

19 February 2026

## 1H FY26 Results Update

### Significant earnings growth and operating margin drives upgraded FY26 guidance

**Zip Co Limited** (ASX: ZIP) (“**Zip**”, or the “**Company**”) today announced its half-year results for the six-months ended 31 December 2025 (“**1H26**”).

#### KEY GROUP HIGHLIGHTS

- Record cash EBTDA of \$124.3m (up 85.6% vs 1H25)
- Significantly improved operating margin of 18.7% (vs 13.0% in 1H25)
- Record total transaction volume (TTV) of \$8.4b (up 34.1% vs 1H25)
- Total income increased to \$664.0m (up 29.2% vs 1H25)
- Revenue margin of 7.9% (vs 8.2% in 1H25), due to higher US contribution (now 75% of TTV)
- Transactions increased to 54.9m (up 20.2% vs 1H25)
- Net bad debts at 1.7% of TTV (vs 1.6% of TTV in 1H25) in line with management targets and strategic settings
- Cash gross profit increased to \$314.3m (up 33.5% vs 1H25)
- Strong cash net transaction margin of 3.8% (vs 3.8% in 1H25)
- Active customers increased to 6.6m (up 4.1% vs 1H25)
- Merchants on Zip’s platform increased to 90.6k (up 10.5% vs 1H25)

Zip Group CEO and Managing Director, Cynthia Scott said:

*“Zip continues to increase profitability at scale, driving cash earnings growth of 85.6% and significant operating margin expansion during the half. Momentum accelerated across both markets, underpinned by continued strategy execution, deeper customer engagement, strong holiday trading and expanded channel partnerships.*

*We continue to execute strongly on our US growth opportunity, with TTV and revenue up 44.2% and 46.4% respectively (in USD), with active customers up 9.7% (407k) year on year. We also expanded our Pay-in-Z offering, giving customers greater flexibility for everyday purchases by making Pay-in-2 available to all customers in February 2026. In ANZ, we delivered a 138.0% year-on-year increase in cash earnings, supported by revenue and Australian receivables returning to growth with continued adoption of Zip Plus.*

*Net bad debts performed in line with management targets and strategic settings, supporting strong unit economics. Consistent with our objective to maximise long-term shareholder value, we completed our \$100m on-market share buyback. Following our submission of a confidential draft registration statement to the US Securities and Exchange Commission in November 2025, we will continue to monitor market conditions and will only consider undertaking a dual listing when in the best interests of Zip shareholders.*

*We are well-positioned to continue executing against our FY26 strategic priorities and delivering profitable growth at scale. Following a strong first half, Zip has upgraded its FY26 guidance for operating margin and cash EBTDA as a % of TTV while reconfirming its other target ranges.”*

## DELIVERING STRONGLY AGAINST OUR FY26 STRATEGIC PRIORITIES

### 1. Growth and engagement

#### US

The US business delivered another outstanding performance, with TTV and revenue growth of 44.2% (to US\$4.1b) and 46.4% (to US\$292.0m) respectively. Growth in 2Q26 accelerated year on year supported by a strong holiday trading period, which included the single largest day and month of transaction volumes in Zip US' history.

Active customers increased by 9.7% (+407k) year on year to 4.6m, reflecting increased engagement and strategic marketing initiatives including on-site activations in sports with the Philadelphia Phillies and Comcast Spectacor, owner of the Philadelphia Flyers and Xfinity Mobile Arena.

Customer engagement accelerated further with spend and transactions per customer increasing 31.0% and 19.9% respectively. The fastest growing categories during the half included health, education, auto and transport, reflecting customers' continued focus on using Zip to manage everyday, non-discretionary spend. In-store also remained a key growth driver, up 69% year on year to represent 25% of TTV.

Merchant growth accelerated, up 9.5% year on year to 26.7k, including adding large enterprise merchants such as Temu, JD Sports and GOAT Group. Since launching to all Stripe businesses in the US in August 2025, Zip has added over 1,400 merchants via the partnership.

Embedded finance continued to gain momentum, including scaling volumes and merchants through Google Pay, and integrating with autofill on Google Chrome in August 2025. Early Zip customer feedback on the autofill integration has been positive, with customers finding the checkout experience smooth.

#### ANZ

Momentum accelerated in the ANZ business, with TTV up 9.7% year on year, while revenue and Australian receivables returned to growth. Performance was underpinned by Zip Plus and strategic go-to-market initiatives. The result also included a strong holiday trading period, and included record total transactions and 'Zip anywhere' open-loop spend during Black Friday Cyber Monday.

Excess spread (AU) expanded 241 basis points to 9.3% reflecting improved funding costs driven by favourable outcomes on receivables refinancing and strong credit outcomes with net bad debts at their lowest levels since FY23.

Over 6,000 merchants were added to the platform in targeted verticals, including Didi, Advanced Hair, Australian Outdoor Living, White Fox Boutique, Bargain Chemist in-store (NZ), IAG (HomeHub, MotorHub and First Rescue NZ) and Kai Co (NZ). The businesses also executed new integrations with Xero via Stripe, Mint Payments and PingPong Payments.

### 2. Product innovation

#### US

Following a successful pilot in 2Q26, the US business made its 'Pay-in-2' instalment solution available to all customers in February 2026. This expanded ability of Zip US' Pay-in-Z platform supports customers with high frequency, non-discretionary spend such as groceries and utilities. Notably, 95% of surveyed participants in the pilot said they would use Pay-in-2 again, with future use centered on everyday needs like groceries and bills.

Zip US continued to advance its agentic roadmap with the launch of Zia, an AI-powered virtual agent for customer service. Early results showed material improvements in self-servicing and in

customer satisfaction. Within our technology discipline, 80% of all code is now AI-assisted. We also joined Google's agent payment protocol to ensure smooth usage of Zip across agentic commerce.

In addition the business progressed the development of an agentic guided cash flow management experience, 'Money Coach', which is expected to test in-market in 2H26. Zip US also piloted a 'My Bills' feature in the Zip App for customers' recurring bill payments which is expected to be rolled out to all customers in 2H26.

## **ANZ**

The ANZ business enhanced its mobile App experience, including increased personalisation of its customer chatbot Zigi which is consistently resolving 65% of interactions within the Zigi experience without human intervention.

In addition, over 170,000 customers have adopted the new Google Wallet features launched in collaboration with Google in June 2025, supporting increased engagement.

### **3. Platforms for scale**

#### **Operating leverage**

Zip continued to deliver strong unit economics and significant operating leverage, with the Group's operating margin expanding 569bps to 18.7%. Cash EBTDA grew 69.5% to US\$76.0m in the US, and 138.0% to \$30.5m in ANZ.

Marketing remained at 0.4% of TTV, including seasonal spend to support customer and volume growth during the peak holiday trading period. The deployment of AI increased across Zip's people, product and processes to unlock new revenue opportunities and enhance productivity, with all Zipsters across the Group equipped with AI tools. In both regions, the business continued to invest in risk management, credit underwriting and technology platforms to support additional scale.

#### **Balance sheet strength and receivables financing**

In the US, Zip established a new US\$283.4m warehouse facility in November 2025 with two high-quality funding partners - Atlas Funds Management and Victory Park Capital. The two-year facility provides enhanced capacity for future growth, a material improvement in funding costs and adds diversity to Zip's funding program. In July 2025, short duration funding capacity was also added with the business' existing third party bank partner to support future growth.

In Australia, Zip successfully executed a new \$400m rated note issuance at a weighted average margin of 1.37% in November 2025. This compared to margins of 1.79% and 2.13% achieved on the previous public ABS term deals in July 2025 and September 2024 respectively. The bond issue was funded by a mix of domestic and offshore investors.

As at 31 December 2025, Zip had \$537.0m of total cash on the balance sheet with \$239.0m in available cash and liquidity, up from \$137.8m on 30 June 2025, providing increased capacity and flexibility to fund future growth.

#### **Capital management**

Consistent with its capital management framework, Zip completed its \$100m on-market share buyback on 17 December 2025. In total, 34.9m shares were repurchased at an average price of \$2.86. Additionally, in August 2025 Zip acquired 5.9m of shares on market via its Employee Share Trust to minimise dilution from Equity Incentive Plan allocations.

#### **Sustainability**

In line with Zip's focus on financial inclusion, Zip has partnered with US television series Opportunity Knocks, which supports underestimated Americans through financial guidance.

Recognising the importance of environmental impact, Zip also invested in carbon offsetting projects with the aim to offset its greenhouse gas emissions<sup>1</sup>.

### **CONSIDERATION OF DUAL LISTING**

Consistent with Zip's objective to maximise long-term shareholder value, Zip continues to consider a dual listing on a US stock exchange following submission of a confidential draft registration statement to the US Securities and Exchange Commission in November 2025. Zip will continue to monitor market conditions and will only consider undertaking a dual listing when in the best interests of Zip shareholders.

The potential dual listing remains subject to Zip Board approval and the completion of a number of required processes, including obtaining regulatory approvals in the US, and is subject to market and other conditions.

### **LEADERSHIP UPDATE**

Zip's Group Chief Executive Officer and Managing Director, Cynthia Scott intends to relocate from Australia to the United States in the second half of 2026, aligned with Zip's strategic priorities and future growth opportunity.

Ms Scott's intention to relocate reflects Zip's growing presence and significant growth opportunity in the US market - the Company's primary earnings driver, and will enable closer engagement with key US stakeholders.

### **OUTLOOK**

Following a strong start to the year and accelerated momentum, the business is well placed to deliver future growth. The business will continue to enhance its value propositions, grow and innovate customer focussed products and ensure its systems and processes can support additional scale.

Subject to market conditions, for FY26 Zip reconfirms guidance and expects to deliver:

- US TTV growth greater than 40% (in USD), balancing profitability and credit loss performance. US TTV in January 2026 grew above 40% (in USD) year on year
- Group revenue margin of circa 8%
- Group cash net transaction margin expected to be between 3.8% - 4.2%

And based on performance in 1H26 provides upgraded guidance for FY26, including:

- Group operating margin upgraded to be greater than 18.0% (previously 16.0% - 19.0%)
- Group cash EBTDA as a % of TTV upgraded to be greater than 1.4% (previously greater than 1.3%)

Zip expects 2H26 group cash EBTDA to be broadly in line with 1H26 cash EBTDA.

<sup>1</sup> Based on management data and estimates and calculations by our external advisor NetNada which have not been subject to third party assurance.

## BUSINESS PERFORMANCE

Financial performance (AUD)	1H26	YoY
<b>Revenue</b>	<b>\$658.1m</b>	<b>+29.2%</b>
US	\$445.3m	+47.0%
ANZ	\$212.8m	+3.1%
<b>TTV</b>	<b>\$8,379.4m</b>	<b>+34.1%</b>
US	\$6,307.9m	+44.7%
ANZ	\$2,071.5m	+9.7%
<b>Transactions</b>	<b>54.9m</b>	<b>20.2%</b>
US	29.2m	+31.6%
ANZ	25.8m	+9.5%

Operational performance	At 31 Dec 2025	YoY
<b>Active customers<sup>2</sup></b>	<b>6.59m</b>	<b>+4.1%</b>
US	4.63m	+9.7%
ANZ	1.97m	-7.1%
<b>Merchants<sup>3</sup></b>	<b>90.6k</b>	<b>+10.5%</b>
US	26.7k	+9.5%
ANZ	63.8k	+10.9%

Net bad debts (% of TTV)	1H26	1H25
Group	1.73%	1.56%

<sup>2</sup> Active customers defined as customer accounts that have had transaction activity in the 12 months to 31 December 2025.

<sup>3</sup> Cumulative merchants that have signed up to the Zip platform.

## PRESENTATION, WEBCAST AND CONFERENCE CALL

Zip will hold a webcast and conference call to discuss the 1H26 result at 10:00 AM AEDT today, Thursday, 19 February 2026. Participants can register for the conference call by navigating to either of the links below. Registered participants will receive their dial in details upon registration.

**Webcast & slide presentation registration link:** <https://ccmediaframe.com/?id=7MlGrFqF>

**Conference call registration link:** <https://s1.c-conf.com/diamondpass/10052317-b9o2qj.html>

**Note:** Q&A functionality is only available through the conference call line.

## UPCOMING REPORTING DATES

Zip is scheduled to release its 3Q FY26 results update on Friday, 17 April 2026 and its FY26 results update (including Appendix 4E and FY26 Financial Report) on Thursday, 20 August 2026.

These dates remain subject to change. Any changes will be advised by announcement on the ASX platform and on Zip's website.

This announcement was authorised for release by the Board.

- ENDS -

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### About Zip

Zip Co Limited (ACN 139 546 428) (ASX: ZIP) is a digital financial services company, offering innovative and people-centred products. Operating in two core markets - Australia and New Zealand (ANZ) and the United States (US), Zip offers access to point-of-sale credit and digital payment services, connecting millions of customers with its global network of tens of thousands of merchants.

Founded in Australia in 2013, Zip provides fair, flexible and transparent payment options, helping customers to take control of their financial future and helping merchants to grow their businesses.

For more information, visit: [www.zip.co](http://www.zip.co)

For any shareholding and registry service enquiries, please contact Computershare. Phone: 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia). Shareholders who would like to receive email communications from Computershare for all future correspondence, visit <http://www.computershare.com.au/easyupdate/ZIP>.