

Zip Co Limited Annual General Meeting

9 November 2023



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 shows the top navigation bar with four icons: Broadcast (monitor), Vote (document with 1), Q&A (speech bubbles), and Documents (notepad). The Q&A tab is selected. Below the navigation bar is a large text area labeled "Your questions". Underneath this is a smaller text area with the prompt "You may enter a question field below". Below that is a "Select Topic" dropdown menu. At the bottom right is a blue "SEND" button.

Broadcast Vote Q&A Documents

Your questions


You may enter a question field below


Select Topic ▼


SEND


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

 Broadcast

 Vote

 Q&A

 Documents

Items of business

2A Re-elect Mr Sam Sample as a Director

FOR

AGAINST

ABSTAIN

2B Re-elect Ms Jane Citizen as a Director

✓

We have received your vote **for**
click here to change your vote



Chair's address

**Diane Smith -
Gander AO**

**Group CEO & Managing Director's
Address**

Cynthia Scott



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.



Zip delivered, executing on all our strategic priorities in FY23

What we said we would do

What we delivered

Profitable TTV growth in FY23 across ANZ and US



+7% TTV growth across core markets ANZ and US

Drive net bad debts to within target range (<2%)



Group net bad debts at 2.0% of TTV; -70bps YoY

Strong cash NTM of 2.5%-3.0% of TTV



Revenue margin of 7.8%, +60bps YoY and Group cash NTM at 2.8% of TTV, +30bps YoY

Exit FY23 cash EBTDA positive in US



US business exited FY23 cash EBTDA positive

Neutralise cash burn from RoW businesses



Cash burn from RoW businesses neutralised; cash inflows returned to Zip Group

Reduce opex and streamline organisational structure



Cash opex down 15.7% YoY, further action taken in 4Q23

Pursue opportunities for liability management



Took actions to reduce convertible note outstanding face value¹ by \$312.2m

Note: 1. Outstanding face value is defined as outstanding convertible notes on issue multiplied by the face value per convertible note.

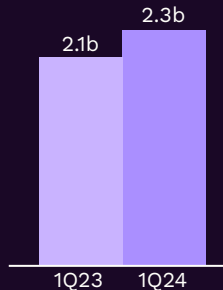
Zip continued its strong momentum and achieved positive Group cash EBTDA for 1Q24

Net cash inflow of ~\$4.9m for Group cash EBTDA, capex and receivables funding

1Q24 Group results

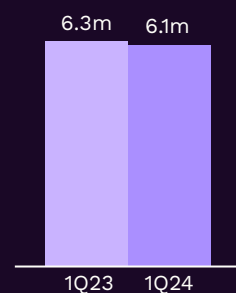
TTV (\$)

Up **11.0%** YoY



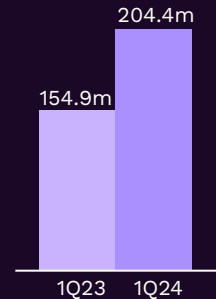
Active customers² (#)

Down **1.8%** YoY



Revenue (\$)

Up **31.9%** YoY



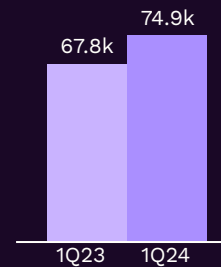
Transactions (#)

Up **6.1%** YoY



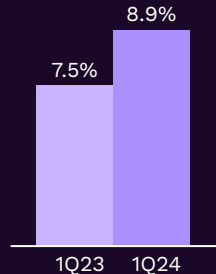
Merchants (#)

Up **10.5%** YoY



Revenue margin (%)

Up **140bps** YoY



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.

Zip has clear priorities in FY24 to drive profitable growth



Growth and profitability

Extending distribution and performance of core products



Product innovation

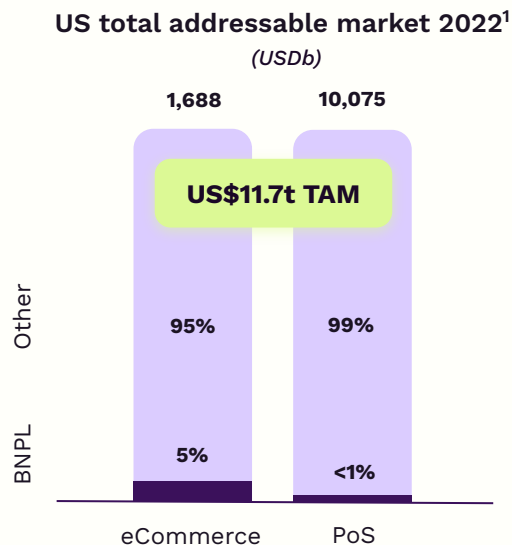
Unlocking new customer and market segments for growth



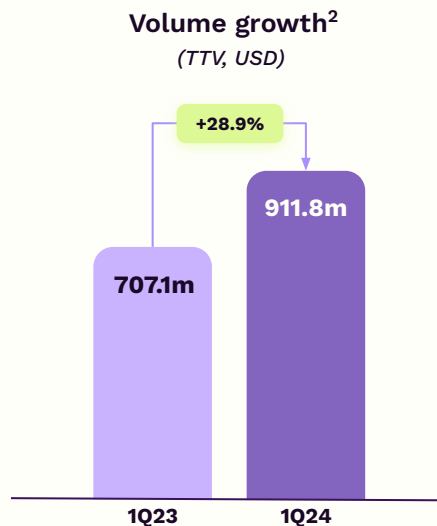
Operational excellence

Strengthening our platforms and balance sheet to support scale

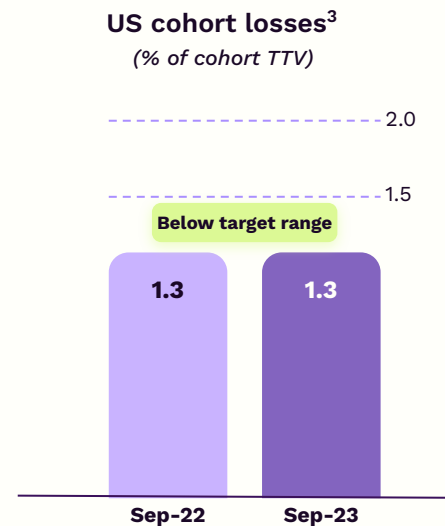
Growth and profitability. The US opportunity remains early and significant with Zip demonstrating strong TTV growth in line with our strategy



- ~US\$12t addressable market
- Projected to grow at 5% CAGR 2022-2026 from a significant base
- Opportunity to deliver innovative, fair and transparent credit to underserved customers



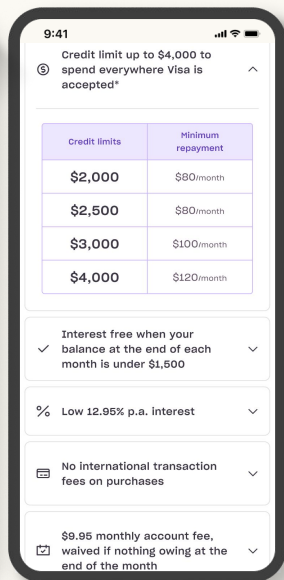
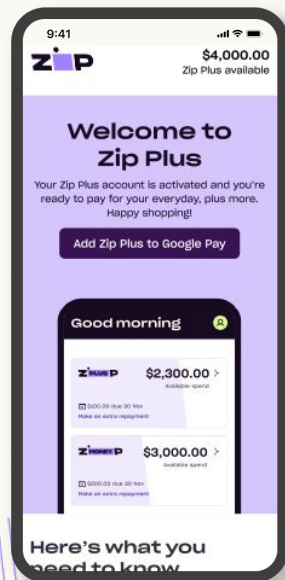
- Significant TTV growth supported by increased customer engagement
- Healthy momentum in higher-margin channels (such as the Zip app and physical card)



- Proven ability to grow while maintaining strong credit performance
- Platform for accelerated profitable growth in FY24+

Product innovation. Product-led innovation is expanding Zip's offering in AU, unlocking the next horizon of profitable growth

New AU product - Zip Plus



Credit limits up to
\$4k

No international
transaction fees

No interest charged
when balance below
\$1.5k at month end

Continued product innovation in the AU market with strong strategic rationale

- Differentiated customer proposition with increased spending power
- Fully regulated credit product under NCCPA
- Expanded financial services offering that is expected to be yield accretive
- Initially offered to existing highly engaged and strong credit quality customers
- Can be used everywhere Visa* is accepted

*VISA is a trademark owned by Visa International Service Association and used under license.

Operational excellence. Zip continues to take actions to strengthen its balance sheet



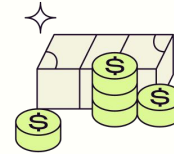
Liability Management

\$350.0m reduction in convertible note outstanding face value since Jun-22



Receivables funding

Completed \$300.0m rated note issuance in Nov-23 as part of AU Master Trust



Cash and Liquidity

Continued execution of initiatives to release restricted cash

Outlook¹

Zip now expects to achieve positive Cash EBTDA in FY24

	Key management actions and assumptions for FY24	Medium term targets (% of TTV)
Revenue	<ul style="list-style-type: none">Increased revenue margin from new products	8.0 - 9.0
Cash cost of sales	<ul style="list-style-type: none">Manage net bad debts to optimise transaction marginsIncrease in interest costs reflects lift in base rates	5.0 - 6.0
Cash NTM	<ul style="list-style-type: none">Balancing TTV growth and transaction margins	3.0 - 4.0
Opex	<ul style="list-style-type: none">Continued focus on simplification of the businessExpect reduction in cash operating costs	2.0 - 3.0
Cash EBTDA	<ul style="list-style-type: none">Increased cash EBTDA margins in core marketsAchieved positive Group cash EBTDA for 1Q24Expect to achieve positive Group cash EBTDA for 2H24 and FY24	1.0 - 2.0

Target ranges deliver significant cash EBTDA as the business scales

Prior Minutes & Formal Business

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 2023.

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 2023, 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 CYNTHIA SCOTT AS A DIRECTOR

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

“That Cynthia 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.”

**Group CEO & Managing Director's Election as a
Director**

Cynthia Scott



Item 3(b)

RE-ELECTION OF LARRY DIAMOND AS A DIRECTOR

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

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

**Chief Executive Officer US,
Re-election as an Executive Director**

Larry Diamond



Item 4(a)

DIANE SMITH-GANDER – ISSUE OF RESTRICTED RIGHTS UNDER THE ZIPNEP

To consider and, if thought fit, pass the following 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 4(b)

JOHN BATISTICH – ISSUE OF RESTRICTED RIGHTS UNDER THE ZIPNEP

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 4(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 \$20,000 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 5

GRANT OF SHORT-TERM VARIABLE REWARD (STVR) SHARES UNDER THE EQUITY INCENTIVE PLAN (EIP)

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 148,760 STVR shares to Cynthia Scott (a Director of the Company) under the Equity Incentive Plan.”

A voting exclusion applies to this item.

Item 6(a)

APPROVAL OF GRANT OF LONG-TERM EQUITY PERFORMANCE RIGHTS TO CYNTHIA SCOTT

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 2,568,741 Performance Rights to Cynthia Scott (a Director of the Company) under the EIP.”

A voting exclusion applies to this item.

Item 6(b)

APPROVAL OF GRANT OF LONG-TERM VARIABLE PERFORMANCE RIGHTS TO 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 612,880 Performance Rights to Peter Gray (a Director of the Company) under the EIP.”

A voting exclusion applies to this item.

Item 6(c)

APPROVAL OF GRANT OF LONG-TERM VARIABLE REWARD PERFORMANCE RIGHTS TO 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 588,037 Performance Rights to Peter Gray (a Director of the Company) under the EIP.”

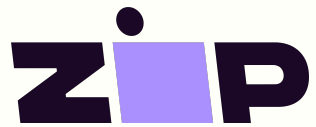
A voting exclusion applies to this resolution.

Poll



Other Business, Close of Meeting & Questions

Thank you.



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