

31 July 2023

2023 EGM - Chair's Address

Zip Co Limited (ASX: ZIP) ("**Zip**", or the "**Company**") releases to the market the address of the Chair, Diane Smith-Gander AO to be delivered at Zip's Extraordinary General Meeting at 10:00am today.

Release approved by the Board.

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About Zip

ASX-listed Zip Co Limited (ASX: ZIP) (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 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>.

Chair's address

Before we move to the formal part of the meeting, I would like to comment on the Company's progress against its strategic objectives and the purpose of today's EGM.

A little over a year ago we announced to the market that in light of changing market conditions, Zip would recalibrate its strategy to focus on its core markets of ANZ and the US with the clear aim of accelerating the path to achieving positive group cash flow.

We have made significant progress on this refreshed strategy.

In the last 12 months we have reduced our global cost base, exited non-core markets, simplified the business, improved unit economics despite the rising interest rate environment, and remain on track with our previous guidance on our path to profitability.

As part of our strategy to simplify and streamline the business, we have undertaken a significant liability management exercise to strengthen the balance sheet and position the company for future profitable growth in FY24 and beyond.

In December 2022, we executed a successful incentivised conversion exercise that reduced the value of zero coupon convertible notes outstanding by \$70 million. In June 2023, Zip launched a further liability management exercise that allowed us to reduce the outstanding balance by another \$192 million. The exercise comprised an additional Incentivised Conversion exercise and a Consent Solicitation process to amend the terms and conditions of the remaining notes. The Incentivised Conversion included a cash payment that was fully funded by an equity raising, allowing Zip to complete the transaction with no cash impact to the Company.

Through the exercise in June, we retired a significant portion of our convertible note liabilities at an effective rate of 47.5 cents in the dollar, reducing the notional value of the Convertible Note by \$192 million to \$137.8 million, fundamentally resetting Zip's balance sheet.

The amendments to certain terms and conditions of the notes have been approved by noteholders. The success of the exercise demonstrates strong support for the company and its strategic direction from noteholders and we thank them for this support.

Our intention is that the amendments to the Convertible Notes will become effective following today's EGM. At this meeting, we are seeking your approval for the conversion of those notes to be physically settled. This will allow the Convertible Notes to be convertible into fully paid ordinary shares in the Company at any time prior to the final maturity date in April 2028.

We are also seeking shareholder ratification of the prior issues of shares by the Company in relation to Zip's June 2023 and December 2022 equity placements, and the shares issued in relation to the acquisitions of Twisto and Urge in December 2022. This will allow Zip to retain as much flexibility as possible to issue additional equity securities into the future.

We invite you to take the opportunity to ask the Board about the resolutions. I will now go through the formal business of the meeting as set out in the Notice of Meeting.

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