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# Retail Investor Day

**September, 2021**

# Agenda

CEO Address
*(Larry Diamond, Co-founder & Global CEO)*

Product & Innovation
*(Brad Lindenberg and Adam Ezra, Co-CEOs US)*

Growth
*(Larry Diamond, Co-founder & Global CEO and Tommy Mermelshtayn, CSO)*

Performance
*(Peter Gray, Co-founder & Global COO)*

Q&A

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# Mission

To be the first payment choice, everywhere and every day.

# Purpose

Create a world where people can live fearlessly today, knowing they're in control of tomorrow.

# Promise

A more financially fearless world.

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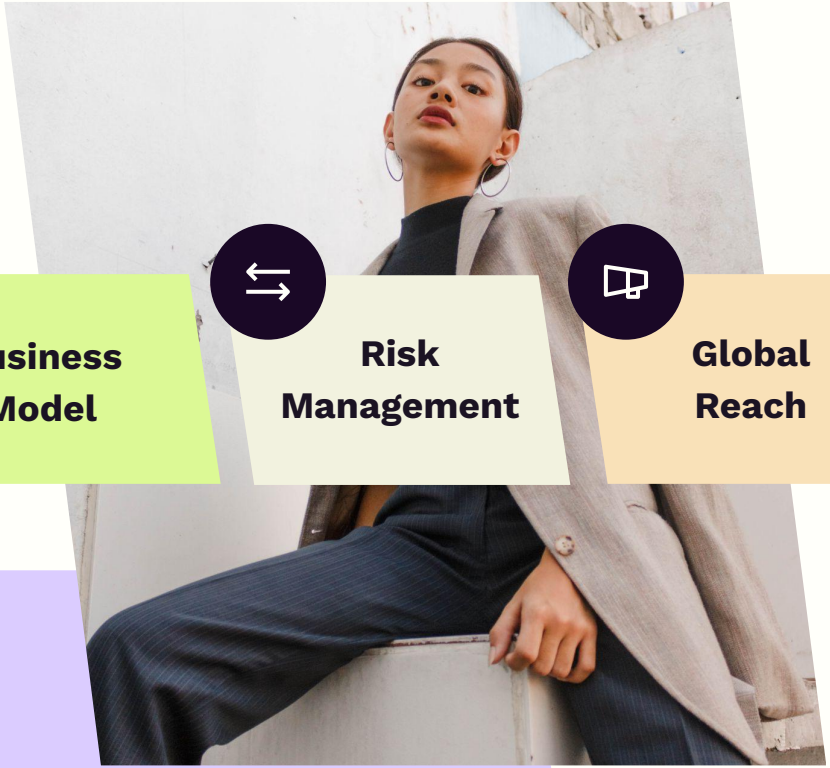
# We have a unique set of competitive advantages that enable us to win



**Product**

**Flexible Solutions**

**Business Model**

**Risk Management**

**Global Reach**

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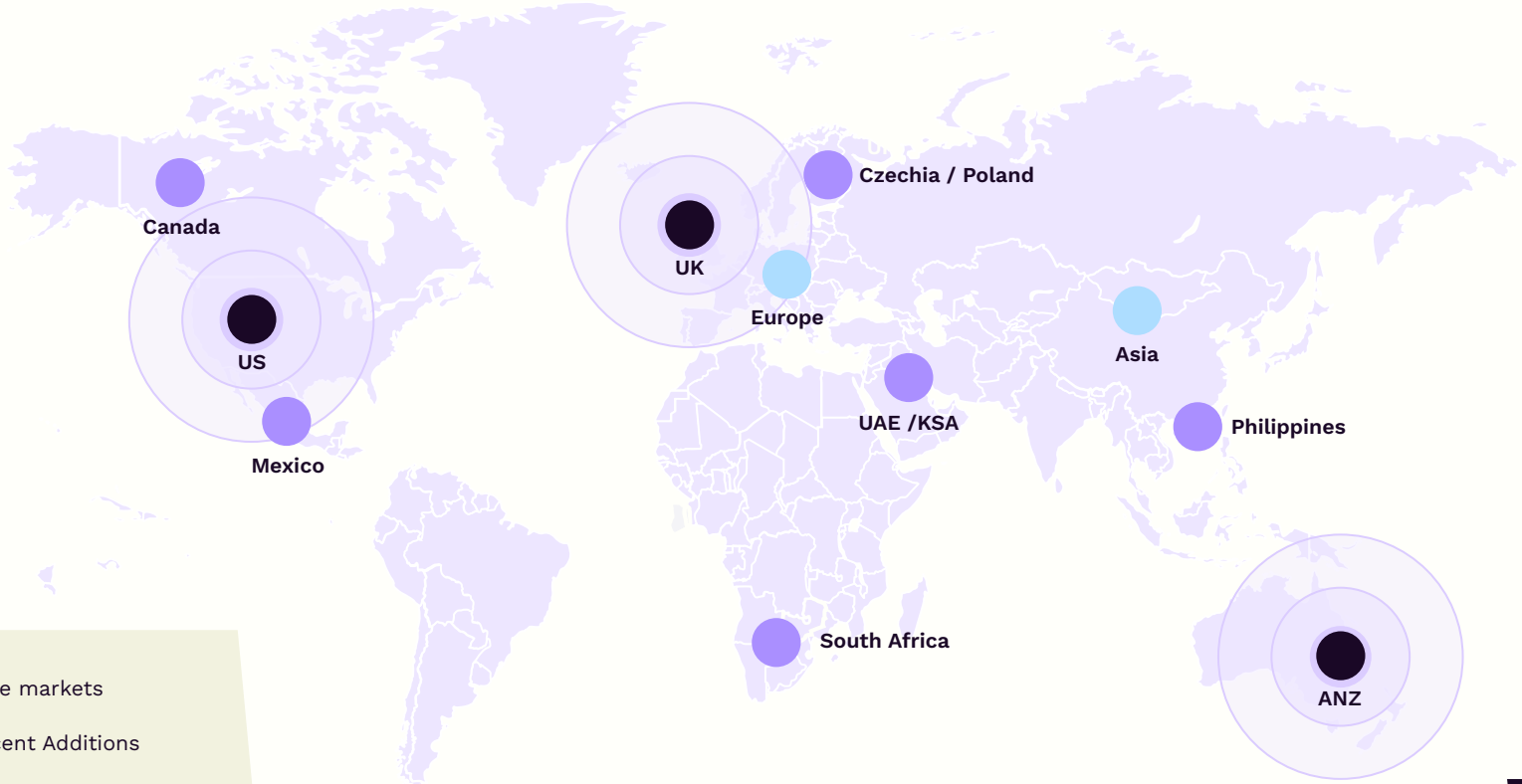
# We are a truly global player

We have successfully landed in our priority regions with plans to scale quickly




- Core markets
- Recent Additions
- Planned expansion

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# We are global leaders in BNPL with local expertise in every market

We adopt a *"Coalition of Founders"* approach to expansion, under a common brand and technology platform

| Global | US | Europe | Asia | Middle East & Africa | UK | Mexico | NZ |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| Larry Diamond | Adam Ezra | Michal Smida | Hamish Moline | Anuscha Iqbal | Anthony Drury | Carlos Magaña | Todd Wackrow |
| | | | | | | | |
| Peter Gray | Brad Lindenberg | Renata Salata | Tasneen Padiath | Paul Behrmann | | | |

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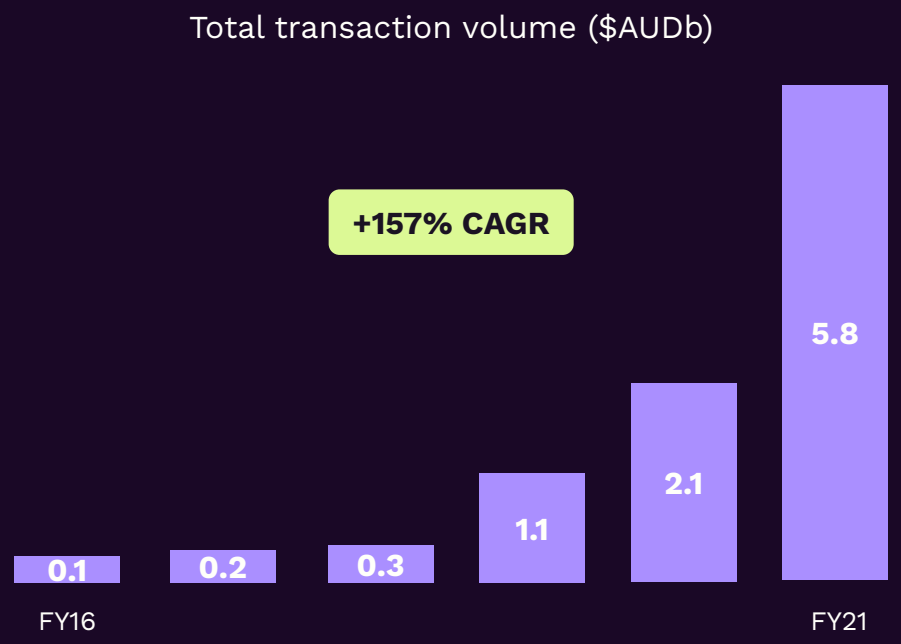
# We continue to deliver significant growth...




Note: 1 Compound annual TTV growth rate from FY16-FY21

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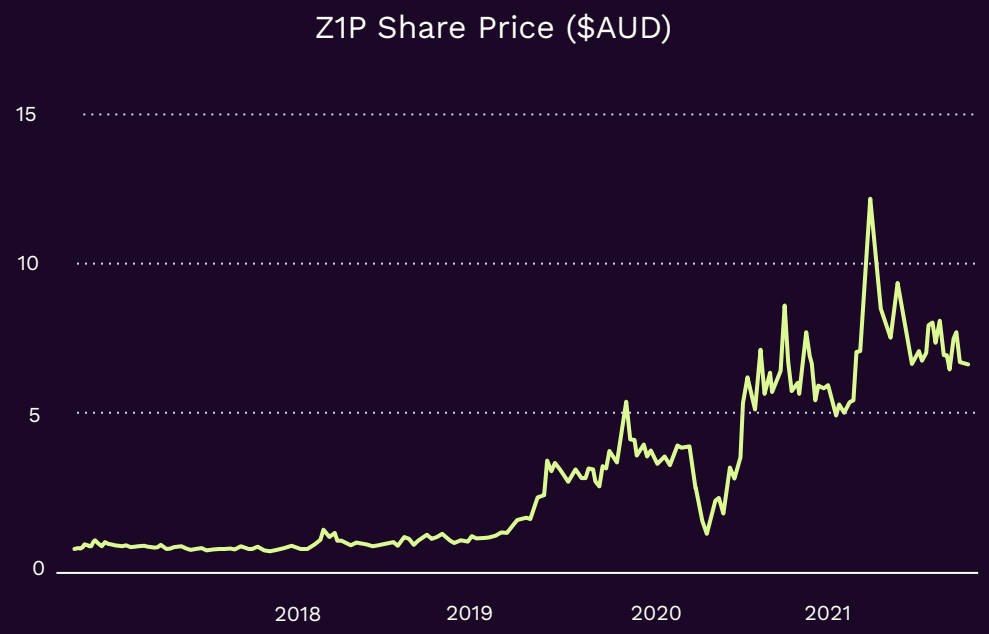
# ...creating material value for Zip shareholders



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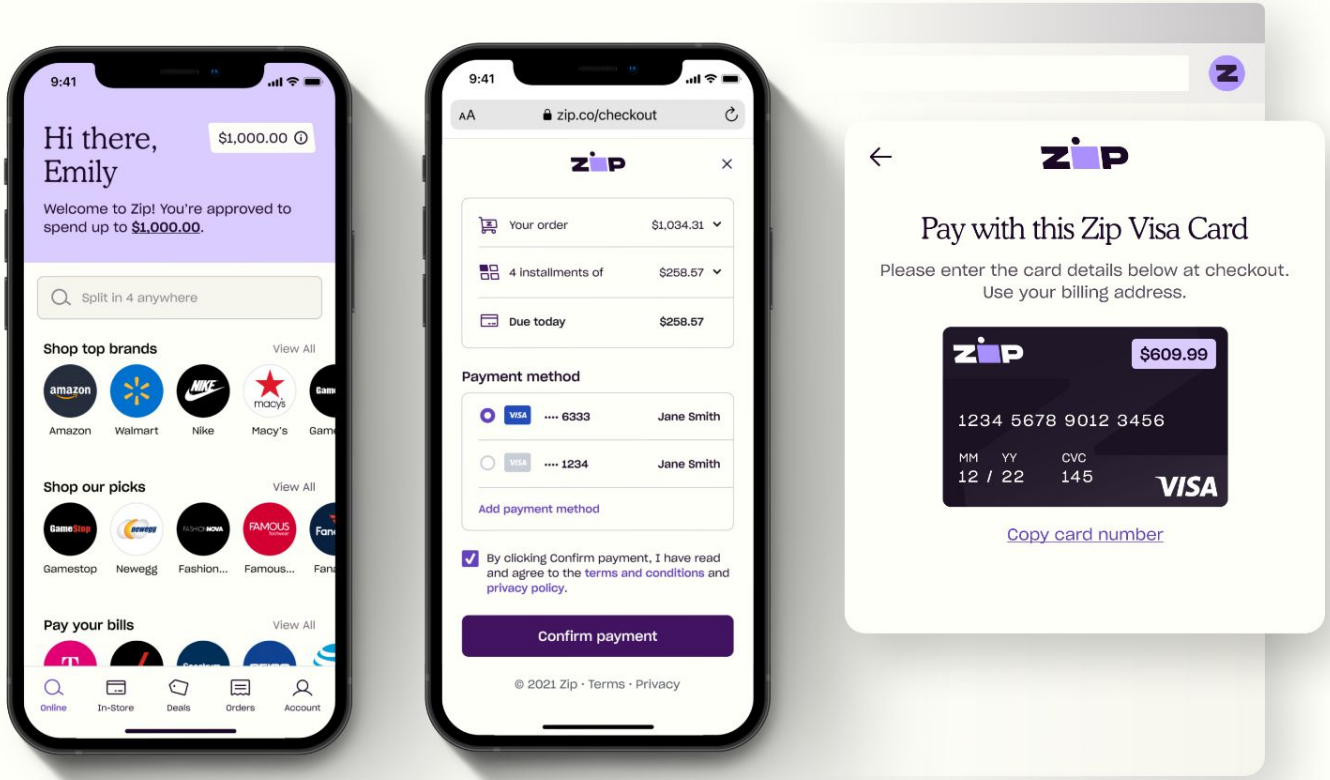
# Product & Innovation

# Today

App

Checkout

Browser

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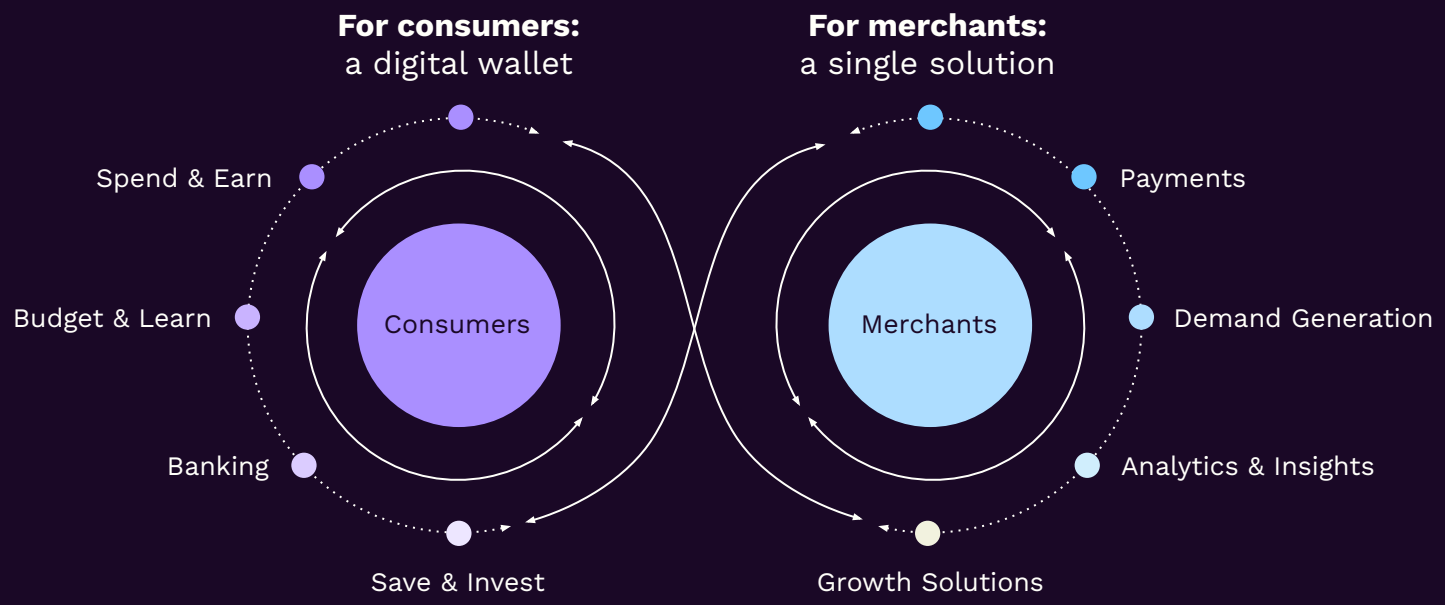
# Our flywheel ecosystem

We bring customers & merchants together for fair and valued payment experiences

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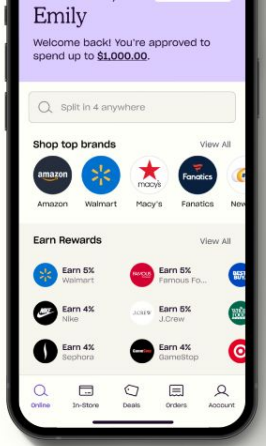
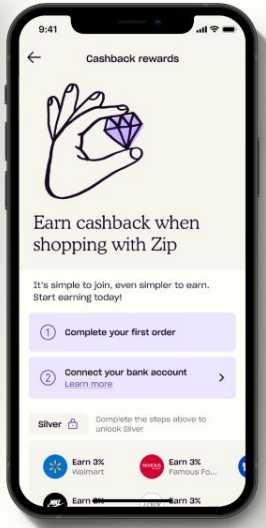
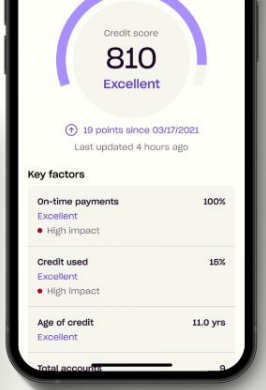
Consumers

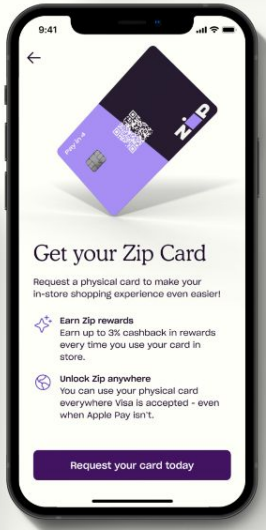
# Where we're going

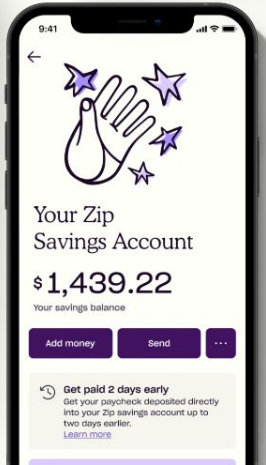
- Physical Card
- Savings Account
- Credit Builder
- Rewards
- Crypto

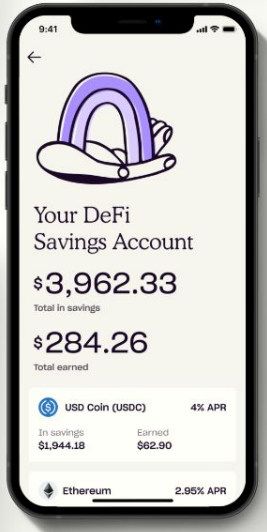


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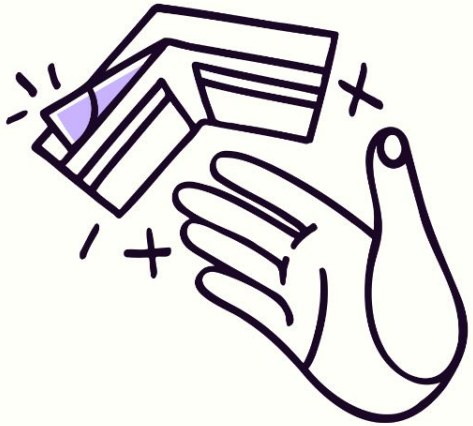

# Ways to pay

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# Pay in 4 Card

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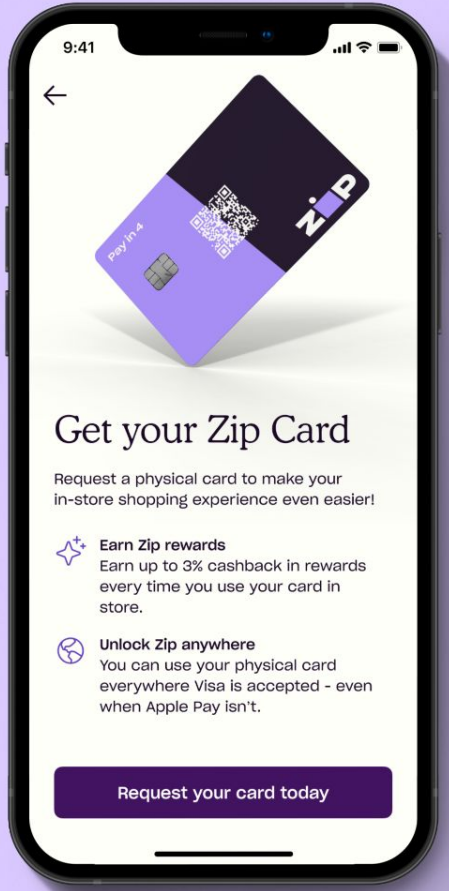
# Pay in 4 Card



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# Rewards

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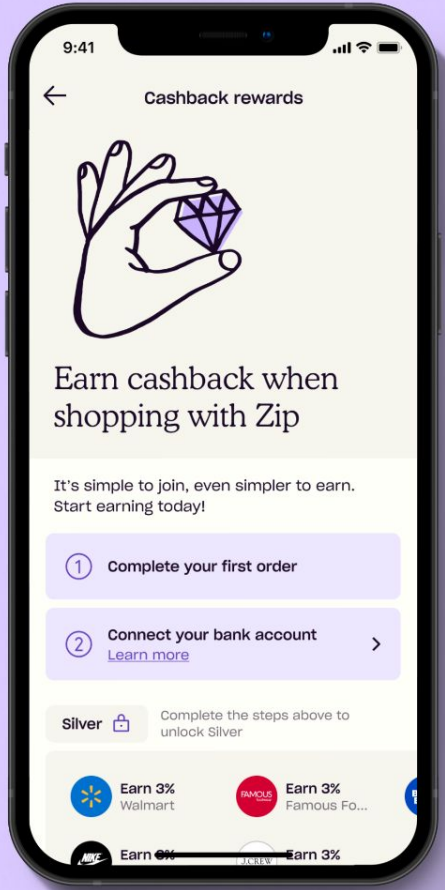
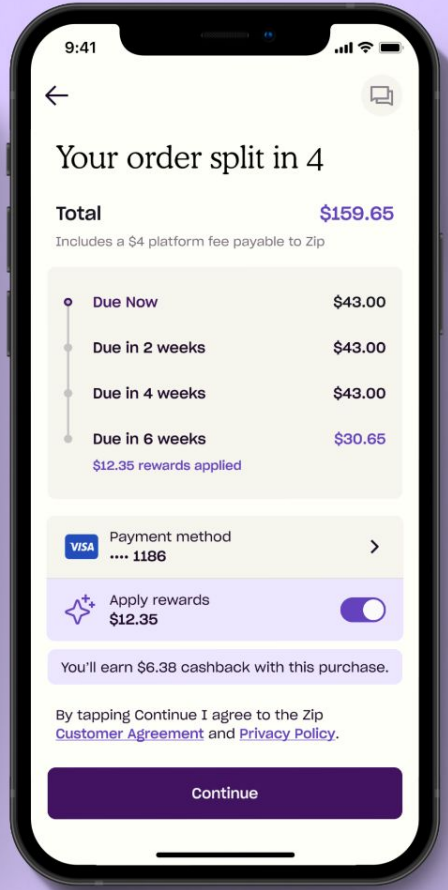
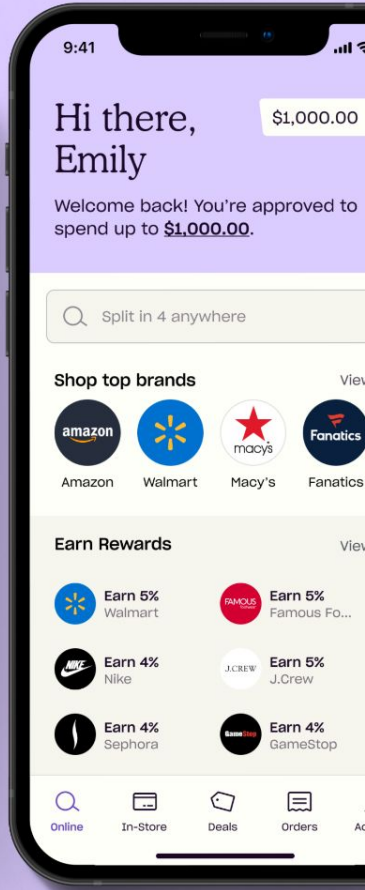
# Rewards

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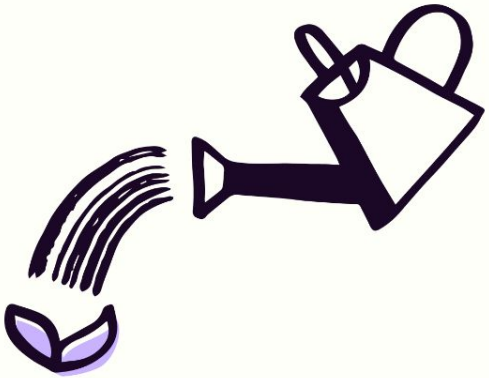

# Savings accounts

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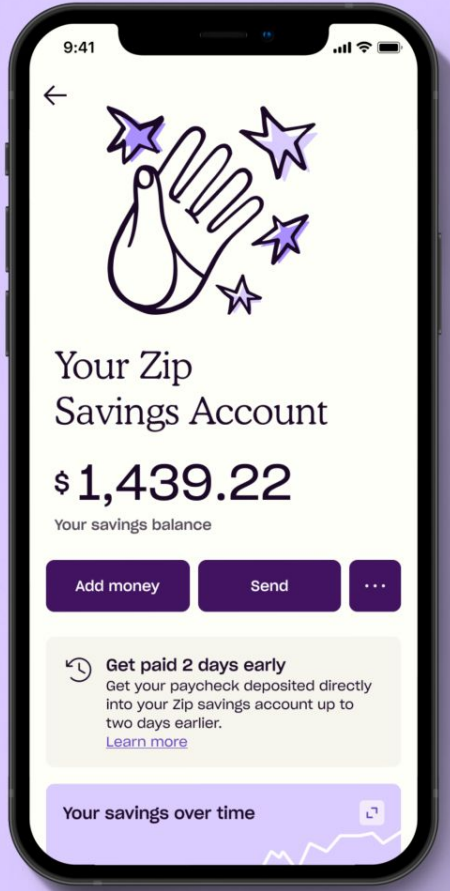
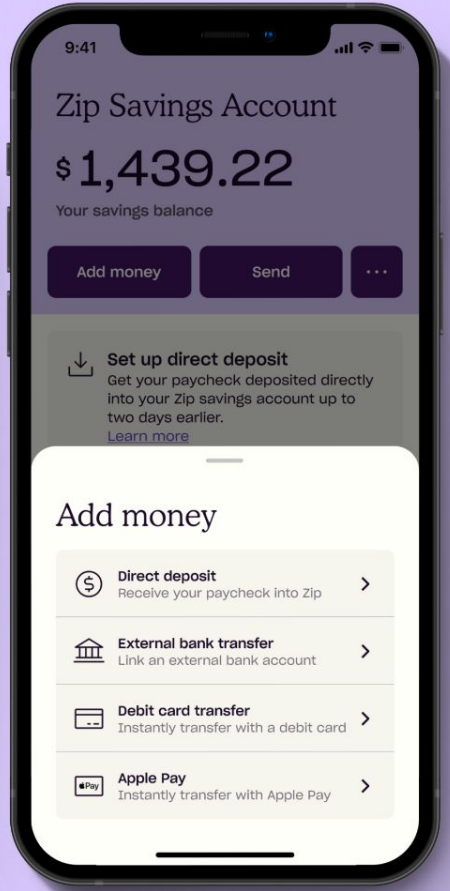
# Zip savings account

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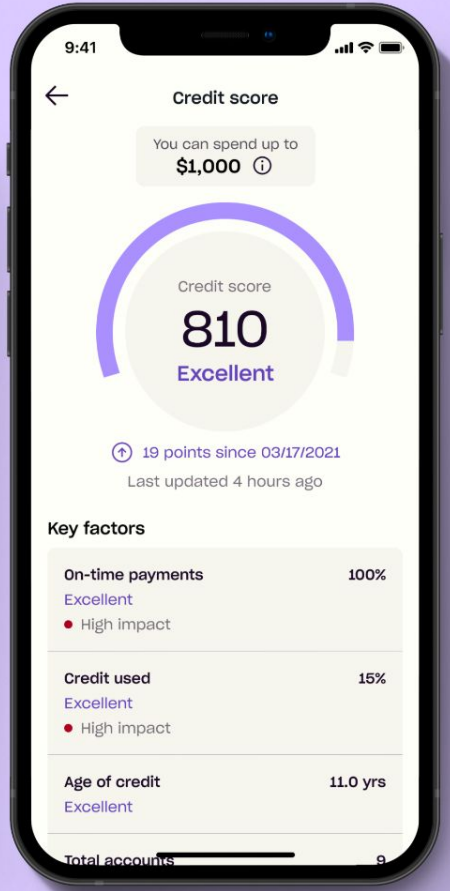
# Credit builder

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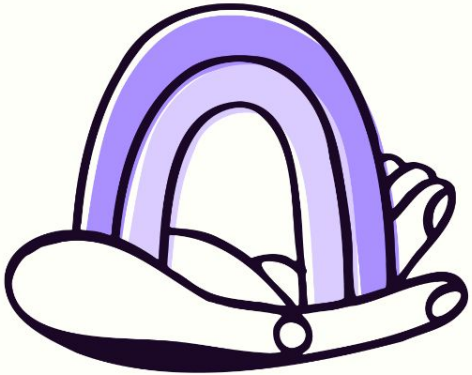

# Crypto

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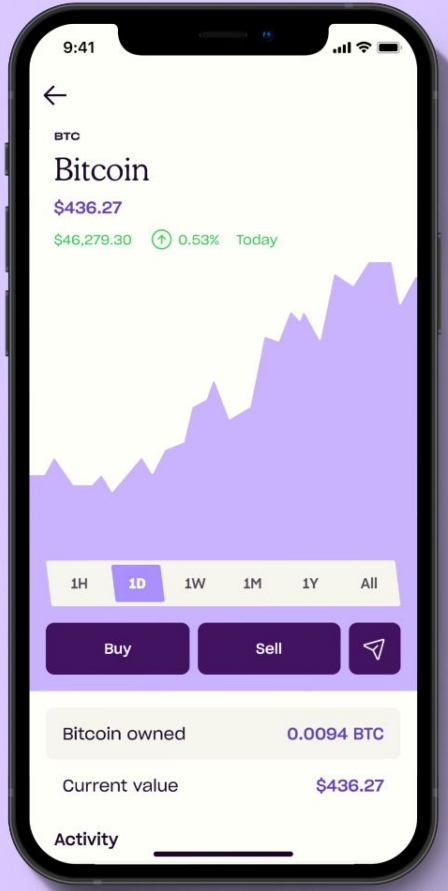
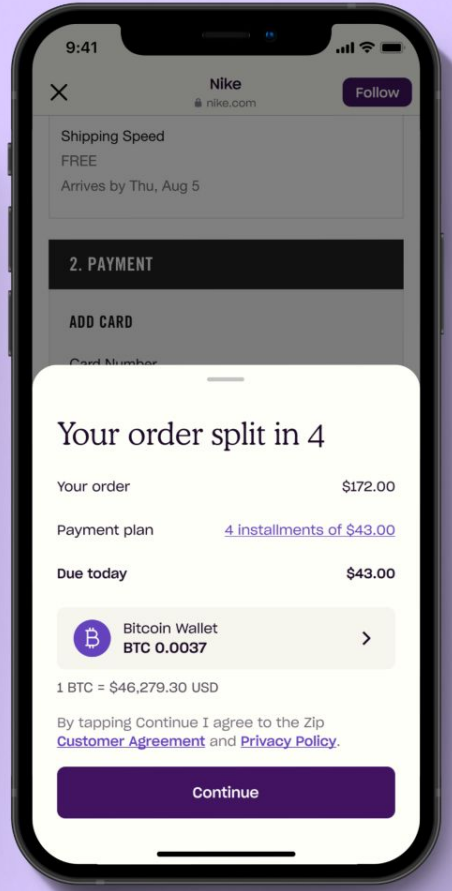
# Buy, hold, sell - and pay with crypto

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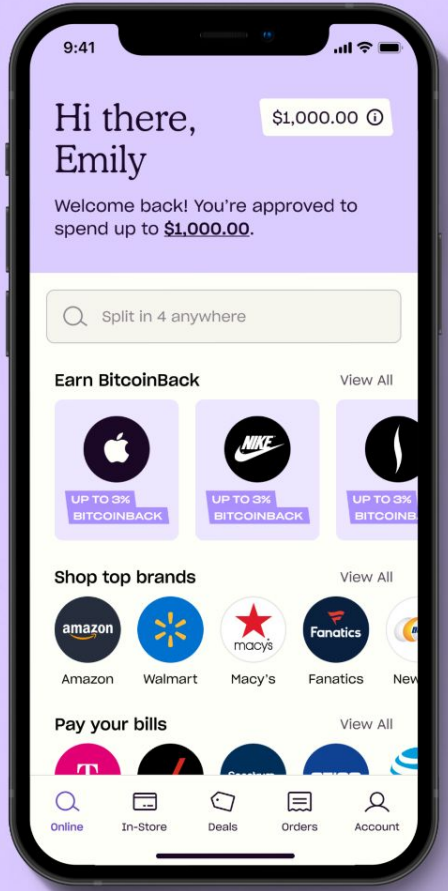
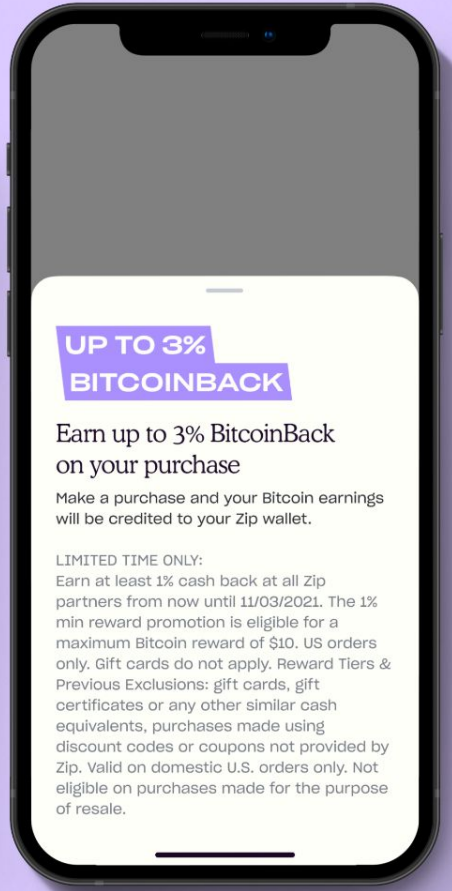
# Crypto rewards

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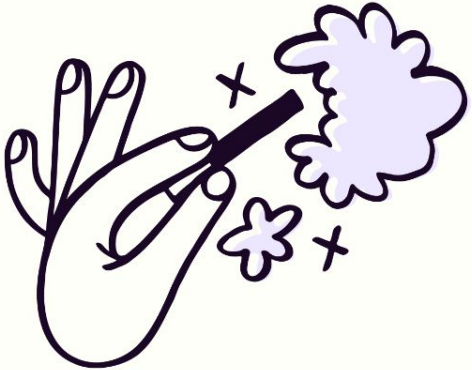

# Shopping assistant

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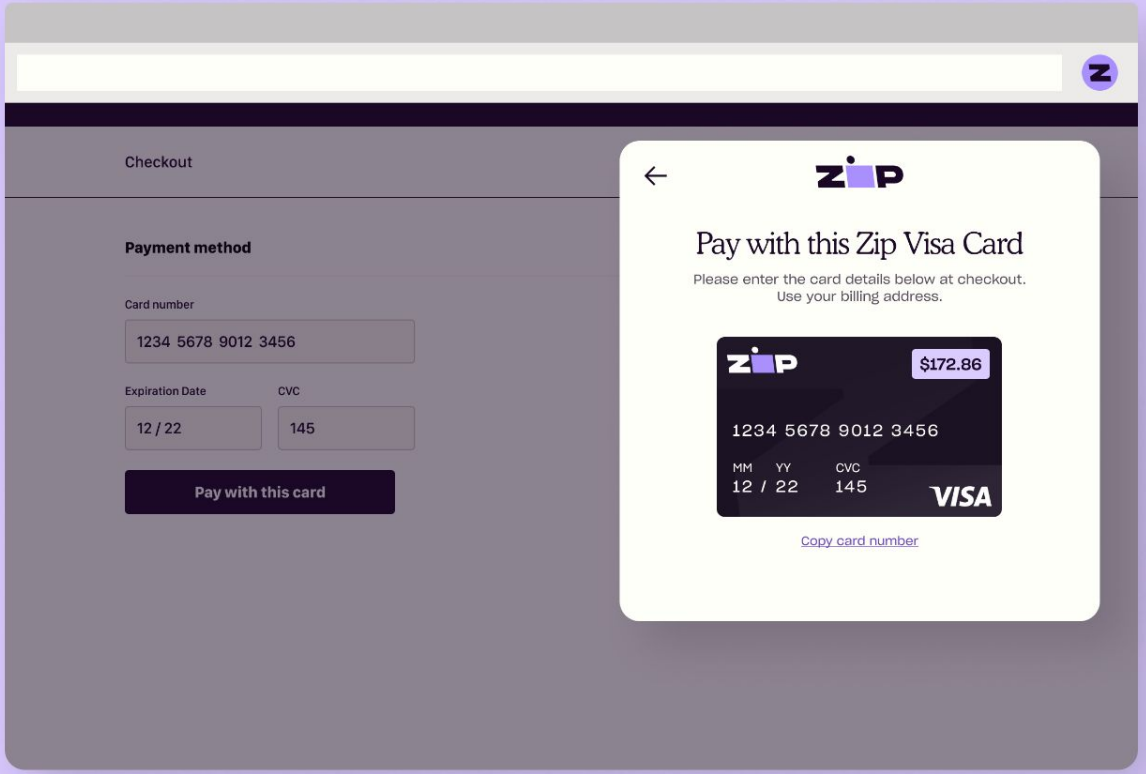
# Chrome extension

**Coming soon:**
Microsoft Edge + Safari

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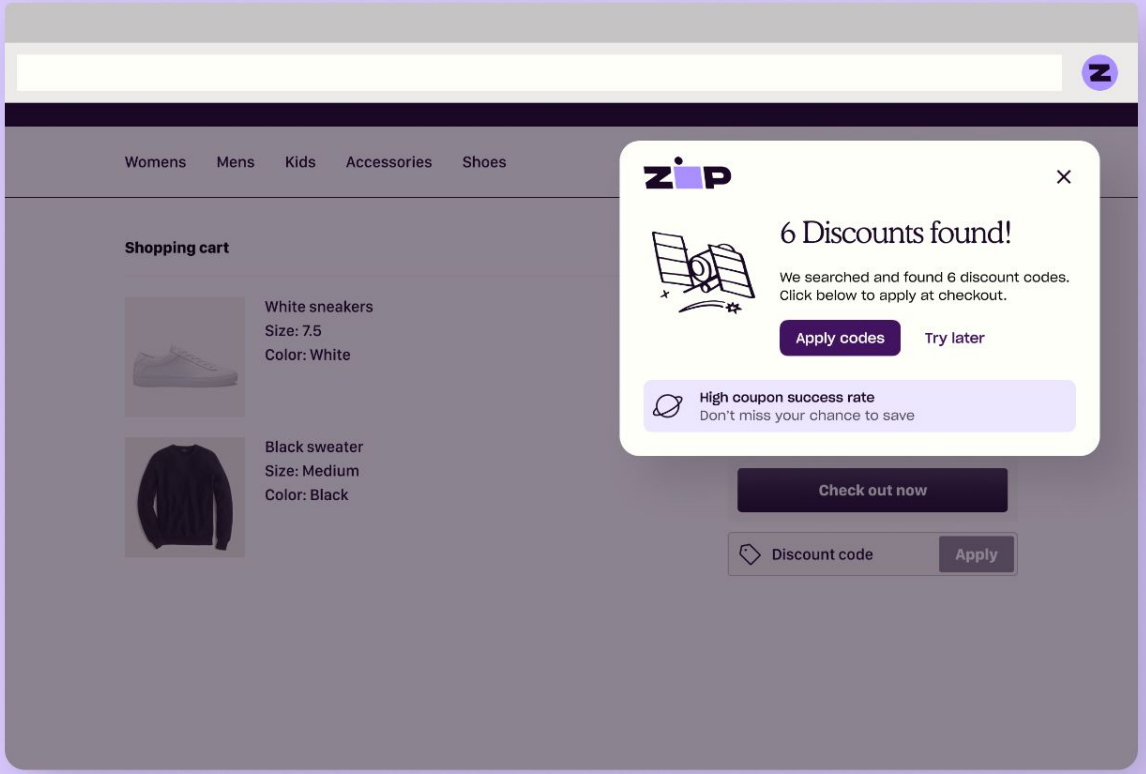
# Find discounts

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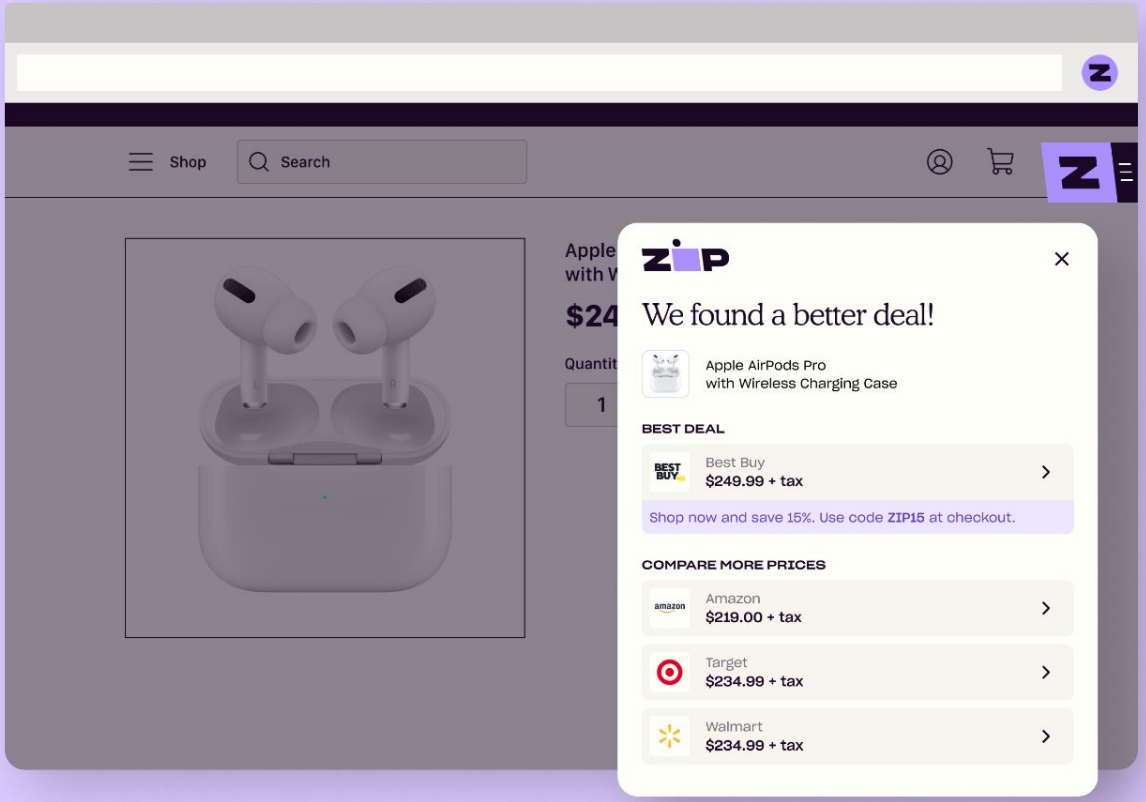
# Find better deals

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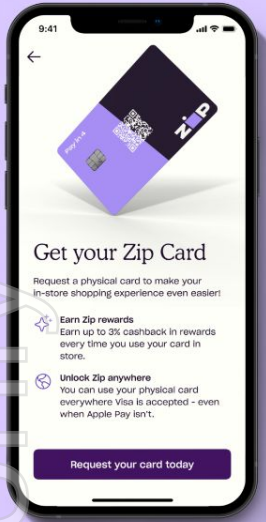
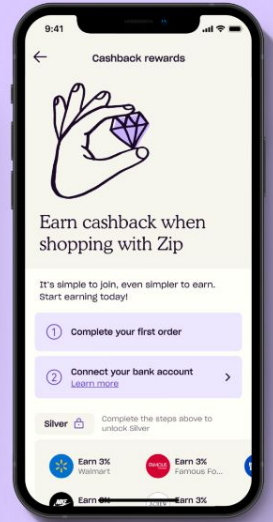
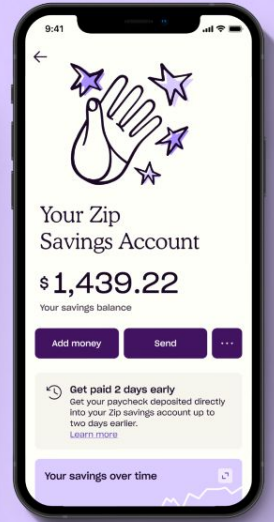
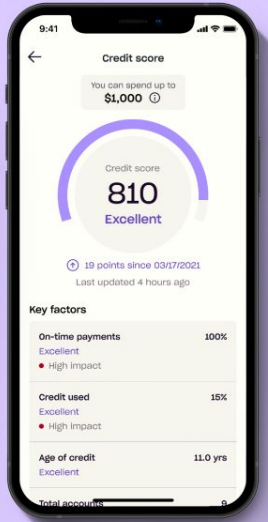

9:41
Get your Zip Card
Request a physical card to make your in-store shopping experience even easier!
Earn Zip rewards
Earn up to 3% cashback in rewards every time you use your card in store.
Unlock Zip anywhere
You can use your physical card everywhere Visa is accepted - even when Apple Pay isn't.
Request your card today

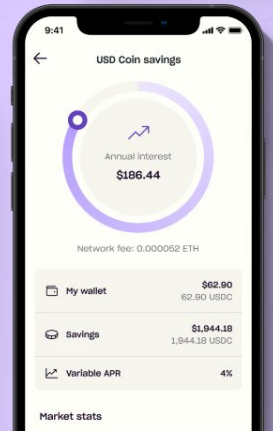

9:41
Cashback rewards
Earn cashback when shopping with Zip
It's simple to join, even simpler to earn. Start earning today!
Complete your first order
Connect your bank account
Learn more
Silver
Complete the steps above to unlock Silver
Earn 3% Walmart
Earn 3% Famous Fo...

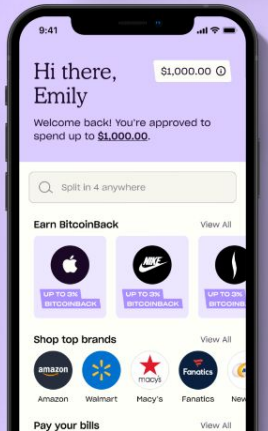

9:41
Your Zip Savings Account
$1,439.22
Your savings balance
Add money
Send
Get paid 2 days early
Get your paycheck deposited directly into your Zip savings account up to two days earlier.
Learn more
Your savings over time

9:41
Welcome to Credit Builder
Get instant credit for bills like your phone, utilities and popular streaming services.
Connect the bank account(s) you use to pay your bills. Your information remains private.
Choose and verify the positive payment history you want added to your credit file.
Get started

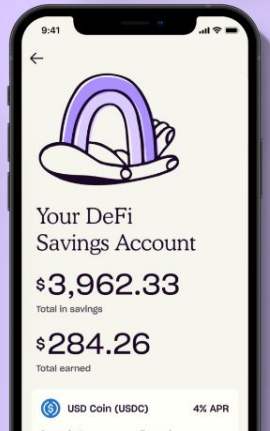

9:41
Credit score
You can spend up to
$1,000
Credit score
810
Excellent
19 points since 03/17/2021
Last updated 4 hours ago
Key factors
On-time payments 100%
Excellent
High impact
Credit used 15%
Excellent
High impact
Age of credit 11.0 yrs
Excellent

9:41
BTC
Bitcoin
$436.27
$46,279.30 0.53% Today
1H 1D 1W 1M 1Y All
Buy
Sell


9:41
USD Coin savings
Annual interest
$186.44
Network fee: 0.000052 ETH
My wallet $62.90
62.90 USDC
Savings $1,944.18
1,944.18 USDC
Variable APR 4%
Market stats


9:41
Hi there, Emily
$1,000.00
Welcome back! You're approved to spend up to $1,000.00.
Split in 4 anywhere
Earn BitcoinBack
View All
Shop top brands
View All
Amazon
Walmart
Macy's
Fanatics
Pay your bills
View All

9:41
Your Zip card is on its way!
We are sending your card to
9303 Roslyndale Ave
Pacoima, CA 91331
Estimated arrival by
Tuesday, September 14, 2021


9:41
Your DeFi Savings Account
$3,962.33
Total in savings
$284.26
Total earned
USD Coin (USDC) 4% APR

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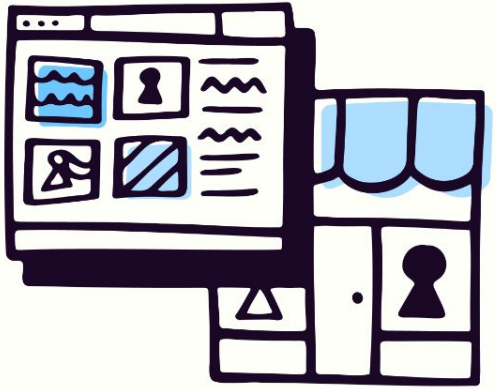

# Innovation for Merchants

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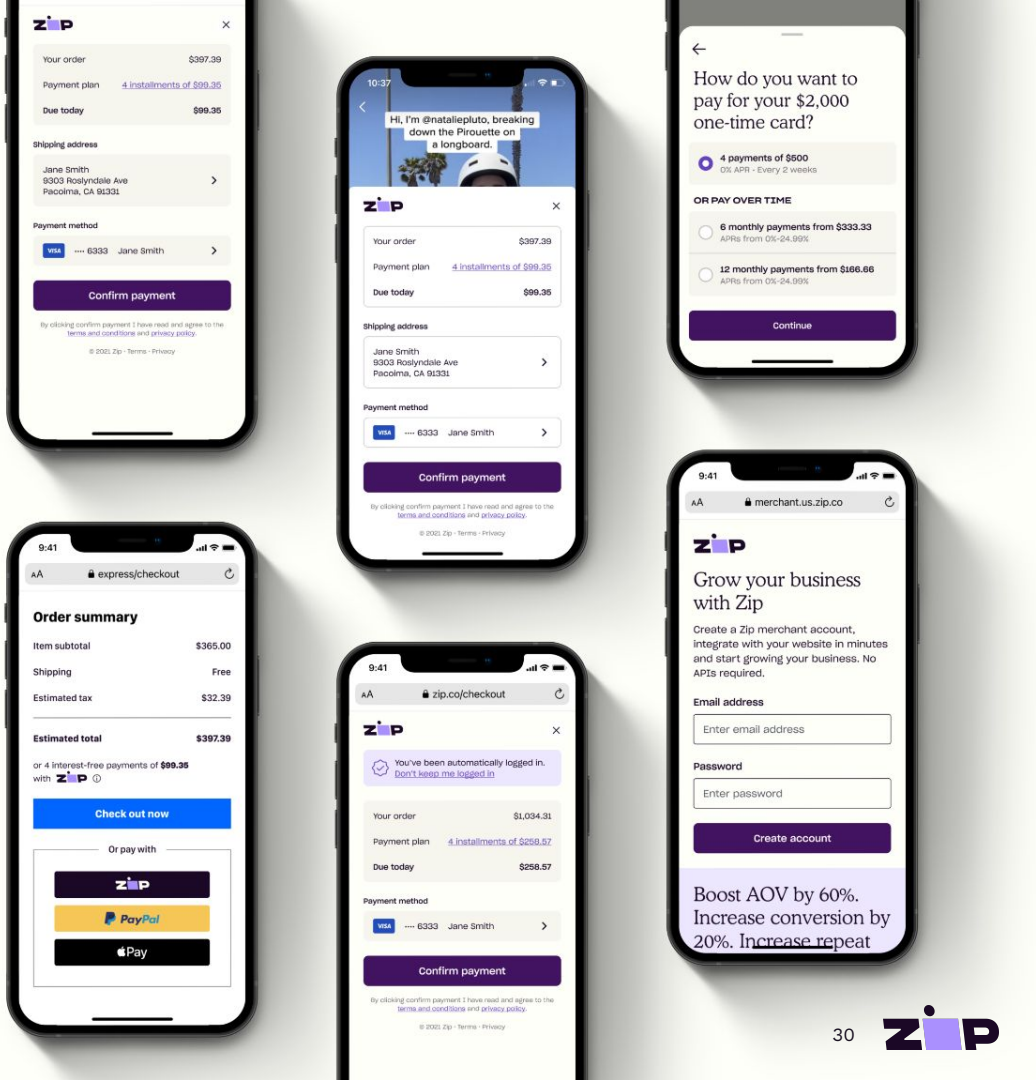
Merchants

# Where we're going

- Long duration
- Express checkout
- Demand gen
- Remember me
- Single global integration
- Virtual card integration

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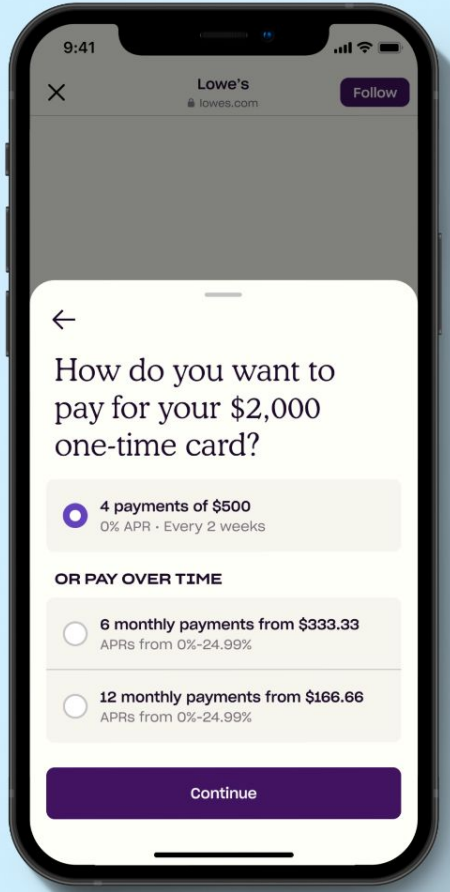
# Long duration

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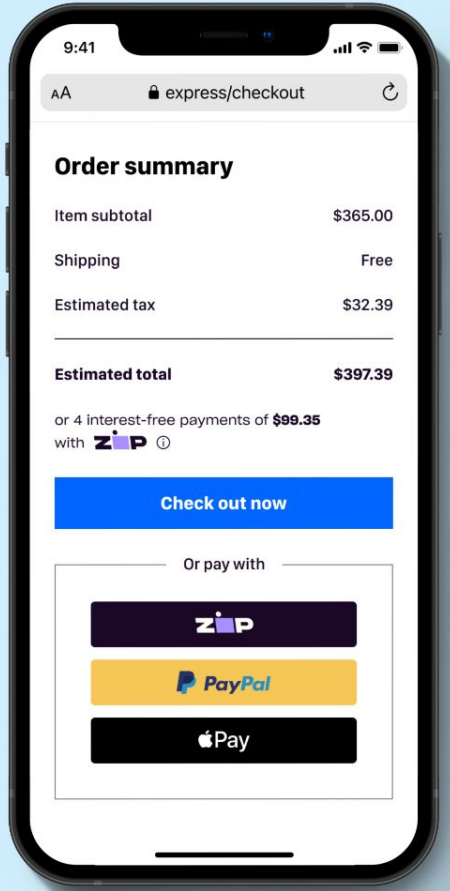
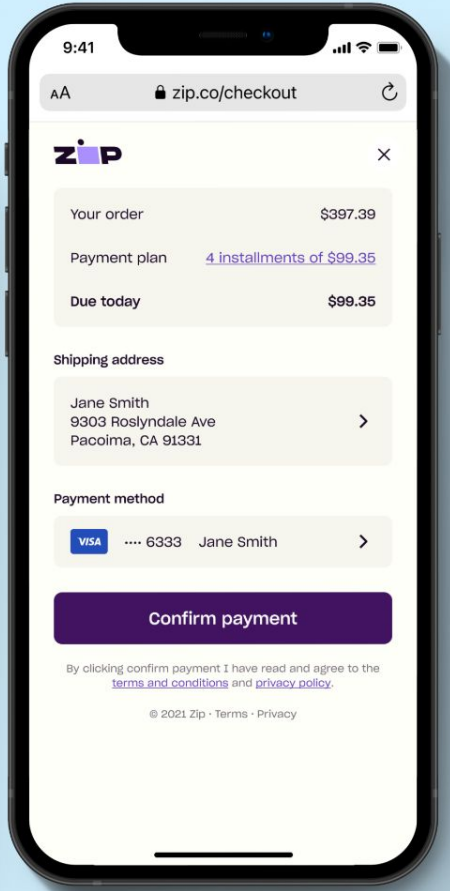
# Express checkout

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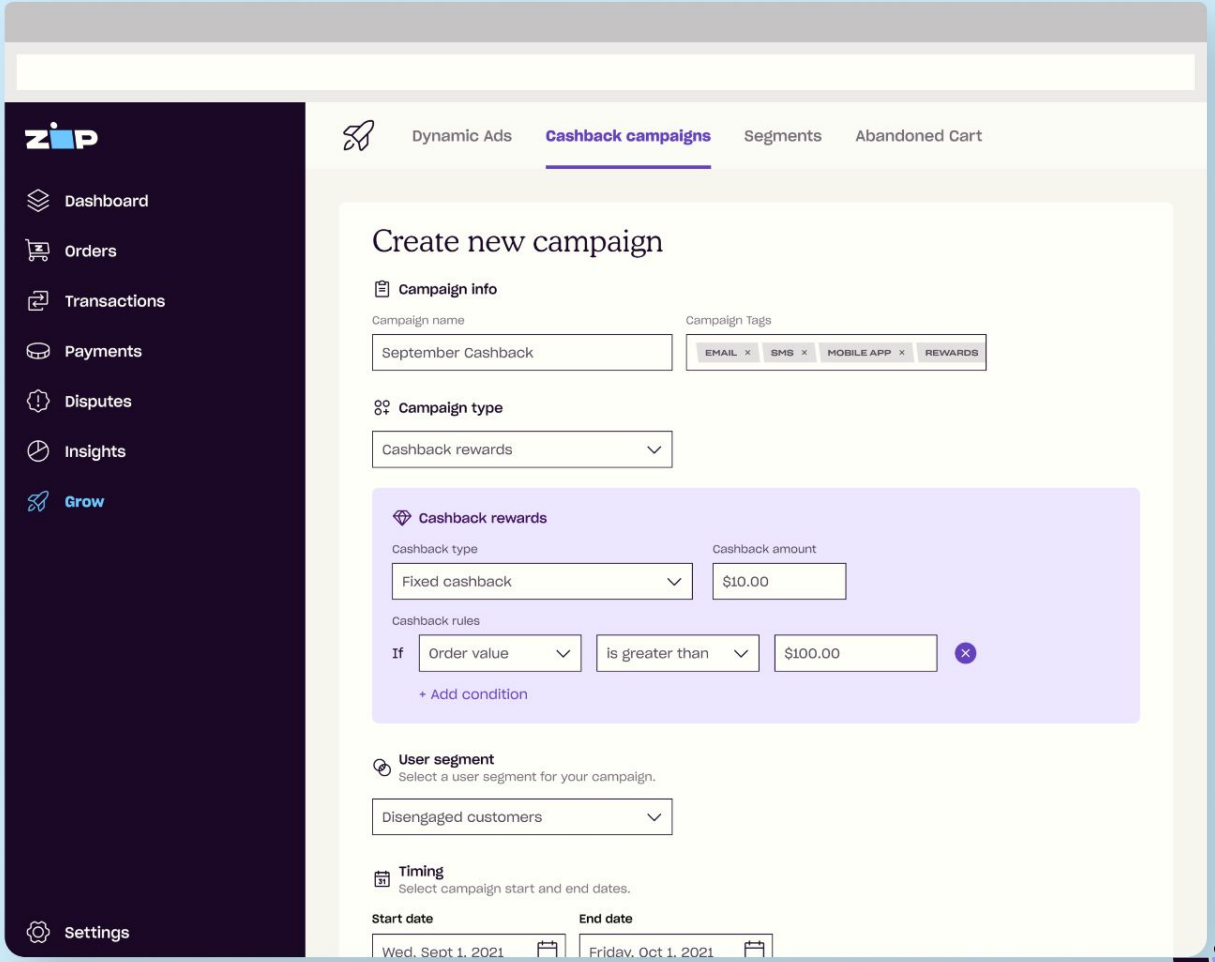
# Demand gen

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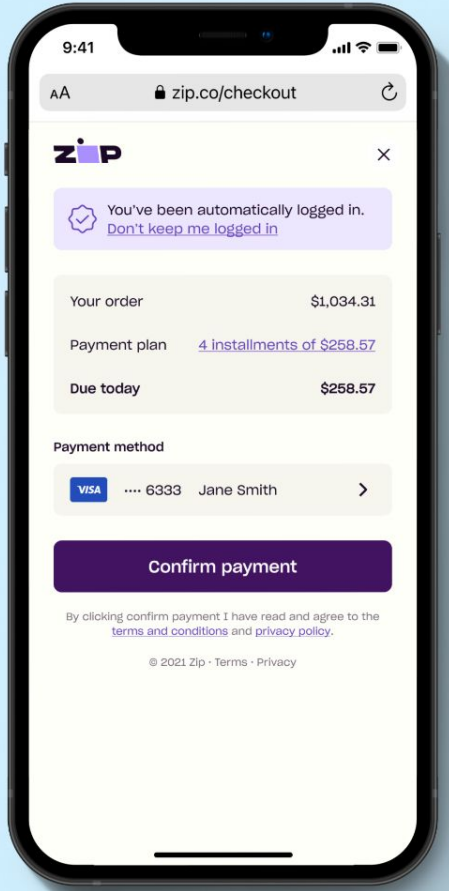
# Remember me

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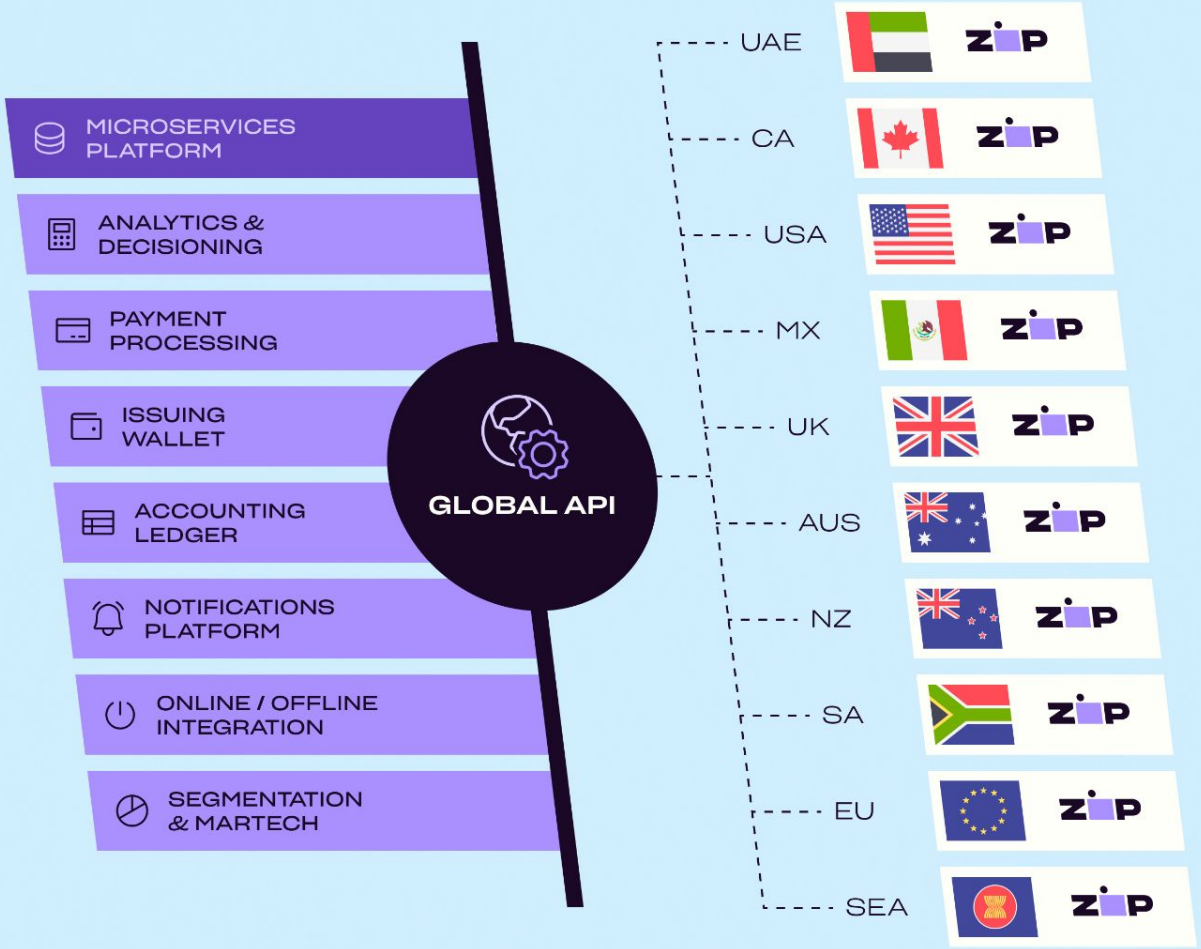
# Single global integration

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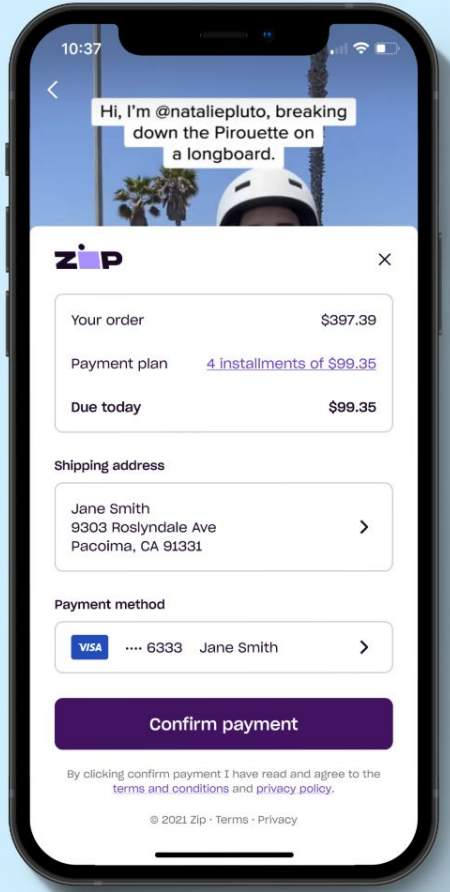
# Virtual card integration

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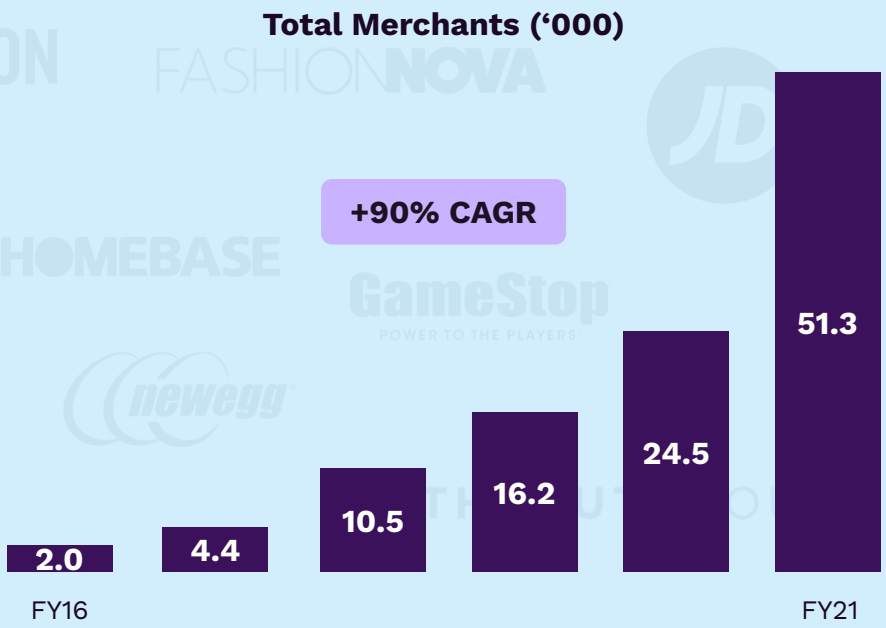
# We continue to scale with world leading brands




Note: 1 Compound annual TTV growth rate from FY16-FY21



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# Growth

# We are set to outperform

## Tailwinds for growth

- Installments
- eCommerce
- Debit > Credit
- Digital wallets
- Payments tech

## Why Zip wins

- Global footprint
- Local teams
- Scalable tech
- Credit expertise
- Product suite

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# Three key levers for growth

- Consumers
- Merchants
- Global expansion

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# We methodically invest for long term growth and scale

**1. Near term**

***Presence in key regions to enable long term growth...***

Example region: Europe

**2. Mid term**

***Scaling from regional points of presence....***

Example region: North America

**3. Long term**

***New revenue streams, profitability and growth in enterprise value....***

Example region: ANZ

A global proposition that helps merchants grow and provides customers everywhere access to fair and transparent payment products

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# We enter selected markets in ways that help us win

## Greenfield Expansions

zip

UK
Canada
Mexico

## Minority Investments

spotii
payflex
twisto
TendoPay

## Acquisitions

PartPay
quadpay

Land > Expand

Invest > Monitor > Scale

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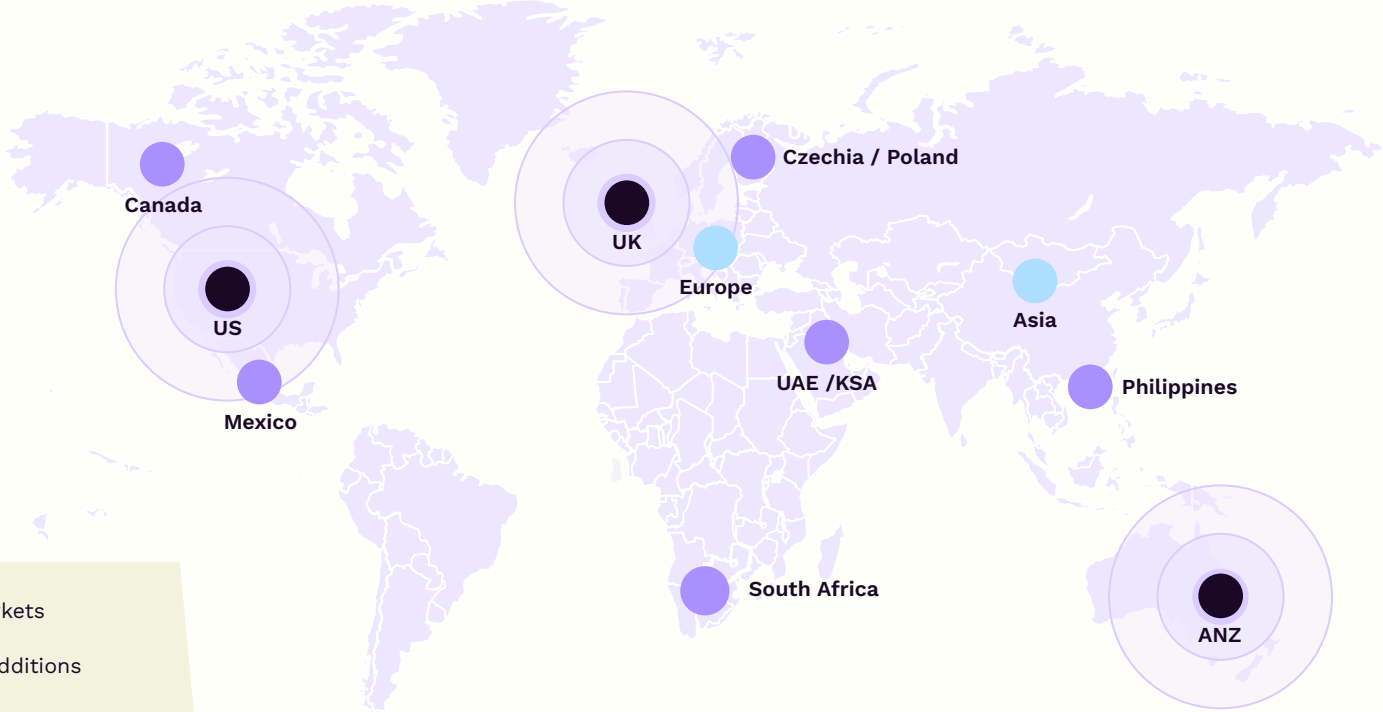
# Our footprint provides the platform to expand into the world's largest markets

We have successfully landed in our priority regions with plans to scale quickly




- Core markets
- Recent Additions
- Planned expansion

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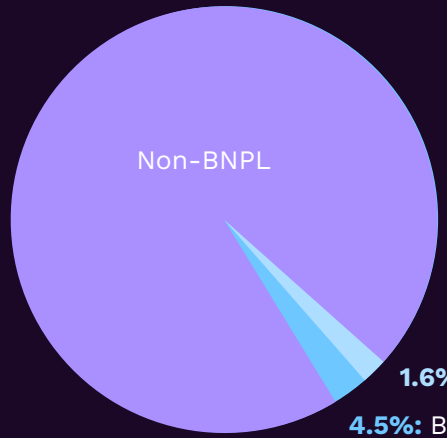
# The US is our highest priority...

**$5.2tn** US retail market[1]

**BNPL share of e-commerce spend[2]**




**1.6%:** BNPL 2020

**4.5%:** BNPL 2024

# ...we have the tools to win

- Open + integrated network
- Product suite
- Customer engagement
- Revenue model
- Vertical flexibility
- Partnerships

Note: 1. US Census, 2019. 2. Worldpay global payments report, 2021.

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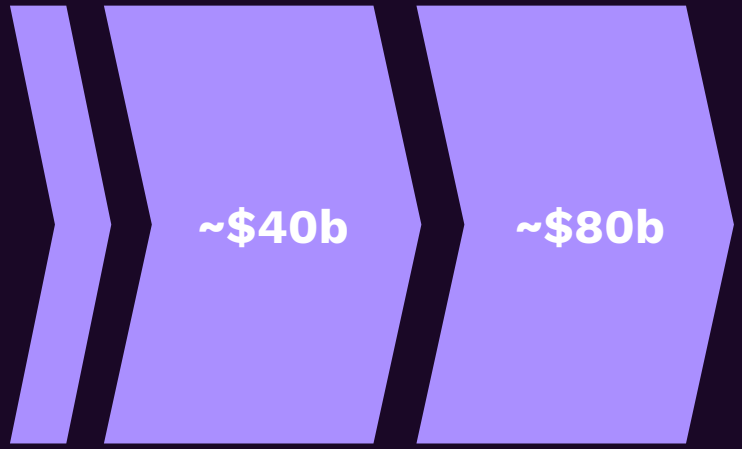
# Executing our plan will deliver material growth

**Current market share**

| | |
|---|---|
| ~1.0% | AUSTRALIA |
| ~0.4% | NEW ZEALAND |
| ~0.1% | UNITED STATES |
| <0.1% | UNITED KINGDOM |
| <0.1% | CANADA |
| <0.1% | SOUTH AFRICA |

**FY21 TTV $5.8b**

**2025 Sensitivity**
@ +0.5% - 1% Market Share




Note: 1 Market share based on total retail per Euromonitor Passport and Zip FY21 TTV excluding Zip Business

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# Performance

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# Investing in Zip

- Growth business
- Long term focus
- Scalable unit economics

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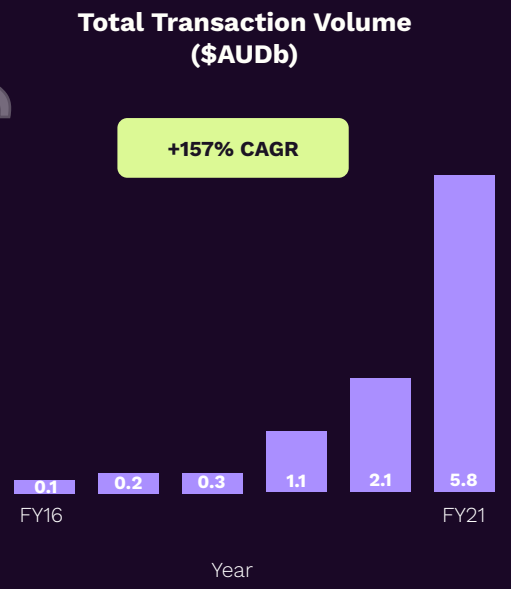
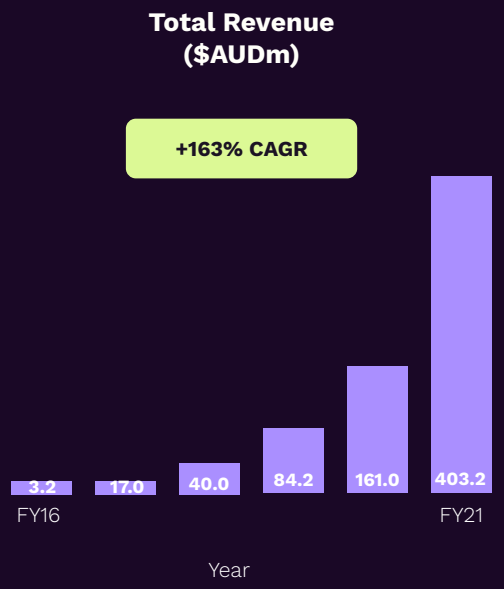
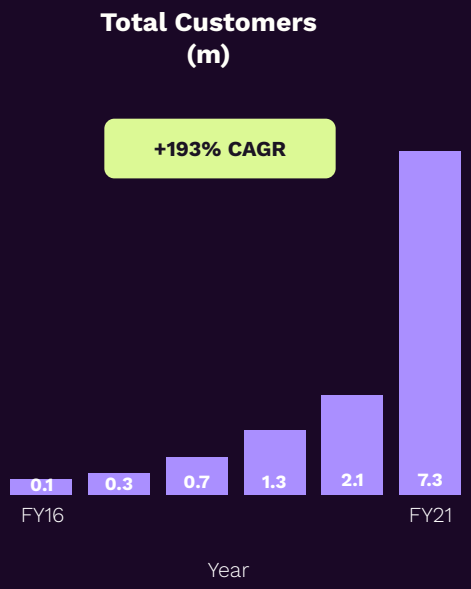
# We are a growth business




Note: 1 Compound annual growth rate from FY16-FY21

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# We create margin from every transaction

**Unit economics overview**

| | |
|---|---|
| **Revenue** | |
| Customer | Instalment, account and late fees |
| Merchant | Merchant service fees, transaction fees |
| Network | Interchange, affiliate fees |
| **Cash Cost of Sales** | |
| Cost of funds | Interest costs |
| Bad debts | Fraud and losses |
| Processing costs | Credit checks, repayment processing fees |
| **Cash Transaction Margin** | **>2%** |

Revenue − Cash Cost of Sales = Cash Transaction Margin

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# We focus on key levers to drive transaction volume

| Acquisition | Engagement | Frequency | Volume |
|---|---|---|---|
| Merchants and products to drive acquisition | More places to shop and ways to pay | Innovation to drive usage | Deeper engagement drives top-line growth |

**Total Customers** × **% Monthly Transacting Users (MTU)** × **Transactions per MTU** = **Total Transaction Volume (TTV)**

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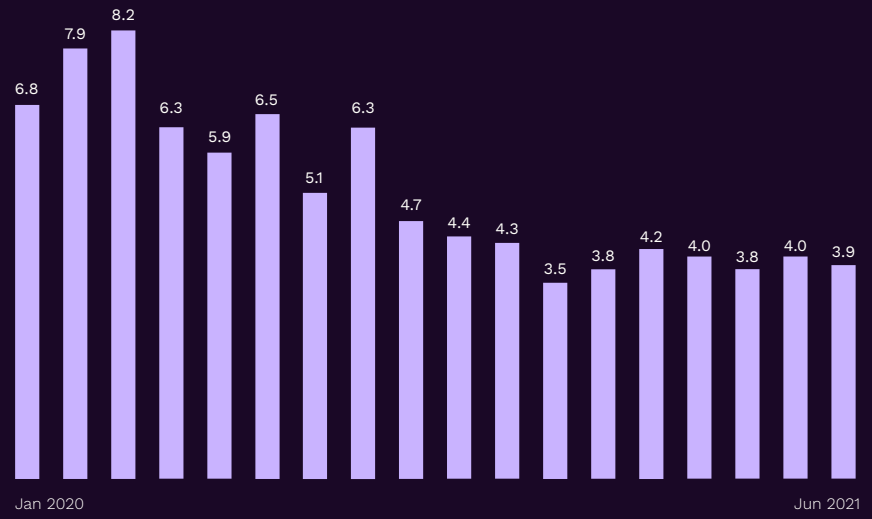
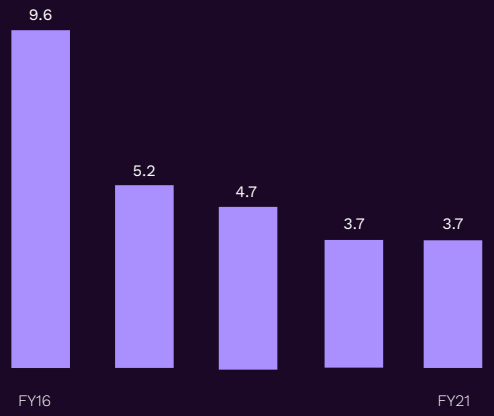
# Increased capital recycling and reduced interest rates are driving down interest costs

**Repayment velocity**
(average months to recycle book)




**Interest rate on loans**
(Weighted average interest rate %)

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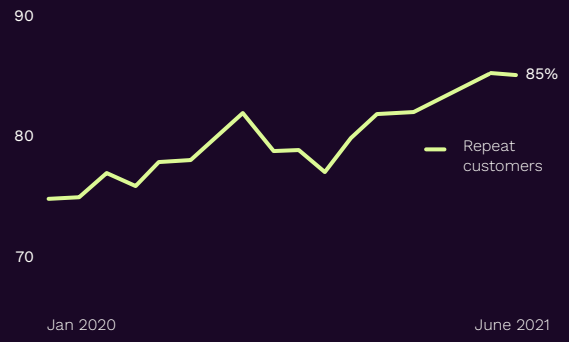
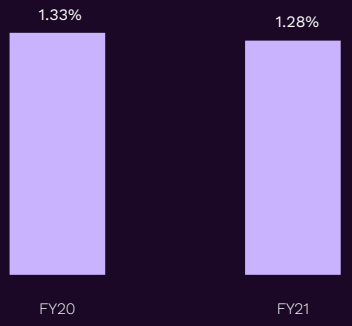
# High repeat usage rates and investment in our decisioning capability support ongoing management of losses

**Returning Customer Contribution**[1]
(as a % of TTV)




**Net Bad Debts Written Off**[2,3]
(as a % of TTV)




Note: 1. Includes Australia and US, 2. Zip Group, 3. Net bad debts represents imapired receivables written off during the year, net of any recoveries.

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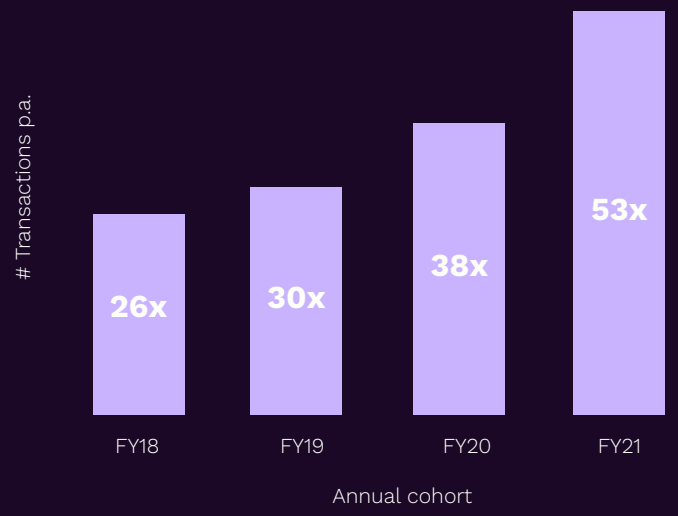
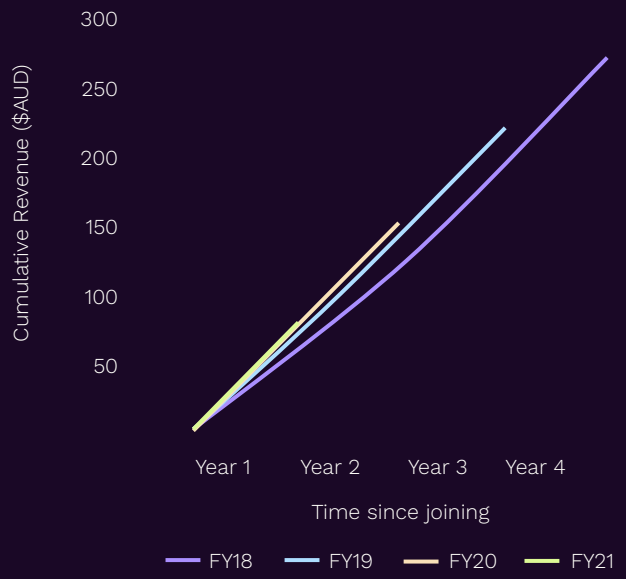
# Deepening engagement and healthy margin creates higher customer lifetime value

**Annual transactions, top 20% ANZ customers[1]**




**Cumulative revenue per ANZ customer[2]**




Note: 1. Cohorts are based on 12 month active customers, transactions are on a rolling 12 month basis, 2. Based on cumulative revenue per ANZ customer by annual cohort (FY18 to FY21), 3. Values in AUD.

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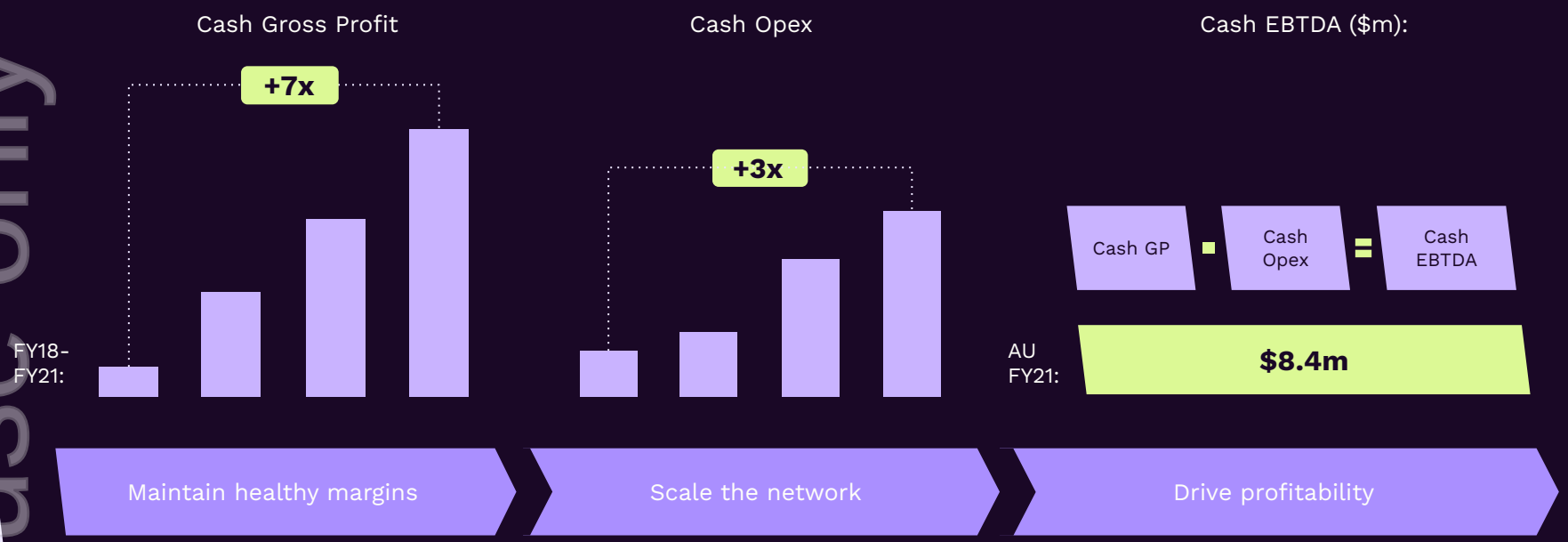
# At scale, strong unit economics converts to profitability




Note: 1. AU only, values in AUD

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**Value**

**Customers**

**Merchants**

**Growth**

**Unit Economics**

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# Q&A

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# Thank you.

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