Dec. 31, 2021
Accounting Policies [Abstract]	
Basis of Presentation	The consolidated financial statements are prepared and presented under accounting principles generally accepted in the U America (U.S. GAAP). All amounts are reported in U.S. dollars, unless otherwise noted.
Principles of Consolidation	The Company consolidates the accounts of subsidiaries for which it has a controlling financial interest. The accompanyin financial statements include all the accounts and activity of Sezzle Inc. and its wholly-owned subsidiaries. All intercompa transactions have been eliminated in consolidation.
Liquidity and Financial Condition	*Liquidity and Financial Condition* The Company meets its liquidity requirements primarily through proceeds from its line of credit, of which it is subject to various covenants. Duri December 31, 2021, the Company incurred net losses from its operations, which if continued at the same level in future periods would result in th such line of credit covenants. The Company's line of credit is a significant component of its working capital management. On February 25, 2022 the Company amended its existing line of credit covenants as disclosed in the subsequent event footnote of the consolidate Additionally, on March 10, 2022 the Company undertook a workforce reduction to provide the Company with additional annualized cost savings $10 million. The Company will undertake further cost cutting measures if the actions taken during the first quarter of 2022 do not fully mitigate th more of its line of credit covenants. Management believes that the implementation of these plans will allow the Company to continue as a going concern through at least March 31, 2 There are no assurances that the Company's implementation of these efforts will be successful, or that the degree of success will be sufficient to m costs and requirements under its line of credit covenants. If the Company is unable to increase its profitability and liquidity, it may not be able to operations. The accompanying consolidated financial statements assume that the Company will continue as a going concern and have been prepared on the ba assets and the satisfaction of liabilities and commitments in the normal course of business. The accompanying consolidated financial statements d adjustments to the recoverability and classifications of recorded assets and liabilities as a result of uncertainties.
Concentrations of Credit Risk	*Concentrations of Credit Risk* ***Cash and Cash Equivalents*** Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash and cash equivalents. The Co depository accounts that, at times, may exceed limits established by the Federal Deposit Insurance Corporation ("FDIC") and equivalent foreign i of this report, the Company has experienced no losses on such accounts. ***Foreign Currency Risk*** The Company holds funds and settles payments that are denominated in currencies other than U.S. dollars. Changes in foreign currency exchange to fluctuations on its consolidated balance sheets and statements of operations and comprehensive loss. Currency risk is managed through limits s on hand that the Company routinely monitors. ***Notes Receivable*** The Company is exposed to the risk of credit losses as a result of extending credit to consumers. Changes in economic conditions may result in hi Company has a policy for establishing credit lines for individual consumers that helps mitigate credit risk. The allowance for uncollectible accoun any potential losses on outstanding notes receivable.
Cash and Cash Equivalents	Cash and Cash EquivalentsThe Company considers all money market funds and other highly liquid investments with an o three months or less when purchased to be cash equivalents. The Company accepts Automated Clearing House ("ACH"), Transfer ("EFT"), debit card, and credit card payment methods from consumers as a method to settle its receivables, and t generally transmitted through third parties. The payments due from the third parties for debit card, credit card, ACH, and generally settled within three days of initiation. The Company considers all bank, debit, and credit card transactions initia the period to be cash and cash equivalents.
Restricted Cash	Restricted CashThe Company is required to maintain cash balances in a bank account in accordance with the lending agre February 10, 2021 between Sezzle Funding SPE II, LLC, Sezzle Inc, and their third party line of credit providers Goldma Bastion Consumer Funding II, LLC, and Bastion Funding IV LLC. The bank account is the property of Sezzle Funding S to consumer payments is controlled by the line of credit providers. On a regular basis, cash received from consumers is de account and subsequently made available to Sezzle through periodic settlement reporting with the line of credit providers bank account represent cash received from consumers not yet made available to Sezzle, as well as a minimum balance co

accrued interest on the drawn credit facility, accrued management fees charged by the line of credit providers, and 1% of facility amount during the previous two collection periods. From time to time, Sezzle may withdraw cash received from t provided it meets certain requirements. The Company is also required to maintain a minimum balance of $25,000 in a dep third-party service provider in order to fund merchants using the Company's virtual card solution. The Company had func foreign banking institutions as part of their respective local licensing processes that were restricted until the processes we

Receivables and Credit Policy

Receivables and Credit Policy

Notes receivable represent amounts from uncollateralized consumer receivables generated from the purchase of merchandise. The original terms Company's core product are to be paid back in four equal installments every two weeks over a six-week period, with the first installment being pa The Company does not charge interest on the notes to consumers. Sezzle income is recognized over the average life of the notes receivable using method. These net deferred costs are recorded within notes receivable, net on the consolidated balance sheets. Notes receivable are recorded at ne recorded as current assets. The Company evaluates the collectability of the balances based on historical performance, current economic conditions circumstances of individual notes, with an allowance for uncollectible accounts being provided as necessary.

Other receivables represents the net realizable value of consumer account reactivation fees receivable, merchant accounts receivable, and merchar receivable. Consumer account reactivation fees receivable, less an allowance for uncollectible accounts, represents the amount of account reactiva reasonably expects to receive from consumers. Receivables from merchants represent amounts merchants owe Sezzle relating to transactions plac sites.

All notes receivable from consumers, as well as related fees, outstanding greater than 90 days past due are charged off as Company's practice to continue collection efforts after the charge-off date.

Sezzle maintains an allowance for uncollectible accounts at a level necessary to absorb estimated probable losses on principal and reschedule fee consumers. Any amounts delinquent after 90 days are charged-off with an offsetting reversal of the allowance for doubtful accounts through the p accounts. Additionally, amounts identified as no longer collectible—such as when a consumer becomes deceased or bankrupt—are charged off in payments recovered after the 90 day charge-off period are recognized as a reduction to the allowance for uncollectible accounts in the period the r Sezzle has not changed the methodology for estimating its allowance for uncollectible accounts during the year ended December 31, 2021.

Sezzle uses its judgment to evaluate the allowance for uncollectible accounts based on current economic conditions and historical performance of historical vintages are grouped into semi-monthly populations for purposes of the allowance assessment. The balances of historical cumulative ch support the calculation for estimating the allowance for uncollectible accounts for vintages outstanding less than 90 days.

Sezzle estimates the allowance for uncollectible accounts by segmenting consumer accounts receivable by the number of delinquent. Balances that are at least one day past the initial due date are considered delinquent. Balances that are not deli current. Consumer notes receivable are charged-off following the passage of 90 days without receiving a qualifying paym bankruptcy, or death. Consumers are allowed to reschedule a payment one time without incurring a reschedule fee and the rescheduled payment is not considered to be delinquent. If consumers reschedule a payment more than once in the same c subject to a reschedule fee.

Sezzle Income and Account Reactivation Fee Income

Sezzle Income

Sezzle income as disclosed within the consolidated statements of operations and comprehensive loss is comprised of merchant fees and reschedul origination costs.

Sezzle earns its income primarily from fees paid by merchants in exchange for Sezzle's payment processing services. These fees are applied to th consumers passing through the Company's platform and are predominantly based on a percentage of the consumer order value plus a fixed fee pe installment payment plans typically consist of four installments, with the first payment made at the time of purchase and subsequent payments co thereafter. Consumers are allowed to reschedule their initial installment one time without incurring a reschedule fee and the principal of a resched considered to be delinquent. If consumers reschedule a payment more than once in the same order cycle they are subject to a reschedule fee. Note comprised of costs paid to third-parties to obtain data for underwriting consumers which result in a successful transaction. Such costs which resul recorded within third-party technology and data on the consolidated statements of operations and comprehensive loss.

Sezzle income is initially recorded as a reduction to notes receivable, net, within the consolidated balance sheets. Sezzle i recognized over the average duration of the note using the effective interest rate method.Account Reactivation Fee Incom income from consumers in the form of account reactivation fees. These fees are assessed to consumers who fail to make a Sezzle allows, at a minimum and subject to state jurisdiction regulation, a 48-hour waiver period where fees are dismissed paid by the consumer. Account reactivation fees are recognized at the time the fee is charged to the consumer, less an allo uncollectible amounts.

Debt Issuance Costs

Debt Issuance Costs

Costs incurred in connection with originating debt are capitalized and are classified in the consolidated balance sheets as a reduction of the financ which those costs relate. Debt issuance costs are amortized over the life of the underlying debt obligation utilizing the straight-line method, which interest method. Amortization of debt issuance costs is included within net interest expense on the consolidated statements of operations and com

Property and Equipment

Property and Equipment

Property and equipment are recorded at cost, less accumulated depreciation. The Company capitalizes all property and equipment exceeding $1,0 provided using either the straight-line or double-declining balance method, based on the useful lives of the assets:

	Years	
Computers and computer equipment	3	Double-d
Office equipment	5	Double-d
Furniture and fixtures	7	Str

Maintenance and repairs are expensed as incurred.

Internally Developed Intangible Assets

Internally Developed Intangible Assets

The Company capitalizes costs incurred for web development and software developed for internal use. The costs capitalized primarily relate to di employees and contractors working directly on software development and implementation. Projects are eligible for capitalization once it is determ being designed or modified to meet internal business needs; the project is ready for its intended use; the total estimated costs to be capitalized exc no plans to market, sell, or lease the project.

Amortization is provided using the straight-line method, based on the useful lives of the intangible assets as follows:

	Years	
Internal use software	3	Str
Website development costs	3	Str

Research and Development Costs

Research and Development Costs

Research expenditures that relate to the development of new processes, including internally developed software, are expensed as incurred. Such c $1,462,000 and $490,000 for the years ended December 31, 2021 and 2020, respectively. Research expenditures are recorded within personnel on statements of operations and comprehensive loss.

Impairment of Long-Lived Assets

Impairment of Long-Lived Assets

The Company reviews the carrying value of long-lived assets, which includes property, equipment, and internally developed intangible assets, for events and circumstances indicate that the assets' carrying value may not be recoverable from the future cash flows expected to result from its use In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends, an which the asset is used; and the effects of obsolescence, demand, competition, and other economic factors. Impairments for the years ended Decer were $5,475 and $7,850, respectively. Impairment costs are recorded in general and administrative within operating expenses in the consolidated and comprehensive loss.

Income Taxes

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the consolidated financial statements and consist of taxes currently due pl primarily to differences between the basis of receivables, property and equipment, equity based compensation, and accrued liabilities for financial The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible liabilities are recovered or settled. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely or all of the deferred tax assets will not be realized. A full valuation allowance is recorded against the Company's deferred tax assets.

The Company evaluates its tax positions that have been taken or are expected to be taken on income tax returns to determ necessary for uncertain tax positions. To date the Company has not recorded any liabilities for uncertain tax positions.

Advertising Costs

Advertising CostsAdvertising costs are expensed as incurred and consist of traditional marketing, digital marketing, spons promotional product expenses.

Equity Based Compensation

Equity Based CompensationThe Company maintains stock compensation plans that offer incentives in the form of non-st and restricted stock to employees, directors, and advisors of the Company. Equity based compensation expense reflects th measured at the grant date and recognized over the relevant vesting period. The Company estimates the fair value of stock market condition on the measurement date using the Black-Scholes option valuation model. The fair value of stock option units with a market condition is estimated, at the date of grant, using the Monte Carlo Simulation model. The Black-Scho Simulation models incorporate assumptions about stock price volatility, the expected life of the options, risk-free interest yield. For valuing the Company's stock option grants, significant judgment is required for determining the expected volat common stock and is based on the historical volatility of both its common stock and its defined peer group. The fair value awards and restricted stock units is based on the fair market value of the Company's common stock on the date of grant. with equity based compensation is recognized over the requisite service period using the straight-line method. The Compa of common stock upon the exercise of stock options and vesting of restricted stock units.

Estimates

Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions tha reported in the consolidated financial statements. The Company's estimates and judgments are based on historical experience and various other as are reasonable under the circumstances. The amount of assets and liabilities reported on the Company's consolidated balance sheets and the amou

expenses reported for each of the periods presented are affected by estimates and assumptions, which are used for, but not limited to, determining uncollectible accounts recorded against outstanding receivables, the useful life of property and equipment and internally developed intangible ass impairment of property and equipment and internally developed intangible assets, valuation of equity based compensation, leases, and income tax

Fair Value

Fair Value

Fair values are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market par measurement date (i.e. an exit price). The accounting guidance includes a fair value hierarchy that prioritizes the inputs to valuation techniques us The three levels of the fair value hierarchy are as follows:

- Level 1 — Unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 — Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indire full term of the asset or liability; and
- Level 3 — Unobservable inputs for the asset or liability, which include management's own assumption about the assumptions market pa pricing the asset or liability, including assumptions about risk.

The Company measures the value of its money market securities on a regular basis. The fair value of its money market securities, totaling $6,408, December 31, 2021 and 2020, respectively, are based on Level 1 inputs and are included within cash and cash equivalents on the consolidated bal

Segments

Segments

We conduct our operations through a single operating segment and, therefore, one reportable segment. There are no significant concentrations by location, nor are there any significant individual customer concentrations by balance.

Foreign Currency Exchange Gains (Losses)

Foreign Currency Exchange Gains (Losses)

Sezzle works with international merchants, creating exposure to gains and losses from foreign currency exchanges. Sezzle's income and cash can in the Canadian Dollar, Euro, Indian Rupee, and Brazilian Real. Losses from foreign exchange rate fluctuations that affect Sezzle's net loss totale for the years ended December 31, 2021 and 2020, respectively. Foreign currency exchange gains and losses are recorded within other income and consolidated statements of operations and comprehensive loss.

The financial statements of the Company's non-U.S. subsidiaries are translated into U.S. dollars in accordance with ASC 830, "Foreign Currency if the assets and liabilities of the Company are recorded in certain non-U.S. functional currencies other than the U.S. dollar, they are translated at Revenue and expense items are translated at the average monthly exchange rates. The resulting translation adjustments are recorded directly into a comprehensive income. Foreign currency translation adjustment income totaled $69,406 and $494,505 for the years ended December 31, 2021 an

Recent Accounting Pronouncements

Recent Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2016-13, "Financial Instrun Measurement of Credit Losses on Financial Instruments" which requires reporting entities estimate credit losses expected to occur over the life of will be recorded in current period earnings and recorded through an allowance for credit losses on the consolidated balance sheet. During Novemb 2019, October 2019, November 2019 and March 2020, the FASB also issued ASU No. 2018-19, "Codification Improvements to Topic 326, Finan Losses"; ASU No. 2019-04, "Codification Improvements to Topic 326, Financial Instruments – Credit Losses"; ASU No. 2019-05 "Targeted Tran 2019-10 "Financial Instruments—Credit Losses (Topic 326): Effective Dates"; ASU No. 2019-11, "Codification Improvements to Topic 326, Fin Losses"; and ASU No. 2020-03 "Codification Improvements to Financial Instruments". ASU No. 2018-19 clarifies the effective date for nonpubl receivables arising from operating leases are not within the scope of Subtopic 326-20, ASU Nos. 2019-04 and 2019-05 amend the transition guida 2016-13, ASU No. 2019-10 delayed the effective date for applying this standard and ASU Nos. 2019-11 and 2020-03 amend ASU No. 2016-13 to or improve the guidance. ASU No. 2016-13 (as amended) is effective for annual periods and interim periods within those annual periods beginnin 2021. Companies that meet the criteria of a smaller reporting company can elect to defer adoption of ASU No. 2016-13 (as amended) to annual pe within those annual periods beginning after December 15, 2022. Early adoption is permitted for annual and interim periods beginning after Decem reporting company, Sezzle plans to adopt this standard beginning January 1, 2023 and is currently evaluating the impact of the standard on its con statements.

In December 2019, the FASB issued ASU No. 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes" which requir calculated based on income are included in income tax expense. To the extent that the franchise taxes not based on income exceed the franchise ta excess is recorded outside of income tax expense. ASU No. 2019-12 is effective for fiscal years, and interim periods within those fiscal years, beg 2020 for public entities. Sezzle adopted this standard beginning January 1, 2021 with no impact to the consolidated financial statements for the ye 2021.

In March 2020, the FASB issued ASU No. 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform o which provides optional expedients and exceptions if certain criteria are met when accounting for contracts or other transactions that reference LI guidance is optional until December 31, 2022 and varies based on the practical expedients elected. Effective January 1, 2022, the Company amen agreement to replace references to LIBOR with the U.S. Federal Reserve's Secured Overnight Financing Rate (SOFR). The Company believes th rate to SOFR from LIBOR will not have a material impact on the Company's financial statements, and as such the Company does not anticipate m expedients related to Reference Rate Reform.

In August 2020, the FASB issued ASU No. 2020-06, “Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and He
Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity” which simplifies the a
debt by eliminating the beneficial conversion feature and cash conversion feature models from the guidance and instead requires entities to record
amortized cost. Application of the guidance is optional starting in fiscal years beginning after December 15, 2020 and required for public entities
The Company is not expecting this standard to have any potential future impacts on the Company’s consolidated financial statements, as its previ
debt had been settled prior to the earliest presented period in its consolidated financial statements.

In November 2021, the FASB issued ASU No. 2021-10, “Government Assistance (Topic 832)—Disclosures by Business Entities about Governm
requires annual disclosures about transactions with a government that are accounted for by applying a grant or contribution accounting model by a
is effective for annual periods beginning after December 15, 2021 for all entities. The Company is not expecting this standard to have any potentia
Company’s consolidated financial statements, as its Paycheck Protection Program loan was accounted for as debt rather than a government grant

Leases

Right-of-use assets and lease liabilities are recognized as of the commencement date based on the present value of the ren
payments over the lease term which includes renewal periods that the Company is reasonably certain to exercise. Right-o
liabilities are recorded within current assets and liabilities, respectively, on the consolidated balance sheets.

Principal Business Activity and Significant Accounting Policies (Tables)

12 Months Ended

Dec. 31, 2021

Accounting Policies [Abstract]

Schedule of Property and Equipment, Net

. Depreciation is provided using either the straight-line or double-declining balance method, based on the useful lives of t

	Years	M
Computers and computer equipment	3	Double-d
Office equipment	5	Double-d
Furniture and fixtures	7	Str

As of December 31, 2021 and 2020, property and equipment, net, consists of the following:

		2021	
Computer and office equipment	$	1,314,656	$
Furniture and fixtures		28,967	
Property and equipment, gross		1,343,623	
Less accumulated depreciation		(681,151)	
Property and equipment, net	**$**	**662,472**	**$**

Schedule of Intangible Assets

Amortization is provided using the straight-line method, based on the useful lives of the intangible assets as follows:

	Years	M
Internal use software	3	Str
Website development costs	3	Str

As of December 31, 2021 and 2020, internally developed intangible assets, net, consists of the following:

		2021	
Internal use software and website development costs	$	1,397,169	$
Works in process		260,468	
Internally developed intangible assets, gross		1,657,637	
Less accumulated amortization		(747,053)	
Internally developed intangible assets, net	**$**	**910,584**	**$**

Property and Equipment (Tables)

12 Months Ended
Dec. 31, 2021

Property, Plant and Equipment [Abstract]

Schedule of Property and Equipment, Net

. Depreciation is provided using either the straight-line or double-declining balance method, based on the useful lives of t

	Years	
Computers and computer equipment	3	Double-d
Office equipment	5	Double-d
Furniture and fixtures	7	Str

As of December 31, 2021 and 2020, property and equipment, net, consists of the following:

		2021	
Computer and office equipment	$	1,314,656	$
Furniture and fixtures		28,967	
Property and equipment, gross		1,343,623	
Less accumulated depreciation		(681,151)	
Property and equipment, net	**$**	**662,472**	**$**

Internally Developed Intangible Assets (Tables)

12 Months Ended
Dec. 31, 2021

Goodwill and Intangible Assets Disclosure [Abstract]

Schedule of Intangible Assets

Amortization is provided using the straight-line method, based on the useful lives of the intangible assets as follows:

	Years	
Internal use software	3	Str
Website development costs	3	Str

As of December 31, 2021 and 2020, internally developed intangible assets, net, consists of the following:

		2021	
Internal use software and website development costs	$	1,397,169	$
Works in process		260,468	
Internally developed intangible assets, gross		1,657,637	
Less accumulated amortization		(747,053)	
Internally developed intangible assets, net	**$**	**910,584**	**$**

Notes Receivable (Tables)

12 Months Ended
Dec. 31, 2021

Receivables [Abstract]

Schedule of Notes Receivable

As of December 31, 2021 and 2020, Sezzle's notes receivable, related allowance for uncollectible accounts, and deferred are recorded within the consolidated balance sheets as follows:

		2021
Notes receivable, gross	$	162,341,675 $
Less allowance for uncollectible accounts:		
Balance at beginning of year		(11,133,146)
Provision		(52,621,682)
Charge-offs, net of recoveries totaling $6,153,728 and $648,799, respectively		40,640,655
Total allowance for uncollectible accounts		(23,114,173)
Notes receivable, net of allowance		139,227,502
Deferred Sezzle income		(5,240,919)
Notes receivable, net	**$**	**133,986,583 $**

As of December 31, 2021 and 2020, the balance of other receivables, net, on the consolidated balance sheets is comprised of the following:

		2021
Account reactivation fees receivable, net	$	1,325,443 $
Receivables from merchants, net		3,758,656
Other receivables, net	**$**	**5,084,099 $**

As of December 31, 2021 and 2020, Sezzle's account reactivation fees receivable and related allowance for uncollectible accounts are recorded w balance sheets as follows:

		2021
Account reactivation fees receivable, gross	$	3,016,514 $
Less allowance for uncollectible accounts:		
Balance at start of period		(1,071,588)
Provision		(6,128,851)
Charge-offs, net of recoveries totaling $1,273,319 and $71,110, respectively		5,509,368
Total allowance for uncollectible accounts		(1,691,071)
Account reactivation fees receivable, net	**$**	**1,325,443 $**

Schedule of Gross Notes Receivable and Related Allowance by Aging

The following table summarizes Sezzle's gross notes receivable and related allowance for uncollectible accounts as of December 31, 2021 and 20

	2021			2020	
	Gross Receivables	Less Allowance	Net Receivables	Gross Receivables	Less Allowance
Current	$ 139,024,393 $	(7,989,217) $	131,035,176 $	79,673,073 $	(2,692,25
Days past due:					
1–28	12,263,154	(5,126,611)	7,136,543	9,574,902	(3,616,32
29–56	5,266,164	(4,267,236)	998,928	3,576,255	(2,646,62
57–90	5,787,964	(5,731,109)	56,855	2,574,438	(2,177,93
Total	**$ 162,341,675 $**	**(23,114,173) $**	**139,227,502 $**	**95,398,668 $**	**(11,133,14**

Other Receivables (Tables)

12 Months Ended
Dec. 31, 2021

Receivables [Abstract]

Schedule of Other Receivables, Net

As of December 31, 2021 and 2020, Sezzle's notes receivable, related allowance for uncollectible accounts, and deferred are recorded within the consolidated balance sheets as follows:

		2021
Notes receivable, gross	$	162,341,675 $
Less allowance for uncollectible accounts:		
Balance at beginning of year		(11,133,146)
Provision		(52,621,682)
Charge-offs, net of recoveries totaling $6,153,728 and $648,799, respectively		40,640,655
Total allowance for uncollectible accounts		(23,114,173)
Notes receivable, net of allowance		139,227,502
Deferred Sezzle income		(5,240,919)
Notes receivable, net	**$**	**133,986,583 $**

As of December 31, 2021 and 2020, the balance of other receivables, net, on the consolidated balance sheets is comprised of the following:

		2021
Account reactivation fees receivable, net	$	1,325,443 $
Receivables from merchants, net		3,758,656
Other receivables, net	**$**	**5,084,099 $**

As of December 31, 2021 and 2020, Sezzle's account reactivation fees receivable and related allowance for uncollectible accounts are recorded w balance sheets as follows:

		2021
Account reactivation fees receivable, gross	$	3,016,514 $
Less allowance for uncollectible accounts:		
Balance at start of period		(1,071,588)
Provision		(6,128,851)
Charge-offs, net of recoveries totaling $1,273,319 and $71,110, respectively		5,509,368
Total allowance for uncollectible accounts		(1,691,071)
Account reactivation fees receivable, net	**$**	**1,325,443 $**

Leases (Tables)

	12 Months Ended Dec. 31, 2021
Leases [Abstract]	
Expected Lease Maturity	The expected maturity of the Company's operating leases as of December 31, 2021 is as follows:

2022	$
2023	
2024	
Interest	
Present value of lease liabilities	$

Income Taxes (Tables)

Income Tax Disclosure [Abstract]

Schedule of provision for income taxes

The components of loss before taxes for the years ended December 31, 2021 and 2020 are as follows:

		12 Months Ended Dec. 31, 2021
		2021
United States	$	(63,143,175) $
International		(11,966,772)
Total	**$**	**(75,109,947) $**

The income tax expense components for the years ended December 31, 2021 and 2020 are as follows:

		2021
Current tax expense		
Federal	$	— $
Foreign		—
State		58,416
Deferred tax expense		
Federal		—
Foreign		—
State		—
Income tax expense	**$**	**58,416 $**

Schedule of Deferred Tax Assets and Liabilities

The components of the net deferred tax assets and liabilities as of December 31, 2021 and December 31, 2020 are as follows:

		2021
Deferred tax assets:		
Net operating loss carryforwards	$	17,865,584 $
Allowance for uncollectible accounts		6,171,512
Equity based compensation		3,273,873
Lease liability		50,408
Startup costs		10,517
Accruals		328,154
Nondeductible interest		945,153
Other		290,029
Total net deferred tax assets		28,935,230
Valuation allowance		(28,842,025)
Deferred tax liabilities:		
Depreciation and amortization		(36,457)
Equity based compensation		(356)
Right-of-use asset		(56,392)
Total net deferred tax liabilities		(93,205)
Net deferred tax asset (liability)	**$**	**— $**

Schedule of federal income tax rate

A reconciliation of the Company's provision for income taxes at the federal statutory rate to the reported income tax provision for the years ended 2020 are as follows:

	2021
Computed "expected" tax benefit	(21.0)%
State income tax benefit, net of federal tax effect	(2.6)
Nondeductible equity based compensation	1.2
Other permanent differences	0.3
Change in valuation allowance	23.5
Foreign rate differentials and other	(1.3)
Income tax expense	0.1 %

Equity Based Compensation (Tables)

12 Months Ended Dec. 31, 2021

Share-based Payment Arrangement [Abstract]

Summary of stock option awards

The following tables summarize the options issued, outstanding, and exercisable under the Company's equity based compensation plans as of Dec

	For the year ended December 31, 2021		
	Number of Options	Weighted Average Exercise Price	Intrinsic Value
Outstanding, beginning of year	24,515,544	$ 1.34	$ 84,731,639
Granted	1,922,480	6.29	—
Exercised	(1,683,397)	0.71	8,329,397
Canceled	(3,558,859)	2.37	—
Outstanding, end of year	21,195,768	1.74	23,079,520
Exercisable, end of year	11,137,578	1.02	16,036,993
Expected to vest, end of year	10,058,190	$ 2.55	$ 7,042,527

	For the year ended December 31, 2020		
	Number of Options	Weighted Average Exercise Price	Intrinsic Value
Outstanding, beginning of year	17,052,503	$ 0.62	$ 14,895,996
Granted	10,105,163	0.83	—
Exercised	(1,736,476)	0.31	5,917,834
Canceled	(905,646)	0.10	—
Outstanding, end of year	24,515,544	1.34	84,731,639
Exercisable, end of year	7,064,077	0.52	29,883,424
Expected to vest, end of year	17,451,467	$ 1.68	$ 54,848,215

The following table summarizes the options issued, outstanding, and exercisable under the Sezzle Payments Employee Share Option Plan as of D

	For the year ended December 31, 2021		
	Number of Options	Weighted Average Exercise Price	Intrinsic Value
Outstanding, beginning of year	—	$ —	$ —
Granted	530,305	0.23	—
Exercised	—	—	—
Canceled	—	—	—
Outstanding, end of year	530,305	0.23	723,750
Exercisable, end of year	—	—	—
Expected to vest, end of year	530,305	$ 0.23	$ 723,750

Schedule of weighted-average assumptions used in the black-scholes option pricing model

The following table represents the assumptions used for estimating the fair values of stock options granted to employees, contractors, and non-em under the Black-Scholes method. The risk-free interest rate is based on the U.S. Treasury yield curve in effect on the grant date:

	2021
Risk-free interest rate	0.65%–1.07%
Expected volatility	87.39%–90.89%
Expected life (in years)	6.00
Weighted average estimated fair value of options granted	$ 4.95

The following table represents the assumptions used for estimating the fair values of stock options granted to executives under the Long Term Inc Company under the Monte Carlo Simulation valuation model. Refer to Note 15 for further information around the Company's LTIP plan. The risk on the U.S. Treasury yield curve in effect on the grant date:

	2021
Risk-free interest rate	1.62 %
Expected volatility	87.40 %
Expected life (in years)	5.81
Weighted average estimated fair value of options granted	$ 3.06 $

The following table represents the assumptions used for estimating the fair values of stock options granted under the Sezzle Payments Employee S
the Black-Scholes method. The risk-free interest rate is based on the U.S. Treasury yield curve in effect on the grant date:

Risk-free interest rate	
Expected volatility	
Expected life (in years)	
Weighted average estimated fair value of options granted	$

Summary of Restricted Stock Awards and Restricted Stock Units

Restricted stock award and restricted stock unit transactions during the years ended December 31, 2021 and 2020 are summarized as follows:

	For the year ended December 31, 2021		For the year ended
	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares
Unvested shares, beginning of year	2,833,743	$ 3.37	772,222
Granted	4,733,804	4.64	2,659,094
Vested	(1,686,349)	4.19	(581,402)
Forfeited or surrendered	(58,059)	6.25	(16,171)
Unvested shares, end of year	5,823,139	$ 4.22	2,833,743

Summary of of Restricted Stock Awards and Restricted Stock Units

Restricted stock award and restricted stock unit transactions during the years ended December 31, 2021 and 2020 are summarized as follows:

	For the year ended December 31, 2021		For the year ended
	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares
Unvested shares, beginning of year	2,833,743	$ 3.37	772,222
Granted	4,733,804	4.64	2,659,094
Vested	(1,686,349)	4.19	(581,402)
Forfeited or surrendered	(58,059)	6.25	(16,171)
Unvested shares, end of year	5,823,139	$ 4.22	2,833,743

Principal Business Activity and Significant Accounting Policies - Narrative (Details)	12 Months Ended Dec. 31, 2021 USD ($) installment segment	Dec. 31, 2020 USD ($)	Mar. 10, 2022 USD ($)
Disaggregation of Revenue [Line Items]			
Typical number of installments under the consumer installment payment plans | installment	4		
Interest-free period	42 days		
Typical settlement period from initiation of transaction with third parties	3 days		
Cash and cash equivalents	$ 76,983,728	$ 84,285,383	
Percentage of highest funded facility in previous two collection periods (percent)	1.00%		
Minimum deposit balance required to be maintained	$ 25,000		
Restricted cash, current	1,886,440	4,798,520	
Restricted cash, non-current	$ 20,000	20,000	
Installment period	14 days		
Deferred income	$ 5,240,919	3,458,222	
Total income	$ 114,816,635	58,788,273	
Reactivation fee waiver period	2 days		
Capitalization threshold	$ 1,000		
Research and development in process	1,462,000	490,000	
Impairment losses	5,475	7,850	
Advertising costs	$ 8,569,276	3,883,936	
Number of reportable segments | segment	1		
Gains (losses) from foreign exchange rate fluctuations	$ (69,228)	(125,292)	
Foreign currency translation adjustment	69,406	494,505	
Subsequent Event			
Disaggregation of Revenue [Line Items]			
Expected cost savings			$ 10,000,000
Money Market Securities | Level 1			
Disaggregation of Revenue [Line Items]			
Money market securities	6,408,389	9,996,155	
Sezzle income			
Disaggregation of Revenue [Line Items]			
Total income	98,200,184	49,659,042	
Account reactivation fee income			
Disaggregation of Revenue [Line Items]			
Total income	$ 16,616,451	$ 9,129,231	

Principal Business Activity and Significant Accounting Policies - Schedule of Property and Equipment, Net (Details)	12 Months Ended
	Dec. 31, 2021
Computers and computer equipment	
Property, Plant and Equipment [Line Items]	
Property, plant and equipment, estimated useful lives	3
Office equipment	
Property, Plant and Equipment [Line Items]	
Property, plant and equipment, estimated useful lives	5
Furniture and fixtures	
Property, Plant and Equipment [Line Items]	
Property, plant and equipment, estimated useful lives	7

Principal Business Activity and Significant Accounting Policies - Finite-lived Intangible Assets (Details)	12 Months Ended Dec. 31, 2021
Internal use software	
Finite-Lived Intangible Assets [Line Items]	
Acquired finite-lived intangible assets, weighted average useful life	3 years
Website development costs	
Finite-Lived Intangible Assets [Line Items]	
Acquired finite-lived intangible assets, weighted average useful life	3 years

Property and Equipment (Details) - USD ($)	12 Months Ended	
	Dec. 31, 2021	Dec. 31, 2020
Property, Plant and Equipment [Line Items]		
Property and equipment, gross	$ 1,343,623	$ 665,343
Less accumulated depreciation	(681,151)	(290,157)
Property and equipment, net	662,472	375,186
Depreciation	394,068	170,949
Computer and office equipment		
Property, Plant and Equipment [Line Items]		
Property and equipment, gross	1,314,656	636,950
Furniture and fixtures		
Property, Plant and Equipment [Line Items]		
Property and equipment, gross	$ 28,967	$ 28,393

Internally Developed Intangible Assets (Details) - USD ($)	12 Months Ended	
	Dec. 31, 2021	Dec. 31, 2020
Finite-Lived Intangible Assets [Line Items]		
Internally developed intangible assets, gross	$ 1,657,637	$ 934,173
Less accumulated amortization	(747,053)	(397,127)
Internally developed intangible assets, net	910,584	537,046
Amortization expense	355,043	257,425
Internal use software and website development costs		
Finite-Lived Intangible Assets [Line Items]		
Internally developed intangible assets, gross	1,397,169	825,018
Works in process		
Finite-Lived Intangible Assets [Line Items]		
Internally developed intangible assets, gross	$ 260,468	$ 109,155

Notes Receivable (Details) - USD ($)	3 Months Ended	12 Months Ended	
	Mar. 31, 2021	Dec. 31, 2021	Dec. 31, 2020
Receivables [Abstract]			
Notes receivable, gross		$ 162,341,675	$ 95,398,668
Less allowance for uncollectible accounts:			
Balance at beginning of year	$ (11,133,146)	(11,133,146)	(3,461,837)
Provision		(52,621,682)	(19,587,918)
Charge-offs, net of recoveries totaling $6,153,728 and $648,799, respectively		40,640,655	11,916,609
Total allowance for uncollectible accounts		(23,114,173)	(11,133,146)
Recoveries	$ 648,799	6,153,728	
Notes receivable, net of allowance		139,227,502	84,265,522
Deferred Sezzle income		(5,240,919)	(3,458,222)
Notes receivable, net		$ 133,986,583	$ 80,807,300

Notes Receivable - Aging (Details) - USD ($)	12 Months Ended		
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019
Financing Receivable, Past Due [Line Items]			
Weighted average days outstanding of notes receivable	34 days		
Notes receivable, gross	$ 162,341,675	$ 95,398,668	
Less Allowance	(23,114,173)	(11,133,146)	$ (3,461,837)
Notes receivable, net of allowance	139,227,502	84,265,522	
Current			
Financing Receivable, Past Due [Line Items]			
Notes receivable, gross	139,024,393	79,673,073	
Less Allowance	(7,989,217)	(2,692,254)	
Notes receivable, net of allowance	131,035,176	76,980,819	
1–28			
Financing Receivable, Past Due [Line Items]			
Notes receivable, gross	12,263,154	9,574,902	
Less Allowance	(5,126,611)	(3,616,327)	
Notes receivable, net of allowance	7,136,543	5,958,575	
29–56			
Financing Receivable, Past Due [Line Items]			
Notes receivable, gross	5,266,164	3,576,255	
Less Allowance	(4,267,236)	(2,646,627)	
Notes receivable, net of allowance	998,928	929,628	
57–90			
Financing Receivable, Past Due [Line Items]			
Notes receivable, gross	5,787,964	2,574,438	
Less Allowance	(5,731,109)	(2,177,938)	
Notes receivable, net of allowance	$ 56,855	$ 396,500	

Other Receivables (Details) - USD ($)	12 Months Ended	
	Dec. 31, 2021	Dec. 31, 2020
Accounts, Notes, Loans and Financing Receivable [Line Items]		
Other receivables, net	$ 5,084,099	$ 1,403,306
Less allowance for uncollectible accounts:		
Provision	(7,349,852)	(2,723,853)
Other receivables, net	5,084,099	1,403,306
Recoveries	1,273,319	71,110
Account reactivation fees receivable, net		
Accounts, Notes, Loans and Financing Receivable [Line Items]		
Other receivables, net	1,325,443	804,060
Account reactivation fees receivable, gross	3,016,514	1,875,648
Less allowance for uncollectible accounts:		
Balance at start of period	(1,071,588)	(483,518)
Provision	(6,128,851)	(2,347,733)
Charge-offs, net of recoveries totaling $1,273,319 and $71,110, respectively	5,509,368	1,759,663
Total allowance for uncollectible accounts	(1,691,071)	(1,071,588)
Other receivables, net	1,325,443	804,060
Receivables from merchants, net		
Accounts, Notes, Loans and Financing Receivable [Line Items]		
Other receivables, net	3,758,656	599,246
Less allowance for uncollectible accounts:		
Other receivables, net	$ 3,758,656	$ 599,246

Other Receivables - Narrative (Details) - USD ($)	12 Months Ended	
	Dec. 31, 2021	Dec. 31, 2020
Accounts, Notes, Loans and Financing Receivable [Line Items]		
Other receivables, net	$ 5,084,099	$ 1,403,306
Receivables from merchants, net		
Accounts, Notes, Loans and Financing Receivable [Line Items]		
Other receivables, net	3,758,656	599,246
Settled merchant fees receivable		
Accounts, Notes, Loans and Financing Receivable [Line Items]		
Other receivables, net	3,738,765	596,156
Other uncollectible receivables		
Accounts, Notes, Loans and Financing Receivable [Line Items]		
Other receivables, net	19,891	3,090
Provision for uncollectible receivables from merchants	$ 1,221,001	$ 376,120

Leases - Narrative (Details) - USD ($)	12 Months Ended	
	Dec. 31, 2021	Dec. 31, 2020
Leases [Abstract]		
Lease expense	$ 472,876	$ 513,248
Operating lease, payments	466,315	558,631
Lease liabilities arising from obtaining right-of-use assets	$ 328,341	$ 0
Weighted average remaining lease term	1 year 6 months	
Weighted average discount rate (percent)	5.25%	

Leases - Expected Lease Maturity (Details)	Dec. 31, 2021 USD ($)
Leases [Abstract]	
2022	$ 205,637
2023	91,133
2024	12,753
Interest	(46,602)
Present value of lease liabilities	$ 262,921

Commitments and Contingencies (Details) - USD ($)	12 Months Ended	
	Dec. 31, 2021	Dec. 31, 2020
Other Commitments [Line Items]		
Marketing and advertising spend commitment	$ 6,700,000	
Marketing, advertising, and tradeshows	9,251,854	$ 4,274,929
Co-Branded Advertising Spend		
Other Commitments [Line Items]		
Marketing and advertising spend commitment	$ 35,100,000	700,000
Co-Branded Advertising Spend | Minimum		
Other Commitments [Line Items]		
Term of agreement	1 year	
Co-Branded Advertising Spend | Maximum		
Other Commitments [Line Items]		
Term of agreement	3 years	
Co-Branded Marketing and Advertising Spend		
Other Commitments [Line Items]		
Marketing, advertising, and tradeshows	$ 6,496,361	3,220,959
Prepaid expenses	$ 83,000	$ 211,000

Income Taxes - Loss before tax (Details) - USD ($)	12 Months Ended	
	Dec. 31, 2021	Dec. 31, 2020
Income Tax Disclosure [Abstract]		
United States	$ (63,143,175)	$ (29,879,368)
International	(11,966,772)	(2,482,408)
Loss before taxes	$ (75,109,947)	$ (32,361,776)

Income Taxes - Schedule of provision for income taxes (Details) - USD ($)	12 Months Ended	
	Dec. 31, 2021	Dec. 31, 2020
Current tax expense		
Federal	$ 0	$ 0
Foreign	0	0
State	58,416	30,964
Deferred tax expense		
Federal	0	0
Foreign	0	0
State	0	0
Income tax expense	$ 58,416	$ 30,964

Income Taxes - Schedule of deferred tax assets and deferred tax liabilities (Details) - USD ($)	Dec. 31, 2021	Dec. 31, 2020
Deferred tax assets:		
Net operating loss carryforwards	$ 17,865,584	$ 5,849,989
Allowance for uncollectible accounts	6,171,512	2,822,803
Equity based compensation	3,273,873	773,546
Lease liability	50,408	31,855
Startup costs	10,517	10,857
Accruals	328,154	1,722,143
Nondeductible interest	945,153	0
Other	290,029	144,194
Total net deferred tax assets	28,935,230	11,355,387
Valuation allowance	(28,842,025)	(11,227,262)
Deferred tax liabilities:		
Depreciation and amortization	(36,457)	(93,439)
Equity based compensation	(356)	(1,664)
Right-of-use asset	(56,392)	(33,022)
Total net deferred tax liabilities	(93,205)	(128,125)
Net deferred tax asset (liability)	$ 0	$ 0

Income Taxes - Schedule of federal income tax rate (Details)	12 Months Ended	
	Dec. 31, 2021	Dec. 31, 2020
Income Tax Disclosure [Abstract]		
Computed "expected" tax benefit	(21.00%)	(21.00%)
State income tax benefit, net of federal tax effect	(2.60%)	(1.70%)
Nondeductible equity based compensation	1.20%	0.10%
Other permanent differences	0.30%	0.00%
Change in valuation allowance	23.50%	23.40%
Foreign rate differentials and other	(1.30%)	(0.70%)
Income tax expense	0.10%	0.10%

Income Taxes - Narrative (Details) - USD ($)	12 Months Ended	
	Dec. 31, 2021	Dec. 31, 2020
Operating Loss Carryforwards [Line Items]		
Operating losses carryforward term	15 years	
Valuation allowance	$ 28,842,025	$ 11,227,262
Valuation allowance, deferred tax asset, increase (decrease), amount	17,615,000	$ 7,567,000
Accrued interest and penalties	0	
Tax credit carryforwards, general business	3,874,493	
Federal		
Operating Loss Carryforwards [Line Items]		
Operating loss carryforwards	60,228,000	
State		
Operating Loss Carryforwards [Line Items]		
Operating loss carryforwards	28,834,000	
Foreign		
Operating Loss Carryforwards [Line Items]		
Operating loss carryforwards	$ 13,589,000	

Stockholders' Equity (Details)	Jul. 19, 2021 USD ($) $ / shares	Aug. 10, 2020 USD ($) $ / shares shares	Jul. 15, 2020 USD ($)	Jun. 03, 2020 USD ($) shares	1 Months Ended Aug. 10, 2020 USD ($) $ / shares	12 Months Ended Dec. 31, 2021 USD ($) shares	Dec. 31, 2020 USD ($) shares	Jul. 19, 2021 $ / shares	Aug. 10, 2020 $ / shares shares
Class of Stock [Line Items]									
Retirement of common stock							$ 2,234		
Treasury stock at cost (in shares) | shares						660,118	152,035		
Treasury stock, value						$ 3,691,322	$ 875,232		
Proceeds from issuance of common stock		$ 5,140,710	$ 55,316,546			30,000,000	60,457,256		
Entity listing, chess depository interest ratio					1				
Payments of issuance of cost						$ 2,768	$ 2,484,504		
Common Stock									
Class of Stock [Line Items]									
Retirement of common stock (in shares) | shares				343,750			343,750		
Retirement of common stock							$ 3		
Proceeds from issuance of common stock					$ 57,972,752				
Proceeds from issuance of common stock, net of issuance costs (in shares) | shares						4,559,270	16,289,935		
Payments of issuance of cost					$ 2,484,504				
Common Stock | Chess Depository Interests									
Class of Stock [Line Items]									
Proceeds from issuance of common stock, net of issuance costs (in shares) | shares		16,289,935							
Shares price (in usd per share) | (per share)		$ 3.82			$ 3.82				$ 5.30
Common Stock | Discover									
Class of Stock [Line Items]									
Shares price (in usd per share) | (per share)	$ 6.58							$ 8.83	
Payments of issuance of cost	$ 2,768								
Sale of stock, consideration received per transaction	$ 30,000,000								
Additional Paid-in Capital									
Class of Stock [Line Items]									

Retirement of common stock	$ 2,234	$ 2,231

Employee Benefit Plan (Details) - USD ($)	12 Months Ended	
	Dec. 31, 2021	Dec. 31, 2020
Retirement Benefits [Abstract]		
Employee contributions under both plan percentage	6.00%	
Noncash contribution expense	$ 588,612	$ 0

Line of Credit (Details)	Feb. 10, 2021 USD ($) covenant	Nov. 29, 2019 USD ($)	3 Months Ended Jun. 30, 2022	3 Months Ended May 11, 2021	5 Months Ended Sep. 30, 2021	12 Months Ended Dec. 31, 2021 USD ($)	12 Months Ended Dec. 31, 2020 USD ($)	25 Months Ended Dec. 31, 2021 USD ($)	Nov. 29, 2020 USD ($)
Debt Instrument [Line Items]									
Amortization of debt issuance costs						$ 689,930	$ 417,054		
Notes receivable, net						133,986,583	80,807,300	$ 133,986,583	
Termination fee paid to exit previous loan						1,000,000	0		
Debt issuance costs, net						1,697,705	0		
Banking regulation, maximum leverage payout ratio	8.00								
Number of financial covenants | covenant	3								
Line of Credit									
Debt Instrument [Line Items]									
Line of credit facility, maximum amount outstanding during period	$ 125,000,000								
Expected									
Debt Instrument [Line Items]									
Banking regulation, maximum leverage payout ratio			12.00						
Minimum | Line of Credit									
Debt Instrument [Line Items]									
Tangible net worth	15,000,000								
Maximum									
Debt Instrument [Line Items]									
Tangible net worth	30,000,000								
Unrestricted Cash	$ 7,500,000								
Unrestricted cash as a percentage of funded amount (percent)	7.50%								
Class A senior lender									
Debt Instrument [Line Items]									
Capacity committed	$ 97,200,000								
Class B mezzanine lenders									
Debt Instrument [Line Items]									

Capacity committed	27,800,000				
Line of Credit | Receivables Funding Facility					
Debt Instrument [Line Items]					
Interest expense			1,745,528	2,238,740	
Interest expense on the unused capacity			560,687	$ 229,523	
Amortization of debt issuance costs			689,930		
Funding facility	$ 250,000,000				
Unused facility fee (percent)		0.50%			
Outstanding line of credit balance			78,800,000		78,800,000
Borrowings as a percentage of eligible notes receivables pledged (percent)	90.00%				
Unused borrowing capacity			$ 29,771,561		$ 29,771,561
Term of facility from the agreement date	28 months				
Capacity committed (as a percent)	50.00%				
Capacity committed	$ 125,000,000				
Capacity available for expanding funding capacity (percent)	50.00%				
Weighted average interest rate (percent)			5.25%		5.25%
Prepayment exit fee (percent)	0.75%				
Cumulative cash payments of debt issuance costs			$ 1,697,705		$ 1,697,705
Line of Credit | Receivables Funding Facility | Notes receivable pledged					
Debt Instrument [Line Items]					
Notes receivable, net			$ 149,203,705		$ 149,203,705
Line of Credit | Receivables Funding Facility | Less Than One-third					
Debt Instrument [Line Items]					
Unused facility fee (percent)		0.65%			
Line of Credit | Receivables Funding Facility | Less Than One-third | Maximum					
Debt Instrument [Line Items]					

Unused capacity of the Facility (percent)			33.33%	33.33%
Line of Credit | Receivables Funding Facility | Between One-third and Two-thirds				
Debt Instrument [Line Items]				
Unused facility fee (percent)		0.50%		
Line of Credit | Receivables Funding Facility | Between One-third and Two-thirds | Minimum				
Debt Instrument [Line Items]				
Unused capacity of the Facility (percent)			33.33%	33.33%
Line of Credit | Receivables Funding Facility | Between One-third and Two-thirds | Maximum				
Debt Instrument [Line Items]				
Unused capacity of the Facility (percent)			66.67%	66.67%
Line of Credit | Receivables Funding Facility | More Than Two-thirds				
Debt Instrument [Line Items]				
Unused facility fee (percent)		0.35%		
Line of Credit | Receivables Funding Facility | More Than Two-thirds | Minimum				
Debt Instrument [Line Items]				
Unused capacity of the Facility (percent)			66.67%	66.67%
Line of Credit | Receivables Funding Facility | FICO Score Less Than 580				
Debt Instrument [Line Items]				
Borrowings as a percentage of eligible notes receivables pledged (percent)	85.00%			
Line of Credit | Receivables Funding Facility | LIBOR | Class A Senior Lender				
Debt Instrument [Line Items]				
Spread on variable rate (percent)	3.375%			

LIBOR floor rate (percent)	0.25%					
Line of Credit | Receivables Funding Facility | LIBOR | Class B Mezzanine Lender						
Debt Instrument [Line Items]						
Spread on variable rate (percent)	10.689%					
LIBOR floor rate (percent)	0.25%					
Line of Credit | Loan And Security Agreement						
Debt Instrument [Line Items]						
Funding facility		$ 100,000,000				
LIBOR floor rate (percent)		9.50%				
Line of credit facility, interest rate				9.50%		
Unused facility fee (percent)			0.50%			
Outstanding line of credit balance				$ 40,000,000		
Borrowings as a percentage of eligible notes receivables pledged (percent)		90.00%				
Unused borrowing capacity				23,890,582		
Capacity committed		$ 20,000,000				$ 40,000,000
Debt issuance costs, net					$ 663,649	
Line of Credit | Loan And Security Agreement | Notes receivable pledged						
Debt Instrument [Line Items]						
Notes receivable, net				$ 70,989,536		
Line of Credit | Loan And Security Agreement | LIBOR						
Debt Instrument [Line Items]						
Spread on variable rate (percent)		7.75%				
Line of Credit | Previous Line of Credit						
Debt Instrument [Line Items]						
Termination fee paid to exit previous loan	$ 1,000,000					

Long Term Debt (Details) - USD ($)	Jun. 24, 2021	Apr. 14, 2020	Jul. 26, 2018	12 Months Ended Dec. 31, 2021	Dec. 31, 2020
Debt Instrument [Line Items]					
Payment of accrued interest				$ 4,819,604	$ 3,770,838
Minnesota Department of Employment and Economic Development (DEED) Seven -Year Loan | Interest-free loans					
Debt Instrument [Line Items]					
Proceeds from issuance of debt			$ 250,000		
Term of facility from the agreement date			7 years		
Transferred ownership interest threshold (percent)			50.00%		
Penalty as a percentage of original loan amount (percent)			30.00%		
U.S. Small Business Administration's (SBA) Paycheck Protection Program (PPP) Loan | Uncollateralized Forgivable Loan					
Debt Instrument [Line Items]					
Loan proceeds received		$ 1,220,332			
Repayments of loan principal	$ 1,220,332				
Payment of accrued interest	$ 14,779				

Equity Based Compensation - Narrative (Details) - USD ($)	12 Months Ended		
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]			
Expense recognized	$ 14,161,754	$ 7,010,844	
Options issued and outstanding (in shares)	21,195,768	24,515,544	17,052,503
Stock option exercises (in shares)	1,683,397	1,736,476	
Compensation cost related, cost not yet recognized	$ 27,266,222	$ 23,912,268	
Expected weighted average period	2 years 8 months 12 days	3 years 1 month 6 days	
Minimum			
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]			
Vesting period	6 months		
Maximum			
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]			
Vesting period	4 years		
2016 Employee Stock Option Plan			
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]			
Common stock authorized (in shares)	10,000,000		
Options issued and outstanding (in shares)	5,659,017	6,844,170	
Stock option exercises (in shares)	889,320	1,344,145	
Common stock issued (in shares)	888,815	1,344,145	
2019 Equity Incentive Plan			
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]			
Common stock authorized (in shares)	26,000,000		
Options issued and outstanding (in shares)	15,102,771	17,671,374	
Stock option exercises (in shares)	835,684	392,331	
Common stock issued (in shares)	794,582	392,331	
2021 Equity Incentive Plan			
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]			
Common stock authorized (in shares)	25,000,000		
Options issued and outstanding (in shares)	433,980		
Stock option exercises (in shares)	0		
Employee Share Option Plan			
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]			
Expense recognized	$ 378,551		
Options issued and outstanding (in shares)	530,305	0	

Stock option exercises (in shares)	0	
Vested options (in shares)	0	
Compensation cost related, cost not yet recognized	$ 404,095	
Expected weighted average period	1 year 8 months 12 days	
Restricted Stock		
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]		
Restricted stock issuances and vesting of awards (in shares)	116,668	116,666
Restricted Stock | Minimum		
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]		
Vesting period	1 year	1 year
Restricted Stock | Maximum		
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]		
Vesting period	4 years	4 years
Restricted Stock | 2016 Employee Stock Option Plan		
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]		
Additionally options issued and outstanding (in shares)	38,888	155,556
Restricted Stock | 2019 Equity Incentive Plan		
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]		
Additionally options issued and outstanding (in shares)	1,467,292	2,680,259
Restricted Stock | 2021 Equity Incentive Plan		
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]		
Additionally options issued and outstanding (in shares)	4,316,959	
Restricted Stock Units		
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]		
Granted (in shares)	4,733,804	2,659,094
Restricted stock issuances and vesting of awards (in shares)	1,569,681	464,736
Weighted average fair value of grants (in dollars per share)	$ 4.64	$ 3.48
Weighted average fair value	$ 21,964,851	$ 9,250,511
Common Stock		
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]		
Stock option exercises (in shares)	1,486,341	1,492,060
Restricted stock issuances and vesting of awards (in shares)	1,569,681	464,736
Common Stock | 2021 Equity Incentive Plan		
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]		
Common stock issued (in shares)	0	

Equity Based Compensation - Summary of the Company's Stock Option Activity (Details) - USD ($)	12 Months Ended		
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019
Number of Options			
Number of options, beginning balance (in shares)	24,515,544	17,052,503	
Number of options, granted (in shares)	1,922,480	10,105,163	
Number of options, exercised (in shares)	(1,683,397)	(1,736,476)	
Number of options, canceled (in shares)	(3,558,859)	(905,646)	
Number of options, ending balance (in shares)	21,195,768	24,515,544	17,052,503
Number of options, exercisable (in shares)	11,137,578	7,064,077	
Number of option expected to vest (in shares)	10,058,190	17,451,467	
Weighted Average Exercise Price			
Weighted average exercise price, beginning balance (in dollars per share)	$ 1.34	$ 0.62	
Weighted average exercise price, granted (in dollars per share)	6.29	0.83	
Weighted average exercise price, exercised (in dollars per share)	0.71	0.31	
Weighted average exercise price, canceled (in dollars per share)	2.37	0.10	
Weighted average exercise price, ending balance (in dollars per share)	1.74	1.34	$ 0.62
Weighted average exercise price, exercisable (in dollars per share)	1.02	0.52	
Weighted average exercise price, expected to vest (in dollars per share)	$ 2.55	$ 1.68	
Intrinsic Value			
Intrinsic value, beginning balance	$ 84,731,639	$ 14,895,996	
Intrinsic value, exercised	8,329,397	5,917,834	
Intrinsic value, ending balance	23,079,520	84,731,639	$ 14,895,996
Intrinsic value, exercisable	16,036,993	29,883,424	
Intrinsic value, expected to vest	$ 7,042,527	$ 54,848,215	
Weighted Average Remaining Life			
Weighted average remaining life, term	7 years 9 months 3 days	8 years 7 months 24 days	9 years 2 months 4 days
Weighted average remaining contractual term	8 years 6 months 18 days	8 years 10 months 24 days	
Employee Share Option Plan			
Number of Options			
Number of options, beginning balance (in shares)	0		
Number of options, granted (in shares)	530,305		
Number of options, exercised (in shares)	0		
Number of options, canceled (in shares)	0		

Number of options, ending balance (in shares)	530,305	0
Number of options, exercisable (in shares)	0	
Number of option expected to vest (in shares)	530,305	
Weighted Average Exercise Price		
Weighted average exercise price, beginning balance (in dollars per share)	$ 0	
Weighted average exercise price, granted (in dollars per share)	0.23	
Weighted average exercise price, exercised (in dollars per share)	0	
Weighted average exercise price, canceled (in dollars per share)	0	
Weighted average exercise price, ending balance (in dollars per share)	0.23	$ 0
Weighted average exercise price, exercisable (in dollars per share)	0	
Weighted average exercise price, expected to vest (in dollars per share)	$ 0.23	
Intrinsic Value		
Intrinsic value, beginning balance	$ 0	
Intrinsic value, ending balance	723,750	$ 0
Intrinsic value, exercisable	0	
Intrinsic value, expected to vest	$ 723,750	
Weighted Average Remaining Life		
Weighted average remaining life, term	9 years 11 months 19 days	0 years
Weighted average remaining contractual term	9 years 11 months 19 days	

Equity Based Compensation - Weighted-Average Assumptions Used in the Black-Scholes Option Pricing Model (Details) - $ / shares	Mar. 12, 2021	May 22, 2020	12 Months Ended Dec. 31, 2021	Dec. 31, 2020
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]				
Fair value of options (in USD per share)	$ 3.06			
Equity Incentive Plan				
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]				
Fair value of options (in USD per share)			$ 4.95	$ 2.23
Long Term Incentive Plan (LTIP)				
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]				
Fair value of options (in USD per share)			$ 3.06	$ 0.64
Employee Share Option Plan				
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]				
Risk-free interest rate (in percent)			1.07%	
Expected volatility rate, minimum (in percent)			96.90%	
Expected volatility rate, maximum (in percent)			97.35%	
Expected term (in years)			6 years	
Fair value of options (in USD per share)			$ 1.47	
Stock Options				
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]				
Fair value of options (in USD per share)		$ 0.64		
Stock Options | Equity Incentive Plan				
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]				
Risk-free interest rate, minimum (in percent)			0.65%	0.37%
Risk-free interest rate, maximum (in percent)			1.07%	0.56%
Expected volatility rate, minimum (in percent)			87.39%	91.30%
Expected volatility rate, maximum (in percent)			90.89%	93.83%
Expected term (in years)			6 years	6 years
Stock Options | Long Term Incentive Plan (LTIP)				
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]				
Risk-free interest rate (in percent)			1.62%	0.68%
Expected volatility rate (in percent)			87.40%	93.00%
Expected term (in years)			5 years 9 months 21 days	6 years 1 month 6 days

Equity Based Compensation - Summary of Restricted Stock Activity (Details) - Restricted Stock And Restricted Stock Units - $ / shares	12 Months Ended	
	Dec. 31, 2021	Dec. 31, 2020
Number of Shares		
Unvested, beginning balance (in shares)	2,833,743	772,222
Granted (in shares)	4,733,804	2,659,094
Vested (in shares)	(1,686,349)	(581,402)
Forfeited or surrendered (in shares)	(58,059)	(16,171)
Unvested, ending balance (in shares)	5,823,139	2,833,743
Weighted Average Grant Date Fair Value		
Unvested, beginning balance (in dollars per share)	$ 3.37	$ 1.12
Granted (in dollars per share)	4.64	3.48
Vested (in dollars per share)	4.19	1.02
Forfeited or surrendered (in dollars per share)	6.25	1.35
Unvested, ending balance (in dollars per share)	$ 4.22	$ 3.37

Equity Based Compensation - Summary of the Employee Share Option Activity (Details) - USD ($)	12 Months Ended		
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019
Number of Options			
Number of options, beginning balance (in shares)	24,515,544	17,052,503	
Number of options, granted (in shares)	1,922,480	10,105,163	
Number of options, ending balance (in shares)	21,195,768	24,515,544	17,052,503
Number of options, exercisable (in shares)	11,137,578	7,064,077	
Number of option expected to vest (in shares)	10,058,190	17,451,467	
Weighted Average Exercise Price			
Weighted average exercise price, beginning balance (in dollars per share)	$ 1.34	$ 0.62	
Weighted average exercise price, granted (in dollars per share)	6.29	0.83	
Weighted average exercise price, ending balance (in dollars per share)	1.74	1.34	$ 0.62
Weighted average exercise price, exercisable (in dollars per share)	1.02	0.52	
Weighted average exercise price, expected to vest (in dollars per share)	$ 2.55	$ 1.68	
Intrinsic Value			
Intrinsic value, beginning balance	$ 84,731,639	$ 14,895,996	
Intrinsic value, ending balance	23,079,520	84,731,639	$ 14,895,996
Intrinsic value, exercisable	16,036,993	29,883,424	
Intrinsic value, expected to vest	$ 7,042,527	$ 54,848,215	
Weighted Average Remaining Life			
Weighted average remaining life, term	7 years 9 months 3 days	8 years 7 months 24 days	9 years 2 months 4 days
Weighted average remaining life, exercisable	7 years 18 days	8 years 14 days	
Weighted average remaining contractual term	8 years 6 months 18 days	8 years 10 months 24 days	
Employee Share Option Plan			
Number of Options			
Number of options, beginning balance (in shares)	0		
Number of options, granted (in shares)	530,305		
Number of options, ending balance (in shares)	530,305	0	
Number of options, exercisable (in shares)	0		
Number of option expected to vest (in shares)	530,305		
Weighted Average Exercise Price			
Weighted average exercise price, beginning balance (in dollars per share)	$ 0		
Weighted average exercise price, granted (in dollars per share)	0.23		

Weighted average exercise price, ending balance (in dollars per share)	0.23	$ 0
Weighted average exercise price, exercisable (in dollars per share)	0	
Weighted average exercise price, expected to vest (in dollars per share)	$ 0.23	
Intrinsic Value		
Intrinsic value, beginning balance	$ 0	
Intrinsic value, ending balance	723,750	$ 0
Intrinsic value, exercisable	0	
Intrinsic value, expected to vest	$ 723,750	
Weighted Average Remaining Life		
Weighted average remaining life, term	9 years 11 months 19 days	0 years
Weighted average remaining life, exercisable	0 years	
Weighted average remaining contractual term	9 years 11 months 19 days	

Merchant Accounts Payable (Details) - USD ($)	12 Months Ended	
	Dec. 31, 2021	Dec. 31, 2020
Payables and Accruals [Line Items]		
Merchant accounts payable	$ 96,516,668	$ 60,933,272
Net interest expense	5,269,284	4,303,175
Merchant Interest Program		
Payables and Accruals [Line Items]		
Merchant accounts payable	$ 78,097,910	$ 53,528,501
Spread on variable rate (percent)	3.00%	
Weighted average yield (percent)	3.22%	5.43%
Net interest expense	$ 2,314,770	$ 1,475,554
Deferred payments due on demand (maximum per 7 days)	$ 250,000	

Short and Long-Term Incentive Plans (Details)	Mar. 12, 2021 $ / shares	Mar. 12, 2021 $ / shares	May 22, 2020 $ / shares	May 22, 2020 $ / shares	1 Months Ended May 31, 2020	12 Months Ended Dec. 31, 2021 USD ($)	12 Months Ended Dec. 31, 2020 USD ($)
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]							
Exercise price (in A$ per share) | $ / shares		$ 8.00					
Value of grants as a percentage of salary (percent)	200.00%	200.00%					
Fair value of options (in USD per share) | $ / shares	$ 3.06						
Other non-current liabilities							$ 4,483,073
Conversion of liability-classified incentive awards to stockholder's equity						$ 8,580,123	
Expense recognized						14,161,754	7,010,844
Restricted Stock Units							
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]							
Accruals						0	2,133,806
Restricted Stock Units | 2020 Plan							
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]							
Accruals						1,996,779	
Stock Options							
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]							
Shareholder Total Return testing period	2 years	2 years			3 years		
Continuous employment period					3 years		
Vesting period					3 years		
Exercise price (in A$ per share) | $ / shares				$ 2.10			
Value of grants as a percentage of salary (percent)			300.00%	300.00%			
Value of grants as a percentage of annual salary (percent)			100.00%	100.00%			
Fair value of options (in USD per share) | $ / shares			$ 0.64				

Expense recognized	$ 6,680,130	$ 5,939,644

"us-gaap_DebtInstrumentTerm": {
 "auth_ref": [],
 "lang": {
  "en-us": {
   "role": {
    "documentation": "Period of time between issuance and maturity of debt instrument, in PnYnMnDTnHnMnS format, for example, 'P1Y5M13D' represents the reported fact of one year, five months, and thirteen days.",
    "label": "Debt Instrument, Term",
    "terseLabel": "Term of facility from the agreement date",
    "verboseLabel": "Term of facility from the agreement date"
   }
  }
 },
 "localname": "DebtInstrumentTerm",
 "nsuri": "http://fasb.org/us-gaap/2021-01-31",
 "presentation": [
  "http://www.aerie.com/role/LineofCreditDetails",
  "http://www.aerie.com/role/LongTermDebtDetails"
 ],
 "xbrltype": "durationItemType"
},
"us-gaap_DebtPolicyTextBlock": {
 "auth_ref": [
  "r237"
 ],
 "lang": {
  "en-us": {
   "role": {
    "documentation": "Disclosure of accounting policy related to debt. Includes, but is not limited to, debt issuance costs, the effects of refinancings, method of amortizing debt issuance costs and original issue discount, and classifications of debt.",
    "label": "Debt, Policy [Policy Text Block]",
    "terseLabel": "Debt Issuance Costs"
   }
  }
 },
 "localname": "DebtPolicyTextBlock",
 "nsuri": "http://fasb.org/us-gaap/2021-01-31",
 "presentation": [
  "http://www.aerie.com/role/PrincipalBusinessActivityandSignificantAccountingPoliciesPolicies"
 ],
 "xbrltype": "textBlockItemType"
},
"us-gaap_DebtWeightedAverageInterestRate": {
 "auth_ref": [],
 "lang": {
  "en-us": {
   "role": {
    "documentation": "Weighted average interest rate of debt outstanding.",
    "label": "Debt, Weighted Average Interest Rate",
    "terseLabel": "Weighted average interest rate (percent)"
   }
  }
 },
 "localname": "DebtWeightedAverageInterestRate",
 "nsuri": "http://fasb.org/us-gaap/2021-01-31",
 "presentation": [
  "http://www.aerie.com/role/LineofCreditDetails"
 ],
 "xbrltype": "percentItemType"
},
"us-gaap_DeferredCompensationShareBasedArrangementsLiabilityCurrentAndNoncurrent": {
 "auth_ref": [],
 "crdr": "credit",
 "lang": {
  "en-us": {
   "role": {
    "documentation": "Aggregate carrying value as of the balance sheet date of the liabilities for stock option plans and other equity-based compensation arrangements.",
    "label": "Deferred Compensation Share-based Arrangements, Liability, Current and Noncurrent",
    "terseLabel": "Accruals"
   }
  }
 },
 "localname": "DeferredCompensationShareBasedArrangementsLiabilityCurrentAndNoncurrent",
 "nsuri": "http://fasb.org/us-gaap/2021-01-31",
 "presentation": [
  "http://www.aerie.com/role/ShortandLongTermIncentivePlansDetails"
 ],
 "xbrltype": "monetaryItemType"
},