

29 April 2016

## ZIPMONEY THIRD QUARTER FY2016 UPDATE

### QUARTER HIGHLIGHTS

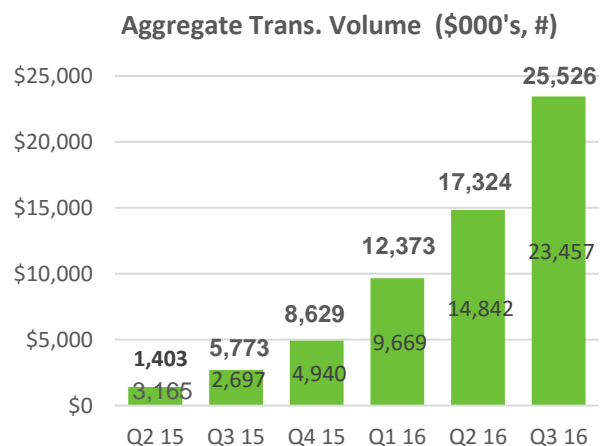
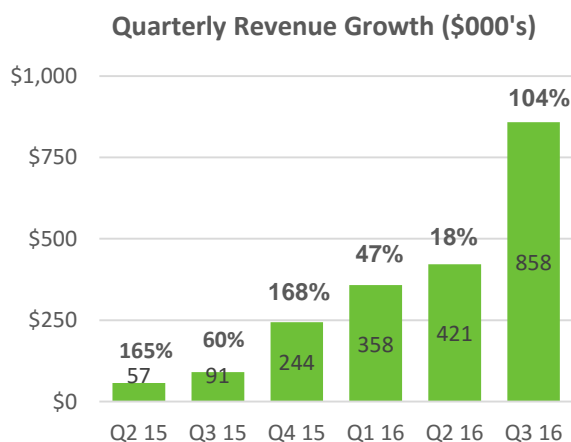
- Revenue growth of 104% on last quarter including merchant fee revenue growth of 128%
- Transaction volume growth of 67% on last quarter; more than \$23 million originated on platform to date
- Loan book ended the period at \$14.2 million with healthy repayment profile
- Strong positive trend in operating cash flows; cash receipts up 117% on last quarter
- Successful zipPay launch with 40 merchants already onboarded
- Strong traction with lighthouse brands; Thermomix joins the zipMoney platform

### FINANCIAL AND OPERATIONAL PERFORMANCE

zipMoney Limited (ASX:ZML) (zipMoney or Company) is pleased to announce its third quarterly performance update since listing on the ASX on 21 September 2015.

For the quarter ending 31 March 2016, the Company grew its loan book to \$14.2 million, up 59% on the previous quarter on \$8.6 million in new loan originations. This generated revenue of approximately \$858,264, up 104% on the previous quarter.

The quarter also saw active customers across the platform increase to more than 15,000 with an average drawn balance of \$950. There was \$32 million in aggregate credit capacity with a 44% utilization rate and an average account limit of \$2,100 per customer.



\* Based on unaudited financials and transaction volume

Managing Director and CEO Larry Diamond said "It was a pleasing result for the quarter. Our scalable technology platform is largely fixed cost so marginal revenue is increasingly profitable. We are beginning to see the early dividends of our continued investment in product and technology as well as our

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salesforce. We have invested significantly in the pipeline and we expect more lighthouse brands like Thermomix to join the zipMoney platform in the next quarter.”

### MERCHANT UPDATE

At the end of the quarter zipMoney had over 1,000 merchant locations throughout Australia both online and in-store. These range across retail including fashion & accessories, consumer electronics, home, sports and outdoors, auto, health services and online education markets.

A short highlight of those companies that joined the platform in the March quarter is provided below.



National Sales Manager Craig Dufficy said “We are pleased with the strong growth in merchants over the quarter. A strong brand, positive network effects, clear product-market fit and our emerging reputation as a customer-friendly provider are all driving rapid growth. We would like to welcome all new merchants to the zipMoney platform and look forward to adding more in the next quarter.”

### ZIPPAY UPDATE

In the March quarter, zipMoney launched zipPay, its ‘no interest ever’ digital wallet product. zipPay is a safe, simple and convenient payment option that lets customers shop online and pay later for their purchases with no credit card and no interest ever. The product was specifically designed to target lower dollar average selling prices with a focus on the fashion, accessories and hospitality end-markets. Since its launch zipMoney has onboarded more than 40 merchants with initial results being very positive.

Managing Director and CEO Larry Diamond said, “We have seen a very strong response from our initial launch of zipPay. Some of the numbers have been very exciting, such as increases in basket size up to 60% and conversion rates of 25% versus other payment tenders. The pipeline is also very strong.”

A short highlight of those companies to offer zipPay in the March quarter is provided below.



## LOAN BOOK UPDATE

As at 31 March 2016, the zipMoney loan book was approximately \$14.2 million, having grown ~60% over the previous quarter. The repayment profile continues to remain healthy at approximately 9-10% (of period end book) over the quarter.

The credit performance of the loan book continues to perform in line with internal management projections. The reported arrears rate was 1.78% and zipMoney wrote off \$72,710 for the quarter in bad debts.

Executive Director & COO Peter Gray said “The quality of our loan book and low reported arrears reflects continued investment in our robust fraud and credit decisioning technology. We are seeing significant growth in revenues as a result of the \$100 million Victory Park funding facility and strong performance of the loan book. We expect further growth as we take advantage of our scalable business model.”

## CORPORATE

During the quarter, the Company received cash receipts of \$0.8 million, which was an increase of 117% over last quarter. Higher staff costs and working capital reflected the growth in our salesforce driving increased merchant acquisition. The Company continues to enjoy strong economies of scale from our team as a result of the ongoing investment in our 100%-owned proprietary technology. There was a strong improvement in operating cashflows for the quarter driven by higher cash receipts and borrower repayments. Cash at end of quarter was \$4.1 million, inclusive of \$1.6 million in restricted cash.

– ENDS –

### For more information please contact

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### About zipMoney

zipMoney is a leading player in the digital retail finance industry. The Company offers point-of-sale credit and digital payment services to the retail, education, health and travel industries. The Company is focused on offering transparent, responsible and fairly priced consumer credit products. zipMoney’s platform is entirely digital and leverages big data in its proprietary decisioning engine to deliver real-time consumer responses. zipMoney is managed by a team with over 35 years’ experience in retail finance and is a licensed and regulated credit provider. For more visit [www.zipmoneylimited.com.au](http://www.zipmoneylimited.com.au).

## Appendix 4C

### Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

zipMoney Limited

ABN

50 139 546 428

Quarter ended ("current quarter")

31 March 2016

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from customers	834	1,535
1.2 Payments for (a) staff costs	(761)	(1,412)
(b) advertising and marketing	-	-
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital	(540)	(758)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	15	51
1.5 Interest and other costs of finance paid	(342)	(795)
1.6 Income taxes paid	-	-
1.7 Other		
- net movement in receivable and customer loans	(5,154)	(11,149)
- net movement in borrowings	5,800	10,355
<b>Net operating cash flows</b>	<b>(148)</b>	<b>(2,173)</b>

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**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

	Current quarter \$A'000	Year to date (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	(148)	(2,173)
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(24)	(94)
(e) other non-current assets	-	(216)
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	25
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(24)</b>	<b>(285)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>(172)</b>	<b>(2,458)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	-	6,080
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	(250)
1.19 Dividends paid	-	-
1.20 Other – share issue costs	-	(343)
<b>Net financing cash flows</b>	<b>-</b>	<b>5,487</b>
<b>Net increase (decrease) in cash held</b>	<b>(172)</b>	<b>3,029</b>
1.21 Cash at beginning of quarter/year to date	4,227	1,026
1.22 Exchange rate adjustments to item 1.20	-	-
<b>1.23 Cash at end of quarter</b>	<b>4,055</b>	<b>4,055</b>

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**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	86
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions Director fees, company secretary fees	

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities – Warehouse Facility	107,429	15,200
3.2	Credit standby arrangements	-	-

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**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

**Reconciliation of cash**


Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	398	860
4.2 Deposits at call	2,050	2,674
4.3 Bank overdraft	-	-
4.4 Other (restricted cash)	1,607	693
<b>Total: cash at end of quarter (item 1.23)</b>	<b>4,055</b>	<b>4,227</b>

**Acquisitions and disposals of business entities**

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	N/A	N/A
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  ..... Date: 28 April 2016  
 Director

Print name: **Larry Diamond**

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## Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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