

9 November 2023

## **2023 AGM – 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 Annual General Meeting at 10:00am today.

Release approved by the Company Secretary on behalf of the Board.

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### About Zip

ASX-listed Zip Co Limited (ASX: ZIP) (ABN 58 164 440 993) is a digital 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, 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](http://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 will make some comments on Zip's performance for the financial year to 30 June 2023 and reflect on our areas of focus as a Board. I will then hand over to Cynthia Scott, Zip's Group CEO and Managing Director, for her remarks, including an update on the Company's current performance and outlook.

A little over a year ago, Zip announced to the market that, in light of changing market conditions, the Company's strategy would be recalibrated to focus on the core markets of ANZ and the Americas and accelerating the path to achieving positive Group cash flow. Over the last 12 months, we have successfully executed on each of our strategic priorities and exited financial year 2023 with the foundations for a stronger business and the platform for profitable growth going into financial year 2024. Group cash EBTDA (Earnings Before Tax, Depreciation and Amortisation) for our core markets improved in the second half by 55% on the first half and we continued this strong momentum into financial year 2024. We recently achieved positive Group cash EBTDA for the first quarter of financial year 2024 and are on track to deliver positive Group cash EBTDA for this financial year.

In financial year 2023, Zip also focused on improving its capital structure, launching two successful liability management exercises to significantly reduce our Senior Convertible Note liabilities. The liability management initiatives in December 2022 and June 2023, reduced the Company's liabilities, and in July 2023, the terms and conditions of the remaining Senior Convertible Notes were amended. These initiatives have materially strengthened Zip's balance sheet.

In addition, we have continued to look for proactive opportunities to simplify and manage our cost base, including putting in place a Small Shareholding Sale Facility initiative in October. This provides liquidity to shareholders with relatively small shareholdings, as well as reducing Zip's ongoing costs associated with maintaining a large register.

The Company's success in executing against its strategic priorities has been, and will continue to be, driven by a dedicated and talented team of Zipsters. Our employees remain highly engaged and in financial year 2023, Zip enhanced internal talent development by providing employees with opportunities for career growth and multiple career paths within the Company. Zip also continued its efforts to build a better employee experience with initiatives that contribute to a flexible work culture and enhance employee wellbeing, such as our head office move to a NABERS 6-star rated building in George Street, Sydney.

As a Board, we have continued to assess our performance and take the time to bring together the right mix of skills and experience to support the business and its strategic priorities. Through regular reviews, we assess the experience, independence, knowledge, balance of skills and diversity of Directors, to ensure that the Board collectively possesses the necessary expertise. Early in the financial year, Zip welcomed Meredith Scott to the Board. Meredith has made a significant contribution to the Board and as Chair of the Audit & Risk Committee. Zip acknowledges the value of diverse perspectives and intends to expand the independence of the Board in line with growth in our core markets. Our Board renewal focus remains on securing a credentialed US-based independent non-executive director.

In August 2023, the Board appointed ANZ CEO Cynthia Scott to the position of Group CEO, overseeing the Group's operations and strategy. Cynthia joined Zip in November 2021 and has made a significant and positive impact since joining us. Cynthia will provide her CEO update and speak to her credentials and experience later in the meeting.

In line with our focus on two core markets and to drive performance in those markets, Zip's co-founders Larry Diamond and Peter Gray assumed the roles of US CEO and ANZ CEO respectively and these leadership changes see the founders connected to the business as drivers of performance, product innovation, and culture in the two core markets. We also welcomed Gordon Bell, who was appointed Group CFO in September 2023, and we thank Martin Brooke for his near seven-year tenure as Zip's CFO.

The Board continued its strong focus on risk management and financial crime programs, alongside regular policy reviews and our regulatory and compliance obligations. Improvement in the risk and compliance maturity across the business and strengthening our Business Continuity and Crisis Management Plans were areas of focus. We further developed our cyber security resilience plan, including the identification of vulnerabilities, assessment of our data management lifecycle, and conducted a simulation to assess our response and recovery capability. This remains an area of ongoing focus of the Cyber Security Council which meets monthly under non-executive director John Batistich's leadership.

Zip knows that businesses with greater diversity achieve improved long-term success. In financial year 2022 we updated our strategy for Diversity, Equity and Inclusion, and our measurable objectives for gender diversity to include 40% women, 40% men, and 20% any gender by the 2026 financial year, at all levels including for our Executive Team and the Board. In financial year 2023, Zip increased the percentage of women to 44% of its total workforce, including a lift in female representation across all management levels. Female representation on the Board is currently at 60%. Zip has also monitored its gender pay equity across the organisation since 2022 and published these statistics in its 2023 annual report. We are committed to fair and transparent reward and recognition for all employees.

Your Company acknowledges that climate change is a risk to Zip and to people, customers, and communities around the globe. That is why we have been integrating climate change considerations into our governance, risk management and strategy processes which we published in alignment with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) in our 2023 Sustainability Report. I'm also pleased to say that we continued our commitment to being a climate neutral organisation and our focus will be on maintaining Scope 1 emissions as close to zero as possible and continuing to reduce our Scope 2 emissions through an emissions reduction strategy.

Zip has always been an advocate for appropriate, fit-for-purpose regulation. In Australia, we welcomed the decision from Commonwealth Treasury to provide certainty around the BNPL regulatory framework. Of the three options considered, the option endorsed by the Government was the option Zip supported and we believe will provide clarity and consistency across the sector. Our existing business practices are already aligned with the proposed regulatory framework, and we believe this is a point of differentiation to others in the market. We have 10 years' experience offering fully regulated credit under our Australian credit licence and the National Consumer Credit Protection Act, and as a champion of responsible lending we already conduct full ID, credit and

affordability checks on our customers. In the US we continue to maintain an active dialogue with the Consumer Financial Protection Bureau (CFPB) and our expanded relationship with WebBank provides further regulatory support to the Zip US offering.

As a financial technology company, we also understand the challenges of financial inequality, as well as the importance of financial wellbeing and financial inclusion. We remain committed to providing simple, fair, and transparent products that allow customers to take control of their financial future. We prioritise offering an appropriate level of credit and developing products that encourage responsible financial behaviour.

As costs of living increase, we continue to proactively review our credit settings to ensure customers have an appropriate level of credit and affordable repayments. We also engage with other industry participants, such as Financial Counsellors Australia, to improve support for customers experiencing temporary hardship and practices to better serve vulnerable customers. We actively monitor customer financial wellbeing, with monthly reporting on measuring complaints, customer repayment behaviour and hardship levels provided to the Board.

To the Directors and Management team, thank you for your clear thinking and stewardship over the last year. To our Zipsters, thank you for your hard work and commitment to deliver on our revised strategy.

And finally, thank you to all shareholders for your ongoing support and trust. There are exciting opportunities ahead for Zip. I am pleased with how the team is executing its plan to support our mission and we look forward to your ongoing support.