



# Introduction to Zip

February 2025



# Disclaimer and important notices

The information contained in this presentation has been prepared by Zip Co Limited ACN 139 546 428 (Company).

This presentation contains summary information about the current activities of the Company and its subsidiaries as at the date of this presentation. The information in this presentation is of a general nature and does not purport to be complete or to provide all information that an investor should consider when making an investment decision. It should be read in conjunction with the Company's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange. Certain market and industry data used in connection with this presentation has been obtained from research, surveys or studies conducted by third parties, including industry or general publications. Neither the Company nor its representatives have independently verified any such data provided by third parties.

This presentation is not an offer, invitation, solicitation or other recommendation with respect to the subscription for, purchase or sale of any securities in the Company. This presentation has been made available for information purposes only and does not constitute a prospectus, short form prospectus, profile statement, offer information statement or other offering document under Australian law or any other law. This presentation is not subject to the disclosure requirements affecting disclosure documents under Chapter 6D of the *Corporations Act 2001* (Cth) and does not contain all the information which would be required in such a disclosure document or prospectus.

This presentation is not a financial product nor investment advice nor a recommendation to acquire shares and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal and taxation advice appropriate to their jurisdiction. This presentation does not constitute the provision of, financial product advice in respect of the Company's shares.

The information in this presentation may be changed, modified or amended at any time by the Company, and is not intended to, and does not, constitute representations or warranties of the Company. Neither the Company or any of its directors, officers, agents, employees or advisors give any representation or warranty, express or implied, as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation. Accordingly, to the maximum extent permitted by law, none of the Company, its directors, employees or agents, advisers, nor any other person accepts any liability whether direct or indirect, express or limited, contractual, tortious, statutory or otherwise, in respect of, the accuracy or completeness of the information or for any of the opinions contained in this presentation or for any errors, omissions or misstatements or for any loss, howsoever arising, from the use of this presentation.

This presentation may contain certain "forward looking statements". Forward risks, uncertainties and other factors, many of which are outside the control of the Company can cause actual results to differ materially from such statements. The Company makes no undertaking to update or revise such statements. Investors are cautioned that any forward-looking statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in any forward-looking statements made.

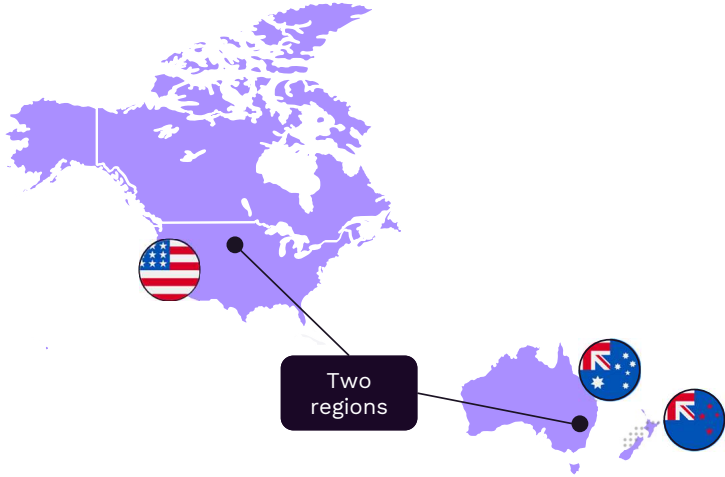
An investment in the Company's shares is subject to investment and other known and unknown risks, some of which are beyond the control of the Company. Such risks and uncertainties include, but are not limited to: the acquisition and retention of customers, third party service provider reliance, competition, reliance on key personnel, additional requirements for capital, the ability to raise sufficient funds to meet the needs of the Company in the future, potential acquisitions, platform disruption, commercialisation, changes in technology, reliance on new products, development timeframes, product distribution, insurance, security breaches, maintenance of key business partner relationships, management of growth, brand establishment and maintenance, as well as political and operational risks, and governmental regulation and change in laws. Additional risks and uncertainties that the Company is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect the Company's operating and financial performance.

Usability of the Company's products depend upon various factors outside the control of the Company including, but not limited to: device operating systems, mobile device design and operation and platform provider standards and reliance on access to internet. A number of the Company's products and possible future products contain or will contain open source software, and the Company may license some of its software through open source projects, which may pose particular risks to its proprietary software and products in a manner that could have a negative effect on its business. The Company's intellectual property rights are valuable, and any inability to protect them could reduce the value of its products and brand. The Company's products may contain programming errors, which could harm its brand and operating results. The Company will rely on third party providers and internet search engines (amongst other facilities) to direct customers to the Company's products.

The Company does not guarantee any particular rate of return or the performance of the Company, nor does it guarantee the repayment of capital from the Company or any particular tax treatment. Before investing in the Company, you should consider whether this investment is suitable for you. Potential investors should consider publicly available information on the Company, carefully consider their personal circumstances and consult their professional advisers before making an investment decision.

All amounts in this presentation are presented in AUD unless stated otherwise.

# Zip is a responsible lender with strong foundations to deliver long term profitable growth



Zip is a responsible lender with a focus on **2 core regions**:

- **Australia & New Zealand (ANZ)**
- **United States of America (US)**

Zip was founded in Australia and has 12+ years of operating history

Listed on the Australian Securities Exchange (ASX: ZIP)

High-growth US business representing 70% of total transaction value

Greater than \$2b Australian receivables book yielding circa 19%

Proven track record of managing risk to deliver profitable outcomes

## Our purpose

Unlocking financial potential, together

## Our mission

To bring exceptional experiences, innovation and partnership to every financial journey

## Values

Customer First

Own It

Change the Game

Stronger Together

# Contents

**01** We are Zip

**02** Strategy

**03** Group Financials

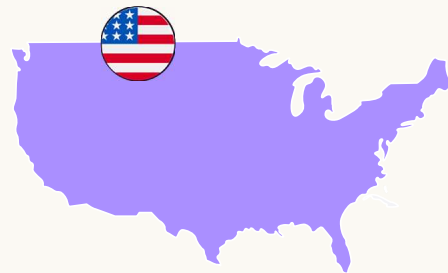
**ZIP**

**01.  
We are Zip**



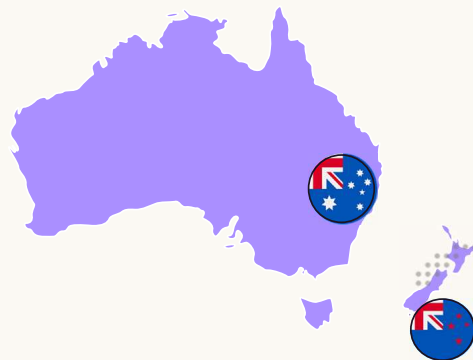
# Zip United States (US)

- Zip US was founded as Quadpay in 2017 and acquired by Zip in 2020
- Products:
  - Pay in 4 and Pay in 8, which are the first two offerings of our broader Pay in Z platform (forthcoming)
  - Average Order Value ~ US\$130
  - Credit Lines up to US\$1500
  - Portfolio recycles every 6 weeks
- Dual-sided revenue model: customer and merchant revenue
- US\$300m debt facility supporting US\$2.9b (AU\$4.4b) transaction volume in 1HFY25
- In FY24:
  - 3.8m active customers
  - US\$4.3b (AU\$6.5b) transaction value
  - Cash EBTDA (Cash Profit) of US\$50.6m (AU\$77.2m)

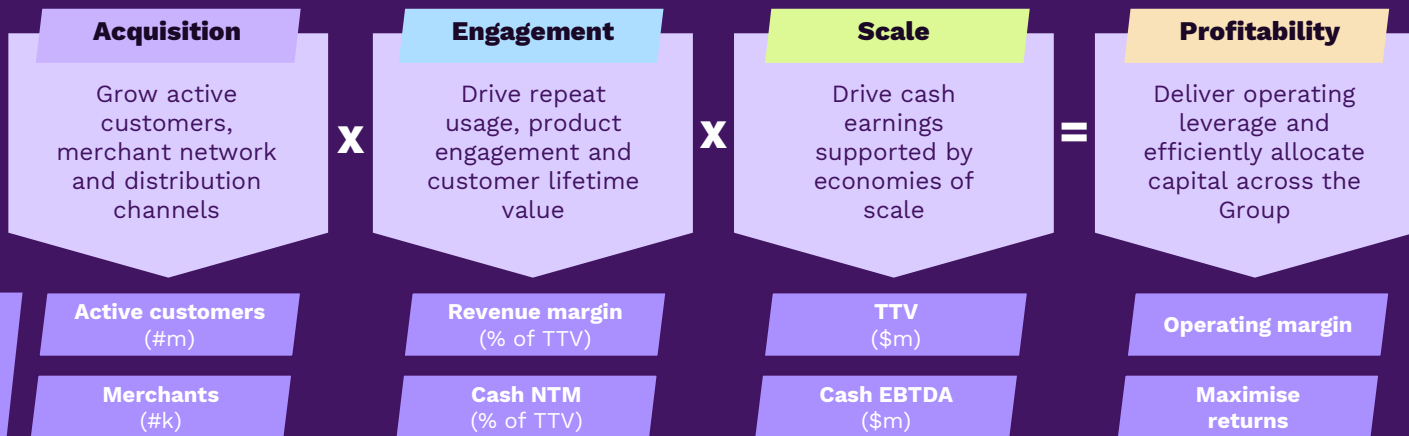


# Zip Australia and New Zealand (ANZ)

- Founded in 2013 with an ambition to disrupt traditional financial services, especially credit products at point of sale
- Consumer products:
  - Revolving lines of credit and fixed terms
  - Limits range from AU\$1.5k to AU\$50k
  - Short duration portfolio, average pay down between 6 to 9 months
  - Longer duration products offered in personal loans
- Two-sided revenue model: customers and merchants
- Circa AU\$2.1b of customer receivables funded by facilities with capacity of circa AU\$2.5b. Utilises both private warehouse funding facilities and public market rated ABS bonds
- In FY24:
  - 2.2m active customers
  - AU\$3.6b transaction value
  - Cash EBTDA (Cash Profit) of AU\$33.0m



# Zip's business model delivers growth, profitability and capital efficiency





# Zip's customer and merchant network create a powerful flywheel to drive growth



## CUSTOMERS



### Spending & budgeting

- Interest free terms
- Payment flexibility



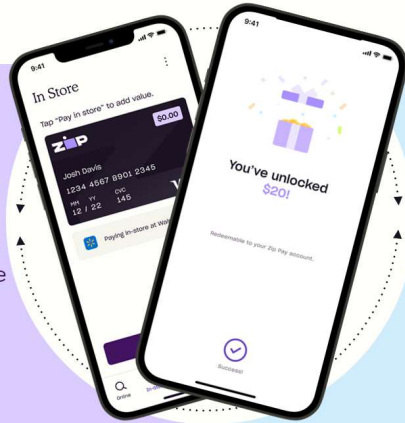
### Great experience

- Seamless online and offline
- Market leading app (4.9 App Store rating)
- Personalised experience



### Deals & offers

- Exclusive promotions
- Gift cards
- Cashback



## MERCHANTS



### Sales growth

- Higher conversions, larger baskets and customer referrals
- Increased repurchase rates



### Value-add services

- Data and customer insights



### Omnichannel strategies

- Marketing tools to drive growth
- Omni-channel payments

Enabling budgeting, every day and discretionary spend as cost of living rise

Driving top line sales growth and customer engagement

# Merchants and payment ecosystem partners create a significant distribution network for Zip



## Merchants

Enable customer to shop at checkout, with Zip widget acting as a billboard to grow brand awareness and product utilisation



## Distribution Partners

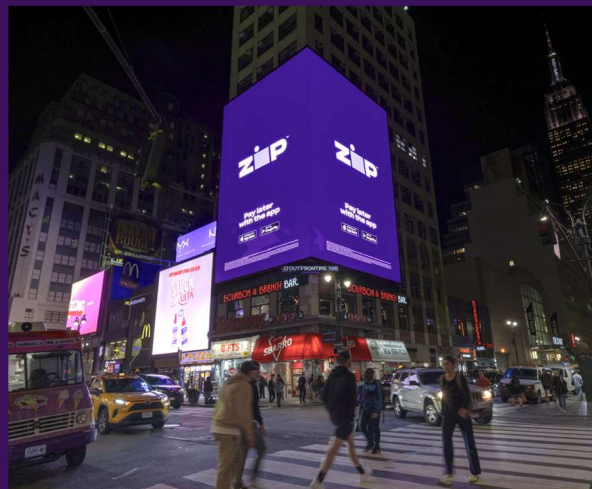
Payment Service Providers (e.g., Stripe, Adyen) enabling ease of integration for merchants

Browser extensions and integrations (e.g., GPay, Microsoft edge) which allow one to many distribution of the Zip product through an embedded finance construct

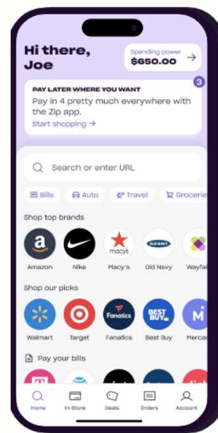
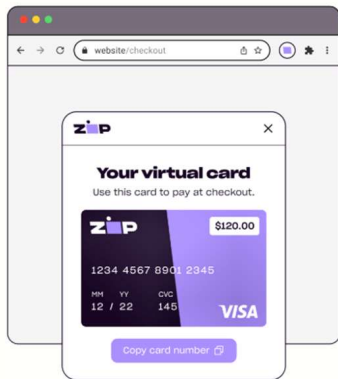
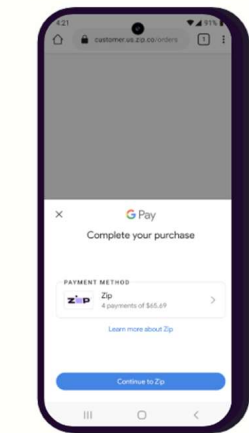
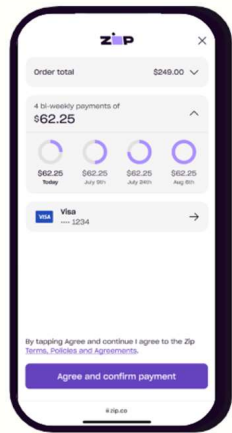


## E-commerce platforms

Platforms hosting many e-commerce merchants, enabling a one-to-many go to market to enable Zip for merchants



# How customers can pay with Zip



Merchant checkout

Google Pay<sup>1</sup>

Chrome

MS Edge

Online

In-store/physical

Web checkout

Browser extensions

App | iOS and Android

Note: (1) US integration in early stages

# Flexible product set covers a broad range of values and repayment periods

Product	Pay-in-4	Pay-in-8	Zip Pay	Zip Plus	Zip Money	Personal Loan
<b>Market</b>	US, NZ	US	AU	AU	AU	AU
<b>Acceptance</b>	Americas: Everywhere* NZ: 3k+ merchants	Everywhere*	Everywhere*	Everywhere*	47k merchants + anywhere online	Direct to Zip
<b>Account type</b>	Pay by instalments	Pay by instalments	Pay by account	Pay by account	Pay by account or instalments	Pay by instalments
<b>Purchase value</b>	\$1 - \$1.5k	\$1 - \$1.5k	\$1 - \$1.5k	\$1 - \$8k	\$1 - \$50k	\$5k - \$50k
<b>Instalment length</b>	6 weeks	14 weeks	Revolving account	Revolving account	Revolving account	Fixed Term
<b>Repayment frequency</b>	Fortnightly	Fortnightly	Flexible	Flexible	Flexible	Weekly, Fortnightly or Monthly

\* Everywhere VISA is accepted

**ZIP**

## 02. Strategy



# Zip has a clear strategy to maintain growth momentum in FY25



## Growth and engagement

Secure new merchant and strategic partnerships

Scale embedded distribution channels

Scale new propositions; Pay in Z (US) and Zip Plus (AU)



## Product innovation

Accelerate innovation

Scale Personal Loans (AU)

Pilot capital-light propositions (ANZ)



## Operational excellence

Improve and automate key customer journeys

Enhance core operating systems for scale

Optimise funding structures

# Zip has tailored strategies to win in both markets; the US continues to be Zip's most significant growth opportunity

**US** Execute on significant growth opportunity

**ANZ** Leverage leading market position



## Market context

Early and significant (US\$130b+)<sup>1</sup> addressable market with segment growth at ~30-32%<sup>2</sup> and <2%<sup>1,3</sup> BNPL penetration of total payments market

Well-established consumer finance market with high customer awareness



## Zip position

Capital light business delivering highly efficient TTV and cash EBTDA growth underpinned by two-sided flywheel

Significant active customer base relative to population with foundations in place to drive the next horizon of growth



## Zip strategy

Financial flexibility, to serve the everyday needs of the 100m+ everyday Americans, everywhere

Leverage strategic assets to scale next generation financial services propositions that deepen customer and merchant engagement



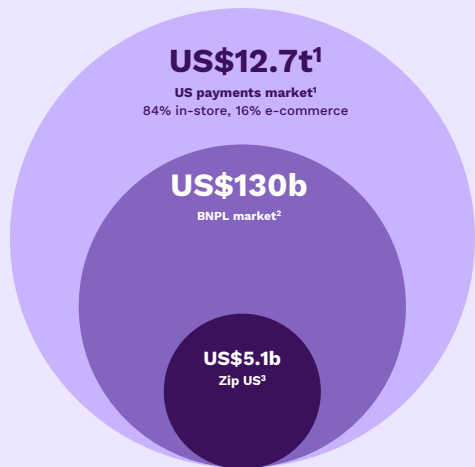
## Medium term objectives

Increase share in rapidly growing market  
Evolve consumer offering for added flexibility  
Expand and diversify distribution networks

Drive new product adoption  
Drive receivables growth  
Enhance operating margins

Note: (1) Total BNPL market estimate for 2024. Sources considered in analysis include the 2024 Global Payments Report, Capital One and Business Wire. (2) Market growth considers annualised volume growth in comparable US BNPL instalment products which has been estimated at 30 to 32% YoY. (3) Total US payments market of US\$12.7t according to The Global Payments Report, 2024.

# US: Significant growth opportunity in an early-stage BNPL market with 100m+ everyday consumers



**Significant headroom for US BNPL market growth, adoption is still in the early stages compared to more established markets<sup>4</sup>**



**US**

**<2%** of total payments

**5%** of e-commerce



**Australia**

**15%** of e-commerce



**Sweden**

**21%** of e-commerce



**Germany**

**21%** of e-commerce

Note: (1) 2024 estimated volume, according to The Global Payments Report, 2024. (2) Total BNPL market estimate for 2024. Sources considered in analysis include the 2024 Global Payments Report, Capital One and Business Wire. (3) Based on calendar year 2024 volume. (4) Percentages represent BNPL as a % of e-commerce volume.



# Why Zip US?

## Our customer

### 100m+ Everyday Americans

Zip has served millions of Americans who have been disenfranchised by traditional credit providers and who frequently use BNPL due to its flexibility, transparency and ability to help them manage their cash flow

Skew 18-45s, females, living in the South. Balancing work, family, pet care. Over 90% either work full time, part time or are self-employed (many in healthcare, admin, management, sales, trades and service industries)

- ✓ **Added ~400k active customers** over 1H25
- ✓ **98%+** of transactions are repaid in full
- ✓ Customers **build confidence in their financial capability**

## Our unique ability to win

### Risk capabilities

Data and underwriting delivering growth and losses outperforming traditional credit products

- ✓ **\$16.5bn+ TTV** to date
- ✓ **100m+ transactions** to date

### Product innovation

Flexibility, Everywhere

- ✓ **Distributed through merchants, App, in-store, partner channel**
- ✓ **Evolution from Pay-in-4 to Pay-in-Z**

### Merchant incrementality

Revised merchant value proposition and go-to-market

- ✓ **Momentum in merchant and channel partnerships**

A two-sided flywheel powered by differentiated capabilities

# ANZ: Proven track record of executing on strategic settings

Phase	Strategic settings	Output
<b>Pre-FY23</b> <b>Build the franchise</b>	Focused on top line growth and accelerating the two-sided flywheel	Customer acquisition Merchant network Top line growth Reset the balance sheet
<b>FY23-24</b> <b>Optimise margins, enhance capability</b>	Responded to shifts in macro settings and higher for longer interest rates	Portfolio yield Excess spread Product development
<b>FY25+</b> <b>Invest for profitable growth</b>	Leveraging strategic assets to accelerate growth and unlock new profit pools	Receivables growth Product adoption Operating margins

# ANZ: strategic assets provide the foundations for the next horizon of profitable growth and long-term success



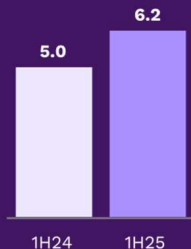
**ZIP**

# 03. Group Financials

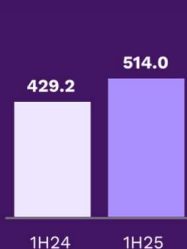


# Strong 1H25 results driven by outstanding US growth and disciplined execution<sup>1</sup>

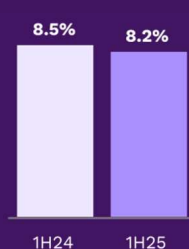
**TTV (\$b)**  
**+23.9%** YoY



**Total income<sup>2</sup> (\$m)**  
**+19.8%** YoY

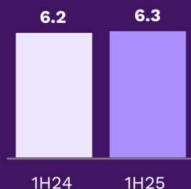


**Revenue margin (% of TTV)**  
**-28bps** YoY

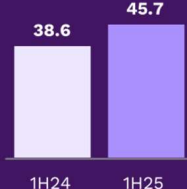


Reflects higher US contribution (now 70% of TTV)

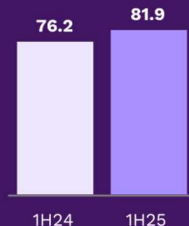
**Active customers (m)**  
**+1.5%** YoY



**Transactions (m)**  
**+18.4%** YoY



**Merchants (#k)**  
**7.6%** YoY



Note: (1) Metrics correspond to ANZ and US business. Comparative metrics have been adjusted to remove discontinued operations.  
(2) Total income has historically been used in the calculation of Zip's key performance metrics. Refer to glossary for definitions.

**Strong unit economics and greater scale delivering significant operating leverage**

**Cash EBTDA (\$m)**  
**+117.1%** YoY



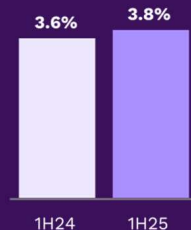
**Net bad debts (% of TTV)**  
**-22bps** YoY



**Cash gross profit<sup>1</sup> (\$m)**  
**+30.1%** YoY



**Cash net transaction margin<sup>1</sup> (%)**  
**+18bps** YoY



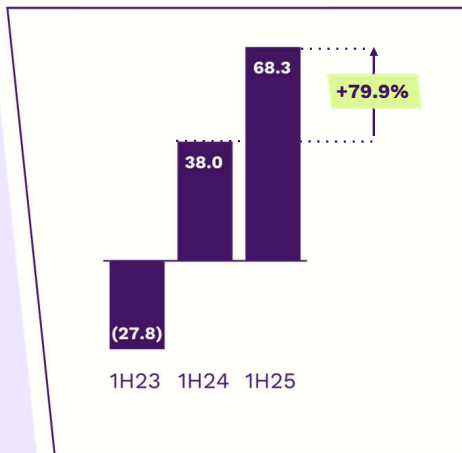
Note: (1) Comparatives have been restated to exclude discontinued operations.

# Zip delivered record profitability in 1H25 driven by strong US results

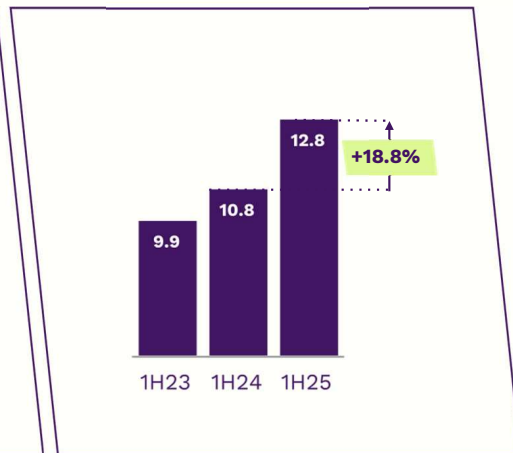
Group cash EBTDA (\$m)



US cash EBTDA (\$m)



ANZ cash EBTDA (\$m)



**Significant growth in cash earnings as the business scales**

# Capital structure and liquidity

Zip reset in FY24 providing flexibility and liquidity to pursue further profitable growth

## Convertible notes<sup>1</sup>

Extinguished all \$340.0m notional of existing Convertible Notes being:

- \$50.0m of CVI Convertible Notes (Private)
- \$290.0m Senior Convertible Notes (Public) through a combination of actions

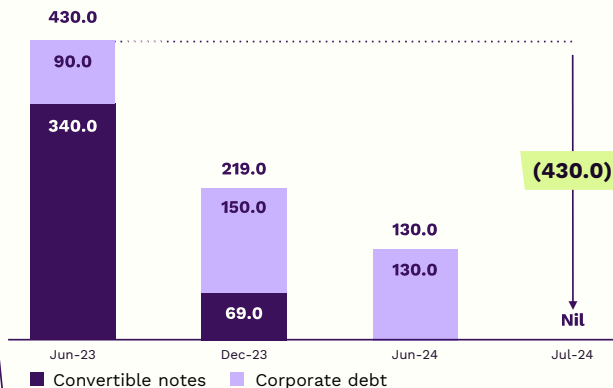
## Equity Placement

- In July 2024, Zip raised \$217.0m in a fully underwritten equity placement
- In August, an additional \$50.1m was raised through a Share Purchase Plan (“SPP”) from existing retail investors
- Strengthened Zip’s balance sheet with proceeds used to pay down the Company’s corporate debt facility and the associated exit fee

## Cash and Liquidity

- As at 31 December 2024, Zip had \$527.0m of total cash on the balance sheet
- \$195.5m in available cash and liquidity, up from \$80.4m at 30 June 2024
- During 1H25, Zip generated \$59.0m of operating cash (comprising cash EBTDA, capex and working capital and receivables funding movements)

## Zip corporate debt



**As at December 2024, Zip has zero corporate debt**

Note: (1) Senior Convertible Notes refers to Zip’s \$400.0m convertible notes issued on 23 April 2021 which were listed on the Singapore Securities Trading Exchange. CVI Convertible Notes refers to Zip’s convertible notes issued 1 September 2020 to CVI Investments, Inc (CVI).

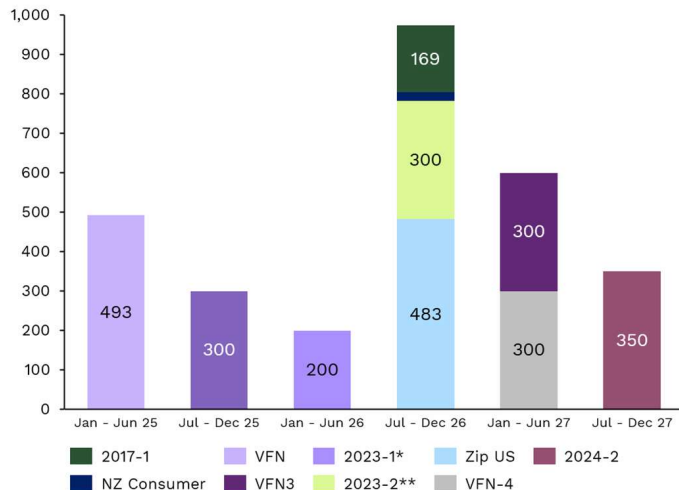


# Receivables financing

Zip has extended the tenor of financing with both existing and new debt investors and achieved significant improvement in credit margins

- Zip has a well diversified funding profile due to a combination of private warehouse and public rated facilities
- Significantly reduced WAM for rated deals in 2024 compared to 2023
  - WAM of 2.13% for 2024-2 series compared to 4.82% for 2023-1
- Master Trust (“MT”) in Australia with \$2.0b receivables
  - 3 primary Warehouses with capacity of \$1.1b
  - 4 rated ABS issuances outstanding of \$1.2b
  - Zip retains junior note (5%) in each facility and a 1% seller note in the MT
- Smaller Trust (“2017-1”) in Australia with \$169m capacity for product development and diversification purposes
- Zip in the United States (US) has a US\$300.0m funding facility in place
- Zip operates with ample headroom. As at 31 December 2024, Zip AU had \$280.0m and Zip US had US\$97.0m of undrawn and available funds to fund receivables.

Zip’s funding facilities (\$m)



\* 2023-1 to be amortised by ~\$16M a month from Jun-25 to May-26  
 \*\* 2023-2 to be amortised by ~\$24M a month from Nov-25 to Oct-26

# Our Leaders



**Cynthia Scott**  
**Group CEO & Managing Director**

As Group CEO, Cynthia leads Zip's financial performance and strategy across Australia, New Zealand and the United States. She is passionate about innovation in financial services and building inclusive teams.

Prior to Zip, Cynthia was the Chief Strategy and Business Development Officer at Scentre Group and held a number of senior executive roles at Telstra including Group Executive responsible for Telstra's New Business portfolio. Prior to Telstra, Cynthia spent over 20 years in investment banking, most recently at Barclays where her roles included Regional Head of Debt Capital Markets in Hong Kong and CEO of Australia and New Zealand.



**Gordon Bell**  
**Group Chief Financial Officer**

Gordon is a highly credentialed financial executive with more than 25 years' experience in banking, financial services, capital markets and senior funding and liquidity roles.

Prior to Zip, he spent seven years at Westpac in senior executive roles including as the General Manager Group Finance, Chief Financial Officer of the Business Division and as a Managing Director in Group Treasury. Prior to this, he spent 10 years with the Barclays Group in senior roles including Managing Director and Treasurer, Asia Pacific, and as the Chief Financial Officer for Japan, Greater China and Australia. He has served as a shareholder representative, responsible officer, and Board member in numerous countries. Gordon started his career at KPMG in the audit and advisory division, based in Sydney and London.



**Joe Heck**  
**US CEO**

Joe is an accomplished business leader with over 20 years' experience in consumer lending and a track record of driving innovation and transformation within the lending industry.

Prior to Zip, he was CEO of US fintech Happy Money and prior to this he served as Happy Money's Chief Operating Officer, overseeing sales, risk, data science, operations, and customer experience.

Before joining Happy Money, Joe spent 15 years at TruStage (formerly CUNA Mutual Group) in various leadership roles spanning sales and product innovation to help financial institutions on their digital transformation journey.

# Our Leaders (continued)



**Peter Gray**  
**Co-Founder & ANZ CEO**

Peter co-founded Zip with Larry Diamond in 2013 with the goal of disrupting traditional credit models, using technology and a customer-first approach to create fair, transparent and flexible payment options.

In his role as ANZ CEO, Peter drives performance and innovation in Australia and New Zealand – one of Zip's two core markets.

An operations and consumer credit expert, Peter was the chief architect in developing Zip's proprietary credit and decisioning technology platform and the launch of Zip's Master Trust receivables funding program. He has over 25 years' experience spanning regulated consumer credit, operations, risk, legal, compliance and publicly listed companies.



**Alex Christie**  
**Group Chief People  
Officer**

Alex is an accomplished people and culture executive who strives to make a positive impact by building organisational excellence through people.

As Chief People Officer at Zip, Alex has responsibility for people and culture across Australia, New Zealand and the US. Prior to Zip, Alex worked at Lendlease for eleven years in a range of people leadership roles, most recently as Global Head of People and Culture. Prior to Lendlease, he worked in people and culture leadership roles at Insurance Australia Group.



**Linda Lu**  
**Group Chief Legal and  
Risk Officer**

Linda oversees Zip's legal, compliance, enterprise risk and financial crime functions.

Prior to Zip, Linda was Senior Vice President overseeing global litigation, government actions, legal strategy, and insurance risk management at TransUnion, a global data and insights company headquartered in the US. She was on TransUnion's Enterprise Risk Management Committee. Prior to TransUnion, Linda was the Senior Vice President and General Counsel of Nationwide Insurance Personal Lines, and previously, its Chief Litigation Officer.

# Glossary

<b>Term</b>	<b>Definition</b>
<b>FY</b>	Financial year ending 30 June of the relevant financial year
<b>1H</b>	Six months ending 31 December of the relevant financial year
<b>2H</b>	Six months ending 30 June of the relevant financial year
<b>1Q</b>	Three months ending 30 September
<b>2Q</b>	Three months ending 31 December
<b>3Q</b>	Three months ending 31 March
<b>4Q</b>	Three months ending 30 June
<b>bps</b>	Basis points (1.0% = 100bps)
<b>CY</b>	Calendar year
<b>nm</b>	Not meaningful
<b>YoY</b>	Year on year
<b>TTV</b>	Total transaction volumes
<b>Total income</b>	Revenue plus other income
<b>Revenue margin</b>	Total income divided by total transaction volumes
<b>Cash cost of sales</b>	Comprises interest expense, net bad debts written off, and bank fees and data costs
<b>Cash gross profit</b>	Total income less cash cost of sales
<b>Cash NTM</b>	Cash net transaction margin, calculated as cash gross profit divided by total income
<b>EBTDA</b>	Earnings before tax, depreciation and amortisation
<b>Cash EBTDA</b>	EBTDA less non-cash and one-off items
<b>Operating margin</b>	Cash EBTDA divided by total income
<b>Active customers</b>	Customer accounts that have had transaction activity in the last 12 months
<b>Total merchants</b>	Cumulative net merchants that have signed up to the Zip platform



**Thank you**

**zip**