

3 November 2022

2022 AGM Presentation

Zip Co Limited (ASX: ZIP) (“**Zip**”, or the “**Company**”) provides the Company’s 2022 presentation for today’s Annual General Meeting.

Release approved by the Board.

– ENCL –

For more information, please contact:

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Director, Investor Relations
vivienne.lee@zip.co

For general investor enquiries, email investors@zip.co

About Zip

ASX-listed Zip Co Limited (ZIP: ASX) (ABN 58 164 440 993) is a leading global financial services company, offering innovative, people-centred products that bring customers and merchants together. On a mission to be the first payment choice everywhere and every day, Zip offers point-of-sale credit and digital payment services around the world, including through strategic investments, connecting millions of customers with its global network of tens of thousands of merchants.

Zip has a presence in Australia, Canada, Czech Republic, India, Mexico, New Zealand, the Philippines, Poland, Saudi Arabia, Singapore, South Africa, UAE, the United Kingdom and the USA. Zip provides fair, flexible and transparent payment options to individual consumers and SMBs, helping them to take control of their financial future and helping merchants to grow their businesses. Zip is committed to responsible lending and is managed by a team with over 100 years’ experience in retail finance and payments. Zip is also a licensed and regulated credit provider and was founded in Australia in 2013.

For more information, visit: www.zip.co

Shareholders who would like to receive email communications from Computershare for all future correspondence, visit <http://www.computershare.com.au/easyupdate/ZIP>.

Zip Co Limited Annual General Meeting

3 November 2022



How to ask a question

- ✓ To ask a written question select the Q & A icon
- ✓ Select the topic your question relates to from the drop-down list
- ✓ Type your question in the text box and **press** the send button
- ✓ To ask a verbal question follow the instructions below the broadcast window.

The screenshot displays the ZIP interface with four navigation icons at the top: Broadcast (monitor icon), Vote (document with checkmark icon), Q&A (speech bubble icon), and Documents (document icon). The Q&A section is active, indicated by a purple underline. Below the navigation bar is a large light gray text area labeled "Your questions". At the bottom, there is a section titled "You may enter a question field below" with a downward arrow. This section contains a light gray text input box and a purple "SEND" button.

How to vote

- ✓ When the poll is open, select the vote icon at the top of the screen
- ✓ To vote, select either For, Against or Abstain
- ✓ You will see a vote confirmation
- ✓ To change or cancel your vote “click here to change your vote” at any time until the poll is closed

The screenshot displays the ZIPP voting interface. At the top, there are four navigation icons: a monitor for 'Broadcast', a document with a '1' for 'Vote' (which is highlighted with a purple underline), two speech bubbles for 'Q&A', and a document for 'Documents'. Below the navigation bar is a grey box labeled 'Items of business'. Underneath this, there are three large, empty rectangular buttons labeled 'FOR', 'AGAINST', and 'ABSTAIN'. Below these buttons is a horizontal line, followed by the text '2B Re-elect Ms Jane Citizen as a Director'. A purple circle with a white checkmark is positioned over the word 'for' in the text. At the bottom of the interface, there is a message: 'We have received your vote **for** click here to change your vote'.



CHAIR'S ADDRESS

Diane Smith –
Gander, AO

MANAGING DIRECTOR & CEO'S ADDRESS

Larry Diamond



OUR MISSION

To be the first payments choice everywhere and every day.



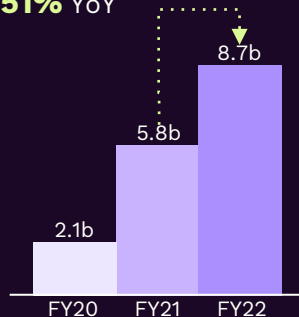
OUR PURPOSE

To create a world where people can live fearlessly today, knowing they are in control of tomorrow.

Strong performance in FY22

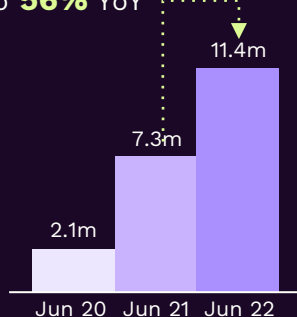
TTV (\$)

Up **51%** YoY



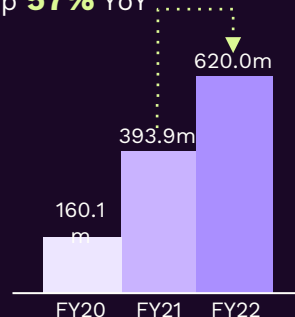
Customers¹ (#)

Up **56%** YoY



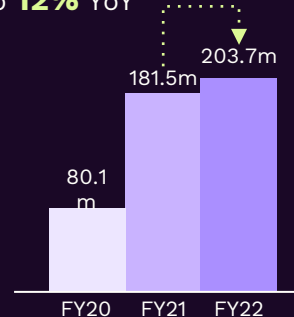
Revenue² (\$)

Up **57%** YoY



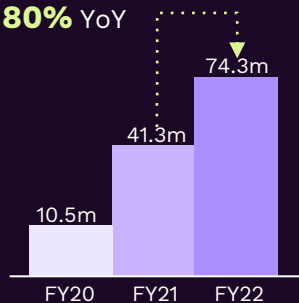
Cash gross profit (\$)

Up **12%** YoY



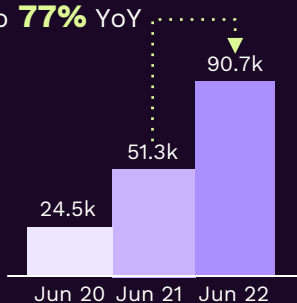
Transactions (#)

Up **80%** YoY

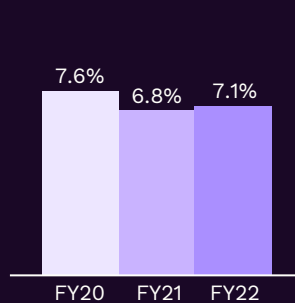


Merchants (#)

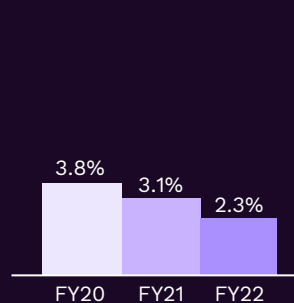
Up **77%** YoY



Revenue margin (%)



Cash transaction margin (%)



All figures based on Zip's financials as of 30 June 2022. Figures in AUD.

Note 1. US customer numbers in Zip Q4 FY22 Results Update from 21 July 2022 included approximately 600k accounts which were not activated as at 30 June. 2. Revenue does not include other income.

FY22 highlights



Growth

Achieved strong growth across all key operating metrics: **TTV up 51% YoY to \$8.7b**; **Revenue up 57% YoY to \$620m**; total customers increased 56% YoY to 11.4m and total merchant partners were up 77% YoY to 91k.



Merchants

Launched with Top 100 US Retailers **Best Buy** and **Bed Bath & Beyond**¹ in the US. In AU Zip established a leading position in travel going live with **Qantas** and **Virgin Australia** as well as entering a number of new verticals including entertainment with brands such as Hoyts.



Customer engagement

Customer engagement continued to rise, led by the rapid adoption and usage of the Zip app (App Store rating 4.9 US/AU), driving demand to over 90k merchant partners. Zip's shop anywhere technology saw **transactions per active customer increase 45% YoY** in core markets.



Business model

Zip delivered \$28m cash EBTDA in Australia (up 250% YoY), **demonstrating the power of strong unit economics and operating leverage** on the underlying profitability as the business scales. US on a similar glidepath.



Strategy

Refreshed strategy in H2 in response to rapidly changing external environment. **Shift from global growth to focus on core markets** of ANZ and US and accelerating profitability. Completed \$173m capital raising and well funded with sufficient available cash and liquidity to support execution through to **group cash EBTDA profitability**.

We remain committed to our FY23 priorities

Growth in core markets (US, ANZ)

- **Win and scale profitable merchant partnerships** through cross-sell and new product development
- Grow adoption of **higher margin products** (Zip Money) and drive **deeper customer engagement** (e.g. physical card, rewards)
- Focus on driving growth and incrementality in **higher margin merchant segments**

Improve unit economics

- Execute **actions across the credit lifecycle** (decisioning, account management, collections)
- Enable **lower cost repayment options** and drive **increased repayment velocity**
- **Grow network income** through product innovation (e.g. in-store rewards) and partnerships (e.g. affiliates)

Reduce global cost base

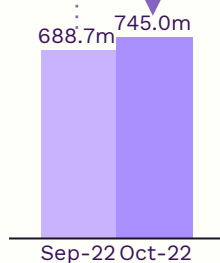
- Finalise and **implement changes to global footprint** from **strategic review**
- Complete **wind down of low margin product lines** (i.e. Zip Business - Trade and Trade Plus)
- Streamline operations and **reduce third party spend** in core markets

Sustainable growth and an accelerated path to profitability

Momentum continues in Q1 FY23

Core market¹ TTV (\$)

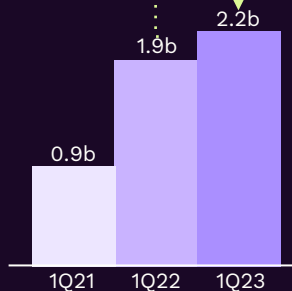
Up **8%** MoM



1Q23 Group results

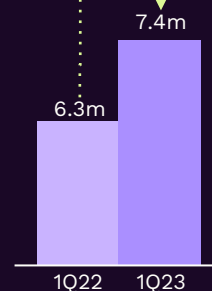
TTV (\$)

Up **15%** YoY



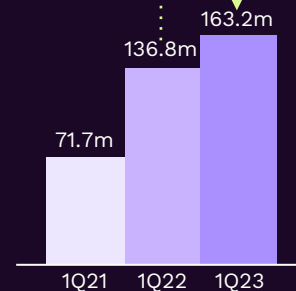
Active customers² (#)

Up **17%** YoY



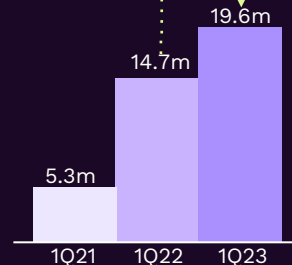
Revenue (\$)

Up **19%** YoY



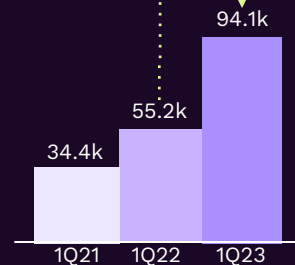
Transactions (#)

Up **33%** YoY

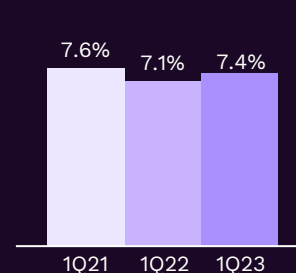


Merchants (#)

Up **70%** YoY



Revenue margin (%)



Unaudited management accounts. All financial figures are translated into AUD using the average quarterly foreign exchange rates for the respective quarter.

Note: 1. Core markets include Australia, New Zealand and the US, 2. Active customers defined as customer accounts that have had transaction activity in the 12 months to 30 September.

YTD progress against FY23 priorities

Growth in core markets (US, ANZ)

- Key **enterprise merchants** signed or launched so far in FY23 include **Barnes & Noble College** (in the US) and **eBay AU** and **Hoyts** (in AU) with **Jetstar** to launch in Q2
- **Strong demand for higher margin product** with limits for new **Zip Money accounts increasing 26% YoY** in Q1
- Zip's **physical card program continues to scale** with c100k cards shipped; driving >10% of in-store volume (in September)

Improve unit economics

- **Revenue margins** remained healthy **at 7.4%**
- **Strong credit performance** for the quarter (31bps improvement QoQ) with further improvement expected
- Cash transaction margin was stable at 2.2% (medium term target 2.5% - 3.0%)

Reduce cost base

- **Singapore closure complete**, UK to be finalised Q2
- Pocketbook wind down complete; **wind down of Zip Business Trade and Trade Plus on track**
- **Took action to optimise balance sheet** with \$40m of interest-bearing liabilities retired and an upsized \$300m debt issuance completed
- Continue to **reduce underlying monthly cash burn**
- **Progressed review of RoW businesses** to neutralise cash burn, or result in cash inflows in H2

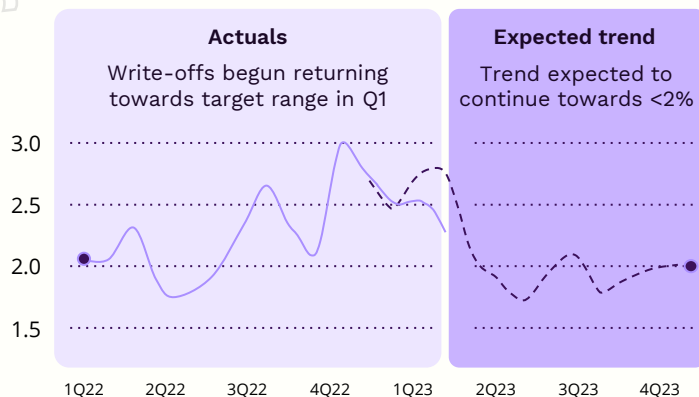
Sustainable growth and an accelerated path to profitability

Actions taken are delivering improved credit performance in core markets



Decisioning and risk management driving bad debts to <2% (AU net bad debts written-off, as a % of TTV)

— Actuals --- Expected trend, as at August 22



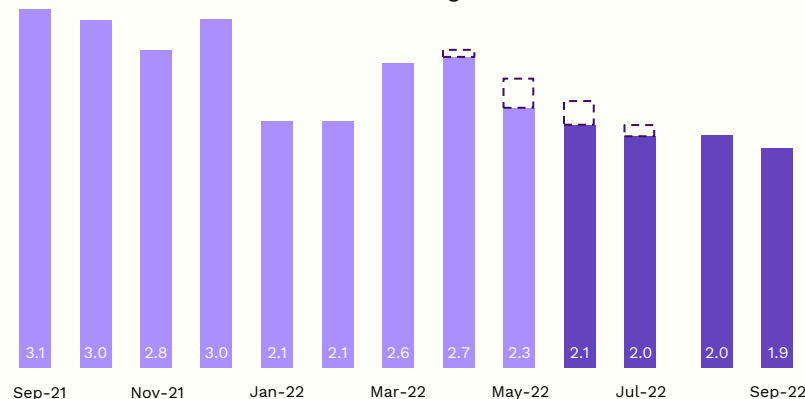
In AU, bad debts are quickly moving towards target range, outperforming expectations in 1Q23:

- Zip implemented targeted actions to bring bad debts back within target range (i.e. credit limit management, minimum bureau scores, bank linking)
- Net bad debts (as a % of TTV) were 2.49% in 1Q23 (vs 2.69% in the prior quarter) with September actuals exceeding expectations by ~50bps



Bad debts trending to target range on a cohort basis (US monthly cohorts 120 day credit loss performance, as a % of cohort TTV)

■ Actuals ■ Early indicators □ Improved performance vs expectation at August, 22



In the US, cohorts are seasoning better than expected, with later cohorts expected to season within target range (<2% of TTV)

- Targeted actions in the US (i.e. optimised decisioning, collections management) are driving superior credit performance
- Zip US saw credit write-offs decrease to 2.4% of TTV for the quarter (down from 2.7%), September cohort is expected to deliver bad debts of <2%

Zip's unique business model supports strong performance through current market conditions

Operating Environment



Interest rates

Higher cost of borrowing



Inflation

Higher cost of living, reduced discretionary spend



Regulation

Potential for increasing regulatory requirements

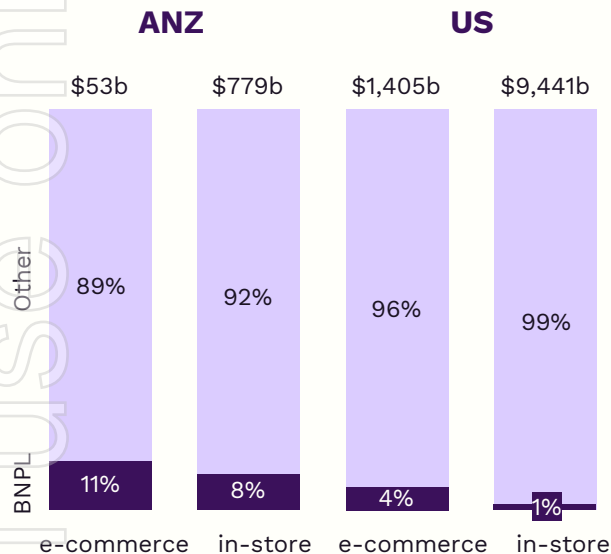
Zip's Unique Advantage

- **Robust two-sided revenue model** provides pricing flexibility and supports healthy margins
- **Accelerated capital recycling** underpinned by product construct
- **Historical receivables performance** supports Master Trust AAA rating in AU
- **Network and product flexibility** (BNPL anywhere) delivers high product utility across both **discretionary and every day spend** categories (online and in-store)
- Decisioning and portfolio management **capabilities to manage credit risk through credit cycles**
- **Topline sales growth** for merchants
- **Licensed credit provider** in AU; Zip Money already **regulated under NCCPA**
- **ID, credit and banking affordability checks** a core competency
- **WebBank partnership** in US

The opportunity remains significant in our core markets

Opportunity

The total addressable market^{1,3} (TAM) is significant



Demand

AU has proven the value BNPL delivers

Consumers and merchants are preferencing BNPL²

~1/3

Of Australian adults have a BNPL account⁴

54%

Prefer BNPL over credit cards

135K+

Merchants in AU accept BNPL

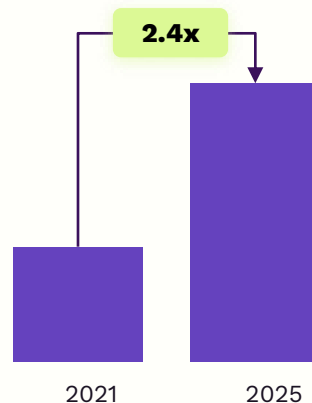
78%

Believe it is here to stay

Growth

Demand continues to drive market penetration

BNPL volumes are growing significantly¹



Source: 1. Worldpay, 2022, 2. AFIA BNPL impact report, 2022.

Note: 3. TAM represented by total payment value in 2021, 4. Based on 5.9m active accounts in the period 1 July 2021 to 30 September 2021 over the Australian adult population.

Outlook: Accelerated path to profitability

	Key management actions and assumptions	Medium term targets (% of TTV)
Revenue	<ul style="list-style-type: none"> Profitable TTV growth in FY23 across ANZ and US, reduced RoW contribution Full year impact of ANZ repricing initiatives 	7.0% - 7.5%
Cash cost of sales	<ul style="list-style-type: none"> Continue to execute actions to drive credit losses to within target range (<2%) Increase in interest costs reflects lift in global base rates 	4.0% - 4.5%
Cash NTM	<ul style="list-style-type: none"> Strong NTM coupled with fast book recycling, supports robust business model and profit at scale 	2.5% - 3.0%
Opex	<ul style="list-style-type: none"> Reduction in people and technology costs, RoW footprint and simplification (e.g. Zip Business closure) expected to deliver significant financial benefits 	1.5% - 2.5%
Cash EBTDA	<ul style="list-style-type: none"> Increased cash EBTDA and margin expansion in ANZ Exit FY23 cash EBTDA positive in US Neutralise cash burn from RoW businesses during H2 FY23 On track to deliver group cash EBTDA profitability during H1 FY24 	1.0% - 2.0%

Target ranges deliver significant cash EBTDA as the business scales

Prior Minutes & Formal Business

How to vote

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Item 1

ANNUAL FINANCIAL REPORT, DIRECTORS' REPORT AND AUDITOR'S REPORT

To receive and consider the Annual Financial Report of Zip and its consolidated entities and the Reports of the Directors and Auditor for the financial year ended 30 June 2022.

Item 2

REMUNERATION REPORT

To consider and, if thought fit, pass the following as an Ordinary Resolution:

To adopt the Remuneration Report for the financial year ended 30 June 2022, as set out in the Directors' Report in the Annual Financial Report.

Note: the vote on this item is advisory only and does not bind the Directors or Zip. A voting exclusion applies to this Item.

Item 3(a)

ELECTION OF MS MEREDITH SCOTT AS A DIRECTOR

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“That Ms Meredith Scott is elected as a Director of the Company in accordance with clause 22.6 of the Company’s Constitution and ASX Listing Rule 14.4.”

Item 3(b)

RE-ELECTION OF MR PETER GRAY AS A DIRECTOR

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“That Mr Peter Gray, who retires by rotation in accordance with clause 22.10 of the Company’s Constitution, be re-elected as a Director of the Company.”

Item 4

RATIFICATION OF PRIOR ISSUES OF SECURITIES IN CONNECTION WITH THE PLACEMENT

To consider and, if thought fit, pass the following as an Ordinary Resolution:

“That the allotment and prior issue of 78,285,139 Shares issued to institutional, sophisticated and professional investors on 4 March 2022 under the Placement at the issue price of \$1.90 per Share, as announced on 28 February 2022 and 1 March 2022, be ratified for the purpose of ASX Listing Rule 7.4.”

A voting exclusion applies to this Item.

Item 5(a)

APPROVAL FOR THE GRANTING OF RESTRICTED RIGHTS TO DIANE SMITH-GANDER

To consider and, if thought fit, pass the following, each
as an Ordinary Resolution:

*“That approval is given for the purposes of ASX Listing
Rule 10.14 and all other purposes, for the issue of up to
\$40,000 worth of Restricted Rights to Diane
Smith-Gander (a non-executive Director of the Company)
under the ZIPNEP.”*

A voting exclusion applies to this item.

Item 5(b)

APPROVAL FOR THE GRANTING OF RESTRICTED RIGHTS TO JOHN BATISTICH

To consider and, if thought fit, pass the following, each as an Ordinary Resolution:

“That approval is given for the purposes of ASX Listing Rule 10.14 and all other purposes, for the issue of up to \$20,000 worth of Restricted Rights to John Batistich (a non-executive Director of the Company) under the ZIPNEP.”

A voting exclusion applies to this item.

Item 5(c)

APPROVAL FOR THE GRANTING OF RESTRICTED RIGHTS TO MEREDITH SCOTT

To consider and, if thought fit, pass the following, each as an Ordinary Resolution:

“That approval is given for the purposes of ASX Listing Rule 10.14 and all other purposes, for the issue of up to \$16,667 worth of Restricted Rights to Meredith Scott (a non-executive Director of the Company) under the ZIPNEP.”

A voting exclusion applies to this item.

Item 6(a)

APPROVAL OF EQUITY INCENTIVE PLAN (**EIP**) AND ISSUE OF SECURITIES

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“That, for the purposes of ASX Listing Rule 7.2 Exception 13(b) and for all other purposes, the EIP and the issue of equity securities under the EIP, be approved.”

A voting exclusion applies to this item.

Item 6(b)

APPROVAL OF POTENTIAL TERMINATION BENEFITS

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“That the giving of benefits to any current or future holder of a managerial or executive office in the Group to which sections 200B and 200E of the Corporations Act apply in connection with that person ceasing to hold that office be approved.”

A voting exclusion applies to this item.

Item 7(a)

GRANT OF LONG-TERM EQUITY PERFORMANCE RIGHTS UNDER THE EIP - LARRY DIAMOND

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“That approval is given for the purposes of ASX Listing Rule 10.14 and all other purposes, for the issue of \$255,154 worth of Performance Rights to Larry Diamond (a Director of the Company) under the EIP.”

A voting exclusion applies to this resolution.

Item 7(b)

GRANT OF LONG-TERM EQUITY PERFORMANCE RIGHTS UNDER THE EIP - PETER GRAY

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“That approval is given for the purposes of ASX Listing Rule 10.14 and all other purposes, for the issue of \$244,854 worth of Performance Rights to Peter Gray (a Director of the Company) under the EIP.”

A voting exclusion applies to this item.

Item 8(a)

GRANT OF LONG TERM INCENTIVE PERFORMANCE RIGHTS UNDER THE EIP - LARRY DIAMOND

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“That approval is given for the purposes of ASX Listing Rule 10.14 and all other purposes, for the issue of 228,326 Performance Rights to Larry Diamond (a Director of the Company) under the EIP.”

A voting exclusion applies to this item.

Item 8(b)

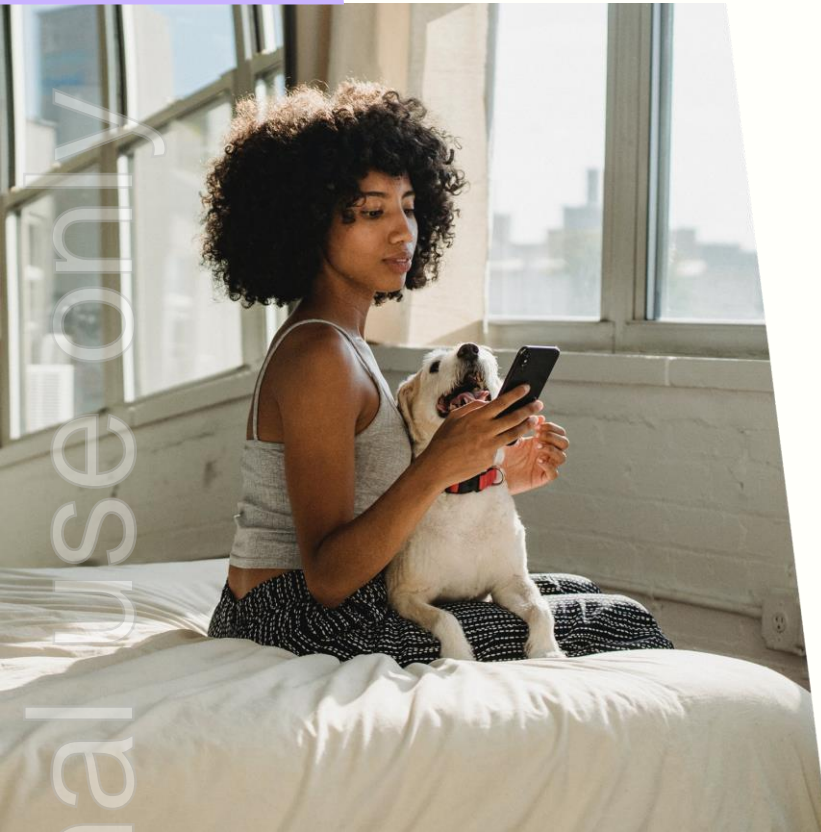
GRANT OF LONG TERM INCENTIVE PERFORMANCE RIGHTS UNDER THE
EIP - PETER GRAY

To consider and, if thought fit, to pass the following resolution
as an Ordinary Resolution:

*“That approval is given for the purposes of ASX Listing Rule 10.14
and all other purposes, for the issue of 219,109 Performance
Rights to Peter Gray (a Director of the Company) under the EIP.”*

A voting exclusion applies to this item.

Poll



Other Business, Close of Meeting & Questions

Thank you.



Disclaimer and important notices

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

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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.

This presentation was approved for release to the Australian Securities Exchange by the CEO and Managing Director on behalf of the Board.