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Zip Co Limited

**Equity raising to
refinance
corporate debt
and optimise
capital structure**

17 July 2024



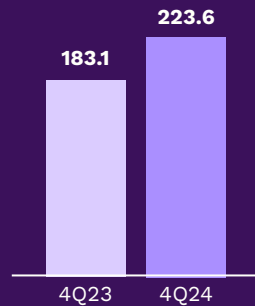
01.

Highlights

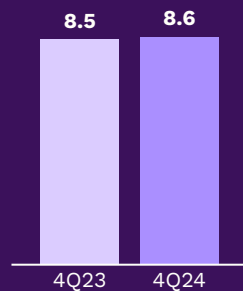


Business momentum delivered outstanding Q4 results

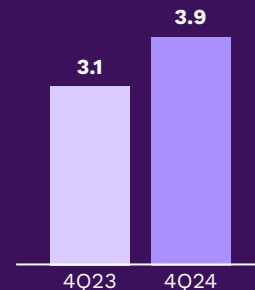
Revenue (\$m)
+22.1% YoY



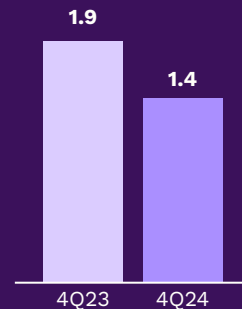
Revenue margin (% of TTV)
+10bps YoY



Cash transaction margin (%)
+80bps YoY

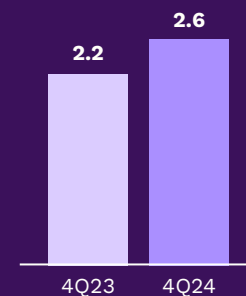


Net bad debt (% of TTV)
-42bps YoY

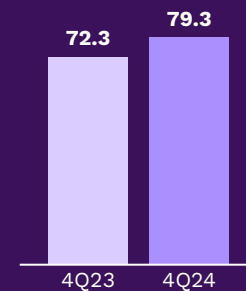


TTV (\$b)
+19.0% YoY




>\$10b in TTV in FY24



Merchants (#k)
+9.6% YoY



Focused execution of Zip's strategic priorities delivered sustainable growth

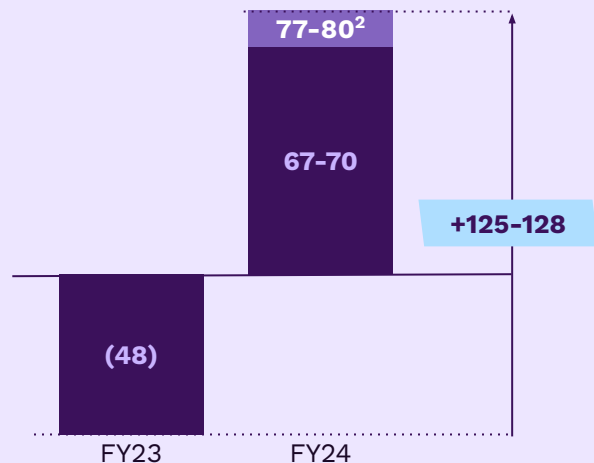
	Growth and profitability		Product innovation		Operational excellence
Extending distribution and performance of core products		Unlocking new customer and market segments for growth		Strengthening our platforms and balance sheet to support scale	
<ul style="list-style-type: none">✓ 4Q24 revenue margin 8.6%✓ 4Q24 Cash NTM 3.9%✓ AU yield expansion to 18.4% in June		<ul style="list-style-type: none">✓ +19.0% YoY TTV growth in 4Q24 to >\$10b for FY24✓ New products launched in ANZ and US in FY24		<ul style="list-style-type: none">✓ Extinguished all convertible notes✓ Stable quarterly operating cash flow generation	
Strong foundations for further growth					

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Four quarters of profitable growth delivered record profitability in FY24

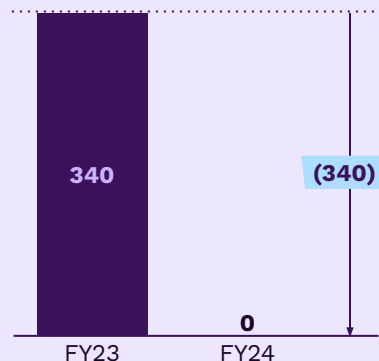
Record profitability

Cash EBTDA ¹ (\$m)

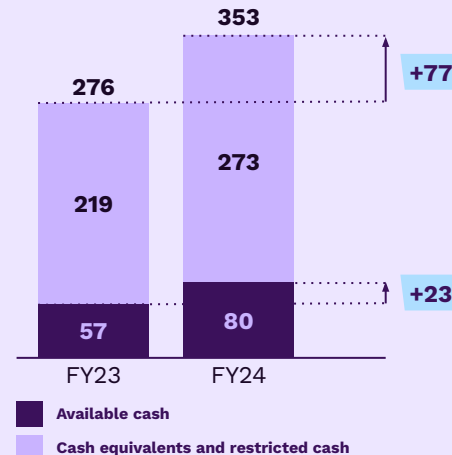


Balance sheet strength

Convertible Notes (\$m)



Total Cash (\$m)



Note: (1) Unaudited as at 17 July 2024. Full year results scheduled for release 27 August 2024. (2) Zip has previously stated the FY24 result will include an accrual for short term staff incentives paid in cash whereas comparatively in FY23 incentives were predominantly paid in shares.

02. Equity Raising



Equity raising to refinance holdco corporate debt, strengthen balance sheet and reset capital structure

Transaction overview

Underwritten Placement to fund the early repayment of the holdco corporate debt facility (principal and exit fee).

Zip will issue a maximum of 142.8 million¹ fully paid ordinary shares (to be settled on 22 July 2024) based on a placement price which will be determined via a bookbuild process commencing at a floor price of A\$1.52 per share, representing a 5.3%¹ discount to the last close price of A\$1.61 on 16 July 2024.

Non-underwritten share purchase plan (**SPP**) to raise up to A\$50m².

Indicative sources and uses ³

Sources		Uses	
Placement	A\$217m	Repayment of holdco corporate debt facility (principal ⁴ and exit fee ⁵)	A\$221m
Available cash from Zip	A\$10m	Transaction costs	A\$6m
Total		Total	A\$227m

Note: (1) Calculated assuming a bookbuild floor price of \$1.52. (2) Zip retains the ability to scale back applications should it receive demand above that amount or the right to increase the size of the SPP, at its absolute discretion (and if the size of the SPP is increased, either accept applications in full or scale back applications at its absolute discretion). (3) Excludes any impact of the SPP. (4) Facility repayment will also include any accrued interest. (5) Zip has agreed that the exit fee payable under the holdco corporate debt facility as previously disclosed in Zip's ASX announcement dated 18 December 2023, will instead be a fixed amount of \$89m.

Zip remains well funded with available cash to support profitable growth

Description of pro-forma adjustments

- Utilisation of A\$10m cash at bank, whilst ensuring Zip remains well funded with sufficient available cash to support continued cash EBTDA profitability.
- Early repayment of holdco corporate debt facility, with a face value of \$130m as at 30 June 2024.
- Payment of an exit fee associated with the repayment of the holdco corporate debt facility.
- Available cash remaining of \$70m for Zip to support further growth in core markets of ANZ and the United States. This aligns with Zip's requirements to fund growth during its seasonal peak in volumes.

Detail on indicative pro-forma adjustments (\$m)

A\$m	30 June 2024	Adjustments (Pre-tax)	Pro-forma (Pre-tax)
Available cash	80	(10)	70
Corporate debt	(130)	130	0
Net cash (debt)	(50)	120	70

Results in no corporate debt and available cash of A\$70m to **support growing businesses in the US and ANZ.**

Overview of the equity raising

Placement size and structure

- Fully-underwritten Placement (**Placement**) to raise A\$217m.
- A maximum of approximately 142.8 million new shares to be issued (**New Shares**), representing 12.7% of Zip's existing shares on issue¹.

Use of proceeds

- Proceeds from the Placement will be used to repay the holdco corporate debt facility of A\$130m and the associated exit fee (see page 7 for further details) equal to A\$89m, which will also support future growth.

Placement pricing

- Placement price (**Placement Price**) will be determined via a bookbuild process commencing at a floor price of A\$1.52 per share, representing:
 - 5.3% discount to Zip's last closing price of A\$1.61 on 16 July 2024
 - 9.4% discount to the 5-day volume weighted average price (**VWAP**) of Zip ordinary shares up to and including 16 July 2024 of A\$1.68 per share

Ranking

- All New Shares issued under the Placement and SPP will rank equally with existing Zip shares from respective issue dates.

Underwriting

- The Placement² is fully underwritten by Goldman Sachs Australia Pty Ltd.
- The SPP is not underwritten.

Share Purchase Plan

- Non-underwritten SPP offered to eligible shareholders, to raise up to A\$50m³.
- Eligible shareholders⁴ in Australia and New Zealand will be invited to apply for up to A\$30,000 of New Shares free of any brokerage, commission and transaction costs.
- SPP offer document expected to be made available to eligible shareholders on 25 July 2024.
- The price for the SPP will be the lower of the Placement Price and a 2.0% discount to the 5-day VWAP of Zip shares up to, and including, the closing date of the SPP.

Note: (1) Calculated assuming a bookbuild floor price of \$1.52. (2) Refer to Appendix B of this document for a summary of the key terms and conditions of the placement agreement. (3) Zip retains the ability to scale back applications should it receive demand above that amount or the right to increase the size of the SPP, at its absolute discretion (and if the size of the SPP is increased, either accept applications in full or scale back applications at its absolute discretion). (4) Eligible shareholders are those registered in Australia and New Zealand subject to exceptions noted in the SPP offer booklet.

Equity placement and SPP timeline

Event	Date
Equity Placement	
Trading halt and launch of the Placement	Wednesday, 17 July 2024
Trading halt lifted and completion of the Placement	Thursday, 18 July 2024
Trading resumes	Thursday, 18 July 2024
Settlement of New Shares under the Placement	Monday, 22 July 2024
Allotment and commencement of trading of New Shares issued under the Placement	Tuesday 23 July 2024
Share Purchase Plan (SPP)	
Record date for SPP	7:00pm (AEST), Tuesday, 16 July 2024
SPP offer opens and SPP documents made available to shareholders	Thursday, 25 July 2024
SPP offer closes	5:00pm (AEST), Wednesday, 14 August 2024
SPP results announced	Monday, 19 August
Settlement and allotment of the SPP Shares issued under the SPP	Wednesday, 21 August 2024
Expected quotation on the ASX and normal trading of the SPP Shares issued under the SPP	Thursday, 22 August 2024
Dispatch of allotment confirmations / holding statements for the SPP Shares issued under the SPP	Friday, 23 August 2024

Note: (1) The above timetable is indicative only and subject to variation. Zip reserves the right to alter the timetable at its absolute discretion and without notice, subject to ASX Listing Rules and the Corporation Act 2001 (Cth) and other applicable law. All dates and times are Australian Eastern Standard Time unless otherwise stated.

Equity raising resets capital structure to support continued profitable growth

Key outcomes

1 Strengthened balance sheet



Removes holdco corporate debt facility and enables operational flexibility

2 Reset capital structure



Additional flexibility and liquidity to pursue further growth in core markets

3 Reduced corporate interest cost



EPS accretive¹ for Zip shareholders in FY25

Zip has the balance sheet, funding and foundations in place to support further growth

Appendix A: Summary of Key Risks



Key Risks

Investors should be aware that there are risks associated with an investment in Zip Co Limited (ASX: ZIP) (**Zip**, or the **Company**).

This section describes the key business risks relating to participation in the Placement and the SPP (together, the **Capital Raising**) that may affect the value of Zip's shares. Before investing in Zip, you should be aware that an investment in Zip has a number of risks, some of which are specific to Zip and some of which relate to listed securities generally, and many of which are beyond the control of Zip.

The risks set out in this section do not constitute an exhaustive list of all risks involved in an investment in Zip and the Capital Raising and for the avoidance of doubt, the categorisation of the risks does not limit their relevance to that particular category.

Investors should consult their own professional, financial, legal and tax advisers about those risks and the suitability of investing in light of their particular circumstances. Investors should also consider publicly available information on Zip (including information available on the ASX website) before making an investment decision.

1. RISKS SPECIFIC TO ZIP

A. Compliance with laws, regulations and industry standards

As a financial service provider Zip is subject to a range of laws and regulations in Australia and in the jurisdictions in which it operates or may operate in, in the future. These laws and regulations include licensing and registration, responsible lending, design and distribution, insurance, mis-selling, anti-money laundering (**AML**), privacy, and disclosure laws. Ensuring compliance with new or amended laws and regulations may impose significant compliance costs on Zip or prevent Zip from offering certain products or services. Failure to comply with these laws and regulations could adversely impact Zip's business through regulatory action and penalties, negative media coverage, reputational damage, the inability to recover fees, charges or interest from customers and the requirement to refund funds lent, charges, interest payments or other amounts to customers.

Further, any breach of the conditions attached to Zip's Australian Financial Services Licence (**AFSL**) or Australian Credit Licence (**ACL**), or any breach of financial services, consumer credit or other legal or regulatory requirements, could lead to a suspension or revocation of the licences, which would materially impact Zip's ability to continue to operate its business. The imposition of new or modified conditions on Zip's existing AFSL or ACL could also impact Zip's ability to conduct its business in the way it is currently operated, which could lead to increased costs or an inability to satisfy customer needs which could have a material adverse impact on Zip's operations, financial performance, financial position, reputation and/or future prospects.

In the United States, a number of participants in the consumer finance industry have been the subject of state attorney general actions and other state regulatory actions; federal regulatory enforcement actions, including actions relating to alleged unfair, deceptive, or abusive acts or practices; violations of state licensing and lending laws, including state interest rate limits; and allegations of noncompliance with various state and federal laws and regulations relating to originating and servicing consumer finance loans. There is no assurance that these regulatory matters or other factors will not, in the future, affect how Zip conducts its business and, in turn, have an adverse effect on its business. In particular, legal proceedings brought under state consumer protection statutes or under several of the various federal consumer financial services statutes subject to the jurisdiction of the US Consumer Financial Protection Bureau (**CFPB**) and Federal Trade Commission (**FTC**) may result in a separate fine for each violation of the statute, which could have a material adverse impact on Zip's operations, financial performance, financial position, reputation and/or future prospects.

In July 2024, Zip Co US Inc. (**Zip US**), a subsidiary of Zip, received a letter from the CFPB notifying it, in accordance with the CFPB's Notice and Opportunity to Respond and Advise (**NORA**) process, that the CFPB's Office of Enforcement may recommend that the CFPB take legal action against Zip US for alleged violations of certain U.S. consumer protection statutes.

Key Risks

In particular, the CFPB advised that such action may include allegations that convenience fees historically charged to consumers constitute finance charges and should have been disclosed as such to consumers generally and to members of the military specifically; that certain Zip US products are “credit cards” under U.S. law, thus entitling consumers to certain protections including in the event of a dispute with a merchant; that Zip US previously failed to provide specified disclosures to consumers whose requests for credit were denied; and that certain of its activities, as described above and other communications with consumers amount to “deceptive” or “abusive” conduct under U.S. consumer protection law. Under the NORA process, the CFPB has provided Zip US with the opportunity to present its position to the CFPB before a recommendation is made to commence any legal action. Zip US intends to provide a thorough response to the NORA letter and is cooperating with the CFPB in connection with this matter. The Company is not able to reasonably predict the likely timing of this matter’s completion nor give any assurance regarding its ultimate outcome. If the CFPB elects to proceed with a legal action, it may seek injunctive and monetary relief, including penalties, and the Company cannot provide any assurance that the remedies sought by the CFPB would not be material from a financial and/or reputational risk perspective. The Company expects that if changes are required to Zip US’s business practices as a result of this matter, they would be unlikely to have a material adverse effect on its operations.

B. Changing laws, regulations and industry standards

Recently, the financial services sector and consumer credit sector have been subject to enhanced regulatory scrutiny, including in Australia, New Zealand and the United States. Regulators (including, for example, the Australian Securities and Investments Commission (**ASIC**)) have shown a greater readiness to pursue action against financial service providers and consumer credit providers. Changes to laws, regulations and industry compliance standards obliging industry participants to proactively change their business model or product features, alter funding arrangements or change their disclosure practices, could have a material adverse impact on Zip’s operations, financial performance, financial position, reputation and/or future prospects. Additionally, following the Banking Royal Commission, Australian regulators are showing a generally heightened preparedness to re-assess existing regulatory frameworks and take action against, among other market participants, consumer credit providers and ASIC’s product intervention power to make specific new regulations for specific products, allows ASIC considerable power to introduce new regulations for credit products.

On 5 June 2024, the Treasury Laws Amendment (Responsible Buy Now Pay Later and Other Measures) Bill 2024 (Cth) (**Bill**) was introduced into the Australian Parliament. If the Bill becomes law, buy now, pay later (**BNPL**) providers will be required to hold and maintain an ACL and comply with the licensee and other obligations, including the existing responsible lending obligations (**RLO**) or electing to comply with a modified RLO framework for low-cost credit contracts. The Bill extends the application of the National Credit Code to BNPL contracts and also confirms that low-cost credit contracts providers will be regulated under the National Consumer Credit Protection Act 2009 (Cth) (**NCCP**). While enactment of this legislation will mean Zip’s BNPL product is regulated under the NCCP, Zip already offers regulated products under an ACL.

In June 2023, Treasury announced the Australian Government’s release of a Strategic Plan for Australia’s Payments System to reform the payments sector in Australia (including the Payment System Regulation Act 1998 (Cth) and the Corporations Act 2001 (Cth) (**Proposed Payment Reforms**). Treasury has stated that issuers of BNPL cards will be regulated under the Proposed Payment Reforms and merchant acquirers will also be regulated as providers of a payment facilitation service. The Proposed Payment Reforms may impact Zip as some of its subsidiaries may be required to hold an AFSL which authorises the provision of the payment functions in respect of BNPL buy now pay later cards and to comply with specific obligations.

In 2023, the New Zealand Government passed the Credit Contracts and Consumer Finance (Buy Now, Pay Later) Amendment Regulations 2023 (**BNPL Amendments**) which comes into effect in September 2024. The BNPL Amendments extend the application of the Credit Contracts and Consumer Finance Act 2003 (**CCCFA**) to cover BNPL products provided to consumers.

In September 2022, the CFPB released a report which detailed its findings from research and industry engagement in the US BNPL sector. The report highlighted the CFPB’s view on both the benefits and potential risks of BNPL. While there is nothing in the report that inhibits or requires changes to Zip’s processes or the provision of its products and services, if potential legislation or regulation stems from report findings, or from lobbying and advocacy organizations who have provided commentary on the report, it could have a material adverse impact on Zip’s financial performance, financial position, operations, reputation and/or future prospects.

Key Risks

In May 2024, the CFPB issued an "interpretive rule," effective as of 30 July 2024 that stated that BNPL lenders meet the regulatory definitions of "card issuers" who issue "credit cards" in the form of digital user accounts, and therefore must provide consumers certain rights under the Truth in Lending Act (TILA) that apply to conventional credit cards including in relation to dispute procedures, return and refund processes and periodic billing statements. The CFPB is accepting public comment on this rule, and may subsequently modify it. While Zip believes that its operations in the United States (US) will fully comply with this rule (as currently drafted) on or before the effective date, the CFPB may subsequently modify this rule following the public consultation which may result in Zip having to make more extensive changes to its US operations.

In addition to the product related reform referred to above, an increasing regulatory focus on data protection standards, and an evolving regulatory landscape regarding new technologies (including scoring and other assessment techniques), may result in the requirement for Zip to adapt its services, customer engagement model and compliance processes.

Even when changes are unlikely to significantly impact Zip's business model, where regulatory standards are adopted or the subject of change in jurisdictions in which Zip conducts its operations, and such standards are more stringent than those which Zip's systems are currently designed to comply with, this may result in additional costs and negatively impact Zip's financial performance. Further, Zip cannot predict what legislative or regulatory changes may be made in the future or the impact on its business. Additional and increasingly complex new regulation may increase the cost of compliance (and the risk of non-compliance) for Zip or compel Zip to prioritise the implementation of systems or processes for compliance reasons, thereby delaying or impeding the implementation of other customer oriented or revenue generating initiatives. Pricing changes could also be necessary due to regulatory changes.

C. High rate of early paydown by borrowers

In Australia, Zip's customers may choose to repay their line of credit sooner than expected. Early customer repayment may be caused by changes to a customer's personal circumstances (for example, as a result of additional income or a one-off windfall gain) or as the result of macroeconomic events (such as early access to government economic support payments). Whilst Zip assumes a certain rate of early repayment as part of its business operations, a higher-than-expected rate of early paydown by borrowers could have a material adverse impact on Zip's operations, financial performance, financial position, reputation and/or future prospects.

D. Competition and new market entrants

A number of new entrants are joining the established players in the financial services (including BNPL) and payments sector. Established players from offshore may also enter the market, and who may attempt to take market share through discounting merchant service fees or financially incentivising local retailers. The significant numbers of existing players and new entrants into the financial services (including BNPL) and payments sector, including and not limited to large financial institutions and other technology players, may have a significant impact on the competitiveness of Zip and may adversely impact the ability of Zip to achieve growth and maintain its margins.

With increased competition in the financial services (including BNPL) and payments industry there is a risk that Zip's technology may be superseded by other technology or changes in business practices or that current or future competitors can develop technologies that would allow them to offer products at a cost or quality that gives them a significant advantage over Zip's products. Additionally, current and future competitors may have greater scale and resources, including access to capital, than Zip. Zip may not be successful in offering services and systems that remain current with the continuing changes in technology, evolving industry standards and changing customer preferences, whether in a timely manner or not, or expenses may be greater than expected. This may have a material adverse impact on Zip's operations, financial performance, financial position, reputation and/or future prospects.

E. Loss of key contracts and relationships

The continued success of Zip relies on it retaining key contracts including their third party merchant partners. There is no guarantee that the key contracts and partnerships will continue and if they do continue, that they will be successful. Any loss of key merchants or contracts may result in a material adverse impact on Zip's operations, financial performance, financial position, reputation and/or future prospects.

Key Risks

F. Inability to refinance corporate borrowings

Access to capital and funding is a fundamental requirement for the success of Zip's business, and Zip has borrowed funds to finance corporate activities. The terms of existing corporate facilities or any future corporate facilities do or may (as applicable) contain undertakings, financial covenants, review events, events of default and other restrictions or requirements which impose significant operating and financial restrictions on Zip, and some of which are linked to or triggered by Zip's other warehouse, term securitisation and other funding facilities. A failure to meet those requirements could, among other things, restrict Zip's ability to pay distributions to its shareholders, to access further funding under the corporate facilities or, worse, could give the corporate facility lenders rights to (among other things) accelerate repayment of the facilities and/or enforce the security granted in connection with those facilities.

Those requirements could also limit Zip's ability to finance its future operations and capital needs and Zip's ability to pursue business opportunities and activities that may otherwise be in its interest. For example, the terms of Zip's corporate facilities may restrict its ability to make acquisitions, disposals, enter into or exit business lines, change its funding arrangements or certain of its policies.

If Zip is unsuccessful in extending and/or refinancing its corporate facilities in the future, then alternative funding (either debt and/or equity) will be required to support the business. If such alternative funding is not obtained (whether on favourable terms or at all), this could have a material adverse impact on Zip's operations, financial performance, financial position, reputation and/or future prospects. Zip's ability to secure funding or additional capital raising in the future may be affected by macroeconomic, market and industry conditions and events. If Zip is not able to secure debt financing on favourable terms, or at all, to meet its future capital needs, additional capital raisings that could dilute the capital of Zip may be required. Zip's ability to conduct a capital raising in the future will depend on the market conditions at the time and any further volatility in the share market or a significant fall in the price of Zip's shares increase the risk that Zip may not be able to raise sufficient capital (or at all).

G. Access to funding under Zip's Warehouse and other Receivables financing arrangements

In addition to Item F above, Zip's business model is to borrow funds through secured warehouse facilities and term securitisation transactions in Australia, New Zealand and the US to fund its receivables portfolio. If repayments are not made or certain terms and conditions not satisfied under these arrangements, various consequences may arise, including (but not limited to) that the financiers to those arrangements may be able to cease to fund under or terminate their respective financing arrangements, Zip may be terminated in its role as manager of the financing vehicle or servicer of the funded receivables, step-up margins may apply in relation to the financing arrangements, excess spread distributions may be locked up and used to repay the financiers, and the portfolio of funded receivables could be sold to a third party to repay amounts outstanding to the financiers. Such consequences may arise due to a breach by Zip of its obligations or representations in its capacities as manager of the financing vehicle or seller and/or servicer in respect of the funded receivables. These events may also arise from factors outside Zip's control, such as a deterioration in the performance of the pool of receivables funded under the arrangements. In these circumstances, Zip's capacity to originate new receivables or fund ongoing line of credit drawings may be diminished if Zip is unable to obtain a waiver of any such breach or secure additional funding on the same or other acceptable terms. This would significantly and negatively impact Zip's ability to invest in its growth strategies and may ultimately impair Zip's ability to finance its business.

As these facilities mature or as business demands require, Zip may not be able to further extend the financing terms or increase the funding capacity of its existing facilities (or any future facilities) beyond existing terms or, when renegotiating an extension or increase, may not be able to do so on satisfactory terms. If Zip cannot obtain sufficient funding or obtain funding on satisfactory terms, then it may not be able to meet customer demand or business requirements.

Key Risks

As set out in its fourth quarter results released to ASX on or about the date of this document, Zip has a number of warehouse facilities that are due to mature in the next 12 months. Maturing facilities will need to either be extended and/or refinanced before maturation. Zip's ability to continue as a going concern is dependent on its ability to extend or refinance its maturing facilities (which may also be dependent on Zip's ability to raise capital). The outcome of any such extension or the potential terms on which any maturing facility can be extended are not certain. There is a risk that Zip does not succeed in renewing each of its borrowing facilities at or prior to their expiry date (whether on favourable terms or at all), that the conditions of existing funding (drawn or undrawn) are not satisfied and/or that Zip cannot secure alternative funding. This may be affected also by macroeconomic, market and industry conditions and events. If Zip is unsuccessful in extending and/or refinancing these facilities, then alternative funding (either debt and/or equity) will be required to support the business. If such alternative funding is not obtained (whether on favourable terms or at all), there is a material risk that Zip's liquidity may be insufficient to meet its liabilities as and when they fall due, which will have a material adverse impact on Zip's operations, financial performance, financial position, reputation and/or future prospects.

H. Credit assessment capability, borrower defaults and bad debts

Zip has developed credit processes and models that estimate the propensity of existing and prospective borrowers to default on their repayment obligations, which Zip uses to establish the correct identity of the borrower, assign credit grades, understand the borrower's ability to service the credit to be granted, and set credit limits. Zip's estimates of loss rates are dependent on Zip's ability to effectively apply and optimise credit systems and the processes implemented to achieve accurate and consistent credit decisions when underwriting customers.

There is a risk that Zip's credit systems and processes will not produce an accurate evaluation of a customer's credit risk, including as a result of reliance on inaccurate data provided by third party providers, human error, software bugs, technology failures, software configuration errors, incorrect statistical evaluations and algorithm errors and changes in the correlation of customer attributes with credit performance. If any of these events were to occur, this could result in higher levels of customer defaults which could have a material adverse impact on Zip's operations, financial performance, financial position, reputation and/or future prospects.

I. Loss of key management personnel

The success and performance of Zip relies on the effectiveness, talent and experience of key management personnel. The loss of any key personnel including senior management could cause disruption to the conduct of Zip's business in the short term and could have a material adverse impact on Zip's operations, financial performance, financial position, reputation and/or future prospects. It may be difficult to replace key personnel, or to do so in a timely manner or at comparable expense.

J. Reputational damage

Zip's business relies, to a large extent, on relationships and its reputation to attract and retain customers and other commercial partners. Maintaining the Zip brand is important to attracting and expanding Zip's customer base, solidifying Zip's business relationships and reputation, and implementing Zip's business strategy. Risks relating to legal and regulatory requirements, compliance matters, responsible lending and sales practices, potential conflicts of interest, litigation, privacy laws, cybersecurity and ethical issues may cause harm to Zip's reputation. Any adverse perception of Zip's reputation or image (or of others engaged in a similar business or activities) on the part of customers, partners, funding providers, rating agencies, regulators, investors, and other counterparties, whether or not accurate, could have a material adverse impact on Zip's operations, financial performance, financial position, reputation and/or future prospects.

K. Macroeconomic conditions

Adverse macroeconomic conditions could have an impact on the retail sector and consumers' willingness to be exposed to debt, leading to lower demand for credit products which could have a material adverse impact on Zip's operations, financial performance, financial position, reputation and/or future prospects. Sustained periods of economic downturn leading to increased unemployment, higher cost of living and increased interest rates may impact customers' ability to repay debt, leading to lower demand.

Key Risks

Overall, Zip's operations, financial performance, financial position, future prospects and/or price of Zip's shares may fluctuate various factors, including movements in domestic and international capital markets, recommendations by brokers and analysts, investor perceptions, interest and exchange rates, changes in government, inflation, fiscal, monetary and regulatory policies (including recent central bank policies directed at curbing inflation, which appear to have had a significant impact on financial markets causing general uncertainty in the market), prices of commodities, global geopolitical events, conflicts, endemics, pandemics, hostilities and acts of terrorism (including the recent events involving Israel, Gaza, Russia and Ukraine, which also appear to have had a significant impact on financial markets causing general uncertainty in the market), and other factors. These factors may also affect Zip's income and expenses. These risks are particularly heightened given the current challenging and volatile macroeconomic landscape and industry conditions and events.

The earnings and operations of Zip are also heavily reliant on its customers ability and willingness to meet their payment obligations during the term of their contracts. The non-payment of customers is a significant component of Zip's expenses and although exposure to this type of bad debt is part of Zip's day to day business, the risk of rising inflation and the current challenging and volatile macroeconomic landscape and industry conditions and events, including central bank policies directed at curbing inflation may result in an increase in interests rates which may have an impact on end customers' abilities to repay debt and therefore cause Zip's business to be overly exposed to bad debt. This could have a material adverse impact on Zip's operations, financial performance, financial position, reputation and/or future prospects.

L. Foreign exchange risk

The functional currency of Zip is AUD. Significant operations occur in the US and are translated to AUD for the purpose of group reporting (as are the smaller operations in New Zealand). Fluctuations of the exchange rate between the Zip functional currency and the currencies of operations may impact Zip's consolidated financial performance and/or financial position.

M. Information technology

Zip's operations are reliant on information technology and the ability of Zip to provide reliable services is dependent on the performance of its and its third-party service providers' technology systems. Any systemic failure could cause significant damage to Zip's reputation, its ability to provide services to customers in a timely manner and its ability to retain existing customers and generate new customers. Such events may disrupt the operation of the Zip platform and could have a material adverse impact on Zip's operations, financial performance, financial position, reputation and/or future prospects.

Zip's platform or service offering may also become obsolete or outdated through the investment of competitors in superior technology and/or product offerings or general market developments. This could necessitate Zip undertaking substantial investments in updating or improving its current technology platform and product offering, which could have a material adverse impact on Zip's operations, financial performance, financial position, reputation and/or future prospects.

There is a risk that Zip's platform may experience downtime or interruption from system failures, service outages, corruption of information technology networks or information systems, as a result of computer viruses, bugs, worms, or cyberattacks, as well as natural disasters, fire, power outages or other events outside of the control of Zip and its third party service providers, or that measures implemented by Zip and its providers to protect against such events are ineffective. As an online provider of financial services, Zip is heavily reliant on the availability of communications networks and cloud services providers. Outages have the potential to prevent both customer acquisition, payment processing and the day-to-day operation of Zip's platform. Extended outages may damage consumer confidence in the brand. Capacity constraints arising as a result of the Zip's reliance on communications networks and cloud services providers may hinder Zip's ability to increase transaction volumes, which could have a material adverse impact on Zip's operations, financial performance, financial position, reputation and/or future prospects.

Key Risks

N. Exposure to potential security breaches and data protection issues

Through the ordinary course of business, Zip collects a wide range of confidential information from its customers (including personal, financial and credit related information). The cyber threat to companies in Australia, the United States and around the world is growing and unrelenting and as an online business, Zip is not immune to these risks. Cyber-attacks may compromise, or breach technology platforms used by Zip to protect confidential information. A cyberattack or hack of Zip systems, including those of third-party providers of information technology services to Zip, could have serious impacts on Zip's reputation, operational and financial performance.

Zip's business may also be adversely affected by malicious third party applications that interfere with, or exploit, security flaws in its websites. Viruses, worms and other malicious software programs could, among other things, jeopardise the security of information stored in a user's computer or in Zip's computer systems or those of third party service providers or attempt to change the internet experience of users by interfering with Zip's ability to connect with its users.

There is a risk that the measures taken by Zip may not be sufficient to detect or prevent unauthorised access to, or unauthorised disclosure of, such confidential information. Any data security breaches or Zip's failure to protect confidential information could result in the loss of information integrity, or breaches of Zip's obligations under applicable laws (including relevant privacy laws) or agreements, each of which could have a material adverse impact on Zip's operations, financial performance, financial position, reputation and/or future prospects. Further, laws relating to data privacy are evolving across all jurisdictions and any changes to standards may adversely impact Zip's systems and operating procedures.

O. Intellectual property and trademark risks

The Zip business depends, in part, on Zip's ability to commercially exploit its technology and intellectual property, including Zip's technological systems and data processing algorithms. Zip relies on laws relating to trade secrets, copyright and trademarks to assist in protecting its respective proprietary rights. However, there is a risk that unauthorised use or copying of Zip's software, data, specialised technology, or platforms will occur. There is a risk that measures implemented by Zip to protect the Zip's intellectual property may not always be sufficient. In addition, there is a risk that the validity, ownership or authorised use of intellectual property relevant to Zip's business may be successfully challenged by third parties. This could involve significant expense and potentially the inability to use the intellectual property in question, and if an alternative cost-effective solution is not available, it could have a material adverse impact on Zip's operations, financial performance, financial position, reputation and/or future prospects.

P. Reliance on third party partners and brand reputation

Zip's business model relies on third party partners, over which it has limited control, to originate customers. The conduct, standing and product offerings of such partners has the potential to negatively affect Zip's brand and reputation. If these third party partners' systems or operations fail or if the third party is otherwise unable to perform its origination function, Zip may be unable to complete customer transactions. In addition, if these third party partners are unable to perform to Zip's standards or Zip is unable to renegotiate agreements with these third party partners on attractive terms or at all, or if Zip is unable to contract with alternative third-party providers, Zip's business, financial condition and results of operations may be harmed and Zip may be forced to pursue alternatives, which could result in delays, interruptions, additional expenses and loss of potential and existing customers and related revenues.

How consumers transact with Zip's third party partners is also affected by changes in general economic conditions. For example, the retail sector is affected by macroeconomic conditions such as unemployment, interest rates, consumer confidence, disposable income, overall consumer sentiment, economic recession, downturn or extended periods of uncertainty or volatility, all of which may influence customer spending and suppliers' and retailers' focus and investment in outsourcing payment and transaction processing solutions. This may subsequently impact Zip's ability to generate revenue, its operations, financial performance, financial position and/or future prospects.

Key Risks

Q. Marketing and/or distribution channels may not operate effectively

Zip utilises a variety of advertising channels to maximise market penetration and diversify its customer acquisition capabilities, including through merchants and direct to consumers. There is a risk that Zip's marketing costs may increase as a result of increased demand for these services and channels, resulting in higher prices. Zip is reliant on its marketing processes and services remaining available and continuing to be effective in order to source prospective borrowers and encourage existing borrowers to re-use Zip's services. Any cessation or variation to these services could increase the costs of customer acquisition or reduce Zip's ability to attract new or existing borrowers for Zip's services.

R. Activities of fraudulent parties

Zip may be exposed to fraud attempts, including risks from the potential collusion between internal and external parties, and end customers attempting to circumvent Zip's systems. Fraud attempts may potentially result in damage to Zip's reputation and a higher than budgeted cost of fraud to rectify and safeguard business operations, which could have a material adverse impact on Zip's operations, financial performance, financial position, reputation and/or future prospects.

S. Acquisition, integration and growth

Zip's growth strategy may involve the acquisition of additional businesses. Zip may seek out opportunities to expand in the financial services and payments industry. Zip's ability to grow and expand depends on its ability to attract additional end customers and merchants as well as seek out attractive investment opportunities, conduct appropriate diligence, negotiate transactions on favourable terms and ultimately complete such transactions and integrate acquired businesses. Zip may not complete future acquisitions at all, or on the terms contemplated, for regulatory or other reasons. These growth strategies also involve inherent risks, including risks around implementation and integration. By expanding into the financial services and payment industry, Zip will increase its exposure to the financial services and payments industry related risks set out above.

Key Risks

2. GENERAL RISKS

A. Insurance

Zip considers it maintains insurance customary for businesses of its size and type. Not all risks are insured or insurable and Zip cannot be certain that its current insurance is adequate or that adequate insurance coverage for potential losses and liabilities will be available in the future on commercially reasonable terms. If Zip experiences a loss in the future, the proceeds of the applicable insurance policies, if any, may not be adequate to cover replacement costs, lost revenues, increased expenses or liabilities to third parties. These risks could have a material adverse impact on Zip's operations, financial performance, financial position, reputation and/or future prospects.

B. Litigation and disputes

Zip is subject to various litigation matters from time to time, the outcome of which could have a material adverse impact on Zip's operations, financial performance, financial position, reputation and/or future prospects. In the ordinary course of business, Zip may also be involved in possible disputes that could give rise to litigation. While the extent of any disputes and litigation against Zip cannot be ascertained at this time, any dispute or litigation may be costly and could have a material adverse impact on Zip's operations, financial performance, financial position, reputation and/or future prospects. There is also a risk that Zip's reputation may suffer due to the profile and public scrutiny surrounding any such litigation and disputes regardless of their outcome.

Zip is also aware that in May 2023 the legal firm Banton Group has advertised a possible shareholder class action claim against Zip. The possible shareholder class action is purported to relate to possible contraventions by Zip and its former directors and officers of various provisions of the ASX Listing Rules, the Corporations Act 2001 (Cth), the Australian Securities and Investments Commission Act 2001 (Cth) and the Australian Consumer Law. It is currently not possible to determine whether any such shareholder class action or any other proceeding will be commenced, and therefore it is currently not possible to determine the prospects of any such claim against Zip being successful or the financial impact of any such proceedings, if any, for Zip in the future. If legal proceedings are initiated and based on the limited information made publicly available by Banton Group to date, Zip expects to defend its position.

In addition, there is a risk that Zip will become subject to regulatory investigations and fines by governmental authorities in the event of non-compliance with relevant statutory or regulatory requirements. Such litigation, claims, disputes, and regulatory investigations, including the cost of setting claims or paying any fines, operational impacts and reputational damage, could materially impact Zip's operations and financial performance.

In July 2024, Zip US received a letter from the CFPB notifying it, in accordance with the CFPB's NORA process, that the CFPB may recommend that the CFPB take legal action against Zip US for alleged violations of certain U.S. consumer protection statutes. Please refer to Paragraph 1.A. Compliance with laws, regulations and industry standards above.

C. Changes in tax rules or their interpretation

Changes in tax law, or changes in the way tax laws are interpreted may impact the tax liabilities of Zip, shareholder returns, or the tax treatment of an investment. In particular, both the level and basis of taxation may change. Tax law is frequently being changed, both prospectively and retrospectively. Any actual or alleged failure to comply with, or any change in the application or interpretation of tax rules applied in respect of such transactions, may increase Zip's tax liabilities or expose it to legal, regulatory or other actions.

Key Risks

D. Force Majeure

Events may occur within or outside Australia that could have an adverse effect on the global economies and the price of Zip's shares. The events include hostilities, conflicts, endemics, pandemics, acts of terrorism, civil wars, labour strikes, natural disasters or other man-made disasters (including the recent events involving Israel, Gaza, Russia and Ukraine, which appear to have had a significant impact on financial markets causing general uncertainty in the market).

3. CAPITAL RAISING SPECIFIC RISKS

A. Risks relating to share investment

There are various risks associated with investing in any form of business and with investing in listed entities generally. The value of Zip's shares depends upon general share market and economic conditions as well as the specific performance of Zip. There is no guarantee of profitability, dividends, return of capital, or the price at which Zip's shares will trade on the ASX and no assurance can be given that the Placement Shares and SPP Shares will trade at or above the price at which they are issued. The past performance of Zip's shares is not necessarily an indication as to future performance as the trading price of shares can go down or up in value. There may also be risks associated with any changes of recommendation by third parties such as analysts or brokers with respect to investing in Zip or its share price target including a decision by such parties to cease coverage of Zip.

B. Allocation risk for Placement Shares and SPP Shares

Zip will allocate Placement Shares to eligible institutional, sophisticated and professional shareholders investors (**Eligible Shareholders**) on a pro rata and best endeavours basis. It is intended that Eligible Shareholders who bid for an amount less than or equal to their 'pro rata' share of Placement Shares will be allocated an amount of Placement Shares equivalent to their full bid on a reasonable best endeavours basis. For this purpose, an Eligible Shareholder's existing holding will be estimated by reference to Zip's beneficial register as at the date of the register which is not necessarily fully up to date. No verification or reconciliation of the holdings as shown on the historical beneficial register will be undertaken and accordingly, this may not truly reflect an Eligible Shareholder's actual shareholding. Further, Eligible Shareholders who do not reside in Australia or other eligible jurisdictions will not be able to participate in the Placement and such shareholders may have their shareholding in Zip diluted as a consequence of the Placement.

In relation to the SPP, if Zip receives applications that exceed the amount it proposes to raise under the SPP, Zip may decide to scale back applications or raise a higher amount, in its absolute discretion. If a scale back is applied, this means that an eligible shareholder may be allocated fewer Zip shares than they apply for under the SPP.

C. Dilution risk

Existing shareholders who do not participate in the Capital Raising will have their percentage shareholding in Zip diluted. Depending on the size of a shareholder's existing holding, a participating shareholder may still be diluted even though they participate in the Placement or the SPP, depending on the number of Placement Shares and SPP Shares allocated to them respectively.

D. Underwriting risk

Zip has entered into an underwriting agreement with Goldman Sachs Australia Pty Ltd (**Underwriter**) in respect of the Placement, a summary of which is set in Appendix B of this Presentation (**Underwriting Agreement**). If certain conditions are not satisfied, or certain events occur, the Underwriters may terminate the Underwriting Agreement. Termination of the Underwriting Agreement will have a material adverse impact on Zip's ability to proceed with the Capital Raising and the quantum of funds raised as part of the Capital Raising. If the Underwriting Agreement is terminated by the Underwriter, there is no guarantee that the Capital Raising will continue in its current form or at all. Failure to raise sufficient funds under the Capital Raising (as a result of it not proceeding or otherwise) could have a material adverse impact on Zip's operations, financial performance, financial position, reputation and/or future prospects.

Key Risks

E. Liquidity risk

Shareholders who wish to sell their Placement Shares and SPP Shares may be unable to do so at an acceptable price, or at all, if insufficient liquidity exists in the market. There is no guarantee of the liquidity of the Placement Shares and/or SPP Shares and there is a risk that shareholders may lose some of the money invested.

OTHER RISKS

The above risks should not be taken as a complete list of the risks associated with an investment in Zip. The risks outlined above and other risks not specifically referred to may, in the future, materially adversely impact the value of Zip securities and/or Zip's operations, financial performance, financial position, reputation and/or future prospects. Accordingly, no assurance or guarantee of future performance or profitability is given by Zip in respect of Zip's shares.

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Appendix B: Summary of Underwriting Agreement



Summary of Underwriting Agreement

Zip has entered into a placement agreement with Goldman Sachs Australia Pty Ltd (ABN 21 006 797 897) (**GS**) and Unified Capital Partners Pty Ltd (ABN 80 666 560 050) (**UCP**) (together **Joint Lead Managers**) pursuant to which GS has been appointed act as sole bookrunner, placing agent and underwriter and joint lead manager with UCP of the Placement (**Placement Agreement**).

The Placement Agreement contains representations, warranties, undertakings and indemnities in favour of the Joint Lead Managers. A Joint Lead Manager may terminate its obligations under the Placement Agreement if a 'termination event' occurs on or before 3:00pm on the settlement date (expected to be 22 July 2024).

The 'termination events' include, but are not limited to, the following:

- (a) certain events in respect of the Placement are delayed by more than 1 business day (without the prior written approval of the Joint Lead Managers, not to be unreasonably withheld);
- (b) Zip withdraws the Placement;
- (c) the confirmatory certificate which Zip is required to provide to the Joint Lead Managers is not provided when required, or is not true or incorrect;
- (d) unconditional approval (or approval conditional only on customary conditions) is refused or not granted to the official quotation of all of the shares the subject of the Placement by 12.00pm on the settlement date;
- (e) (*) Zip is in breach of the Placement Agreement or any of the representations or warranties given by Zip in the Placement Agreement are not true or incorrect when made or taken to be made;
- (f) any material adverse change or effect occurs, or an event occurs which is likely to give rise to a material adverse change or effect, in the condition (financial or otherwise), assets, earnings, business, affairs, liabilities, financial position or performance, results of operations, profits, losses or prospects of Zip from that existing at the date of the Placement Agreement;
- (g) Zip is unable or is unlikely to be able to issue the shares the subject of the Placement in accordance with the timetable prescribed under the Placement Agreement;
- (h) Zip alters its capital structure or its constitution without the prior consent of the Joint Lead Managers (other than as permitted in the Placement Agreement);
- (i) (*) Zip or the Joint Lead Managers become aware of any existing circumstance, or there is a change which, in the Joint Lead Manager's opinion, could have an adverse effect on Zip or any other party's ability or willingness to execute or perform its obligations under any agreement in relation to the purpose of the Placement;

Summary of Underwriting Agreement

- (j) (*) there is an omission from or misstatement relating to the completed due diligence questionnaire or meetings with management provided by Zip or any other information supplied by or on behalf of Zip to the Joint Lead Managers for the purpose of due diligence inquiries in relation to the Placement;
- (k) (*) a change in the position of the group chief executive officer & managing director, group chief financial officer, US chief executive officer, ANZ chief executive officer or the board of directors of Zip occurs or is announced (but excluding any new director appointment to the board of directors of Zip, or announcement thereof);
- (l) Zip is or becomes insolvent, or a circumstance arises in consequence of which Zip may cease to be solvent or able to pay its debts as and when they fall due, or any liquidator, provisional liquidator, administrator, receiver, receiver and manager or other similar official is appointed in relation to it or any of its assets;
- (m) ASIC or AUSTRAC issues, or threatens to issue, proceedings or commences any inquiry or investigation in relation to the Placement or Zip that is market sensitive information and is required to be disclosed by Zip under ASX Listing Rule 3.1;
- (n) the ASX makes an official statement, or indicates to Zip or the Joint Lead Managers, that Zip's shares will be suspended from quotation or that Zip will be removed from the official list of the ASX or that quotation of all of the shares under the Placement will not be granted by the ASX or such suspension from quotation occurs;
- (o) any regulatory body commences or announces any public action against any director or officer of Zip (in his or her capacity as a director or officer of Zip) or announces that it intends to take any such action or a director or officer of Zip is charged with an indictable offence or is disqualified from managing a corporation under the Corporations Act;
- (p) Zip or any of its directors or officers or Zip's chief executive officer or chief financial officer engages in any fraudulent conduct or activity whether or not in connection with the Placement;
- (q) (*) hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States, any member of the European Union, Hong Kong, South Korea or the People's Republic of China, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of these countries elsewhere in the world;
- (r) (*) chemical, nuclear or biological weapons of any sort are used in connection with, or the military of any member state of the North Atlantic Treaty Organization becomes directly involved in any of the Ukraine, Russia or Israel conflicts that are ongoing at the date of the Placement Agreement;
- (s) the closing level of the S&P/ASX 200 Index on 2 days in the period from and including the date of the Placement Agreement or on the day before the settlement date of the Placement is equal to or less than the level of that index as at the close of trading on the day before the Placement Agreement (**Initial Level**), minus 12.5% of the Initial Level;
- (t) a general moratorium on commercial banking activities in Australia, the United States or the United Kingdom is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries;

Summary of Underwriting Agreement

(u) (*) there is introduced or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority including Takeovers Panel and ASIC, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of the Placement Agreement), any of which does or is likely to prohibit or otherwise adversely affect the Placement, capital issues or stock markets;

(v) (*) trading in all securities quoted or listed on ASX, the London Stock Exchange, Hong Kong Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for more than one day on which that exchange is open for trading; or

(w) (*) there is any adverse change or disruption to the political conditions or financial markets of Australia, the United States of America or the United Kingdom or the international financial markets or any change involving a prospective adverse change in national or international political, economic or financial conditions.

A Joint Lead Manager may not terminate the Placement Agreement in reliance on any of the above termination events denoted with an asterisk (*) unless the Joint Lead Manager has reasonable and bona fide grounds to believe and does believe that the event:

(a) could give rise to a material liability of the Joint Lead Manager under any law or regulation;

(b) has or may have a material adverse effect on the marketing, settlement or outcome of the Placement or the likely trading price of the shares in Zip; or

(c) has resulted in or may result in a material change in the financial position or performance or prospects of Zip from that which existed at the date the Placement Agreement other than as disclosed to ASX prior to the date of the Placement Agreement.

If a Joint Lead Manager terminates its obligations under the Placement Agreement, the other Joint Lead Manager may elect, but is not obliged, to take up all of the rights and perform the remaining obligations of the terminating Joint Lead Manager. If the remaining Joint Lead Manager does not elect to take up the rights and obligations of the terminating Joint Lead Manager within three business days, they will be deemed to have terminated their obligations under the Placement Agreement.

Termination of the Placement Agreement by a Joint Lead Manager could have an adverse impact on the amount of proceeds raised under the Placement.

For details of fees payable to the Joint Lead Managers, see the Appendix 3B released to ASX in connection with the Placement.

Appendix C: Disclaimers and Other Notices



Disclaimer

Important Notice and Disclaimer

This presentation (the **Presentation**) is dated 17 July 2024 and has been prepared by Zip Co Limited ACN 139 546 428 (ASX: ZIP) (the **Company** or **Zip**) and its subsidiaries from time to time (**Group**) in connection with the Company's proposed placement of fully paid ordinary shares in the Company to certain persons who are sophisticated or professional investors and otherwise eligible institutional investors in certain permitted jurisdictions (**Placement**), and a non-underwritten offer of ordinary Zip shares to eligible shareholders under a share purchase plan (**SPP**) (together, the Placement and SPP are the **Capital Raising**). The Placement is jointly managed by the joint lead managers (**Joint Lead Manager**) and fully underwritten by Goldman Sachs Australia Pty Ltd (ABN 21 006 797 897) (**GS**). You acknowledge and agree that you will rely on your independent assessment of any information, statements or representations contained in this Presentation and such reliance will be entirely at your own risk. By receiving this Presentation, you are agreeing to the following restrictions and limitations.

Summary information

This Presentation contains certain summary information about the current activities of the Company as at the date of this Presentation. The information in this Presentation is of a general background nature and does not purport to be complete, include all information that prospective investors would require to evaluate their investment in the Company, nor does it contain all of the information which would be required to be disclosed in a prospectus, product disclosure statement or other offer document under Australian law or under any other law. This Presentation has not been filed, registered or approved by regulatory authorities in any jurisdiction. The Company may, in its absolute discretion, but without being under any obligation to do so, update or supplement this Presentation or the announcement to which it is attached. Any further information will be provided subject to the terms and conditions in this Important Notice and Disclaimer.

This Presentation should be read in conjunction with the Company's periodic and continuous disclosure announcements filed with the Australian Securities Exchange, available at www.asx.com.au.

In addition, the information contained in, and the statements made in, this Presentation should be considered in the context of the circumstances prevailing at the time. There is no obligation to update, modify or amend such information or statements or to otherwise notify any recipient if any information or statement set forth herein, changes or subsequently becomes inaccurate or outdated. The information contained in this Presentation is provided as at the date of this Presentation and is subject to change without notice. Recipients should read the **"Summary of Key Risks"** set out in Appendix A of this Presentation for a non-exhaustive summary of the key risks that may affect the Company and its financial and operating performance.

Each prospective investor should proceed on the assumption that it must bear the economic risk of an investment in the ordinary shares for an indefinite period. None of the Company or the Joint Lead Managers makes any representation as to (i) the suitability of the ordinary shares for any particular investor, (ii) the appropriate accounting treatment and potential tax consequences of the ordinary shares, (iii) the future performance of the ordinary shares either in absolute terms or relative to competing investments, or (iv) the accuracy or completeness of this Presentation, or any other written or oral information made available to any interested party or its advisers. No liability is accepted whatsoever for any direct, indirect or consequential loss arising from the use of this Presentation, the distribution of which may be restricted by law in certain jurisdictions.

Disclaimer

Not a prospectus or offer of securities

This Presentation is for information purposes only and is not a prospectus, disclosure document or other offering or solicitation document under any law (and will not be lodged with the Australian Securities and Investments Commission (**ASIC**)), nor does it form part of, and should not be construed as, any present or future invitation, recommendation or offer to purchase or sell securities of the Company or an inducement to enter into investment activity in any jurisdiction. This Presentation is not subject to the disclosure requirements affecting disclosure documents under Chapter 6D of the *Corporations Act 2001* (Cth) (**Corporations Act**).

This Presentation does not constitute or form part of any offer for sale or subscription of or solicitation or invitation of any offer to buy or subscribe for any securities nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever.

This is intended as an outline only of the proposed Capital Raising and does not purport to list or summarise all of the final terms and conditions of the proposed Capital Raising, nor to identify or define all or any of the risks that would be associated with an investment in the Company. No representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed upon, the quality, fairness, accuracy, completeness or correctness of the information or opinions contained in this Presentation or as to the reasonableness of any assumptions contained herein or in any other information made available (whether in writing or orally) to the recipient and the Company, their respective affiliates, directors, officers, employees, representatives or advisors, expressly disclaim any and all liability based, in whole or in part, on such information, errors therein or omissions therefrom.

This Presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or any other jurisdiction where it would be unlawful. No securities mentioned herein have been, or will be, registered under the U.S. Securities Act of 1933 or any state securities laws or other jurisdiction of the United States and no such securities may be offered or sold in the United States except in a transaction exempt from, or not subject to, the registration requirements under the U.S. Securities Act and any applicable state or local securities laws of the United States. There is no intention to make a public offering of the securities in the United States or in any other jurisdiction.

Not financial product advice or offer

Any investor that intends to deal in any existing or prospective securities of the Company is required to make its own independent investigation and appraisal of the business and financial condition of the Group and the nature of the securities at the time of such dealing. No one has been authorised to give any information or to make any representations other than those contained in this Presentation, and if given or made, such information or representations must not be relied upon as having been authorised by the Company, the Joint Lead Managers or their respective affiliates. The information in this Presentation does not constitute financial advice (nor investment, tax, accounting or legal advice) and does not take into account an investor's individual investment objectives, including the merits and risks involved in an investment in the Company or its securities, or an investor's financial situation, tax position or particular needs.

This Presentation is not and should not be considered an offer or an invitation to acquire new ordinary shares of the Company or any other securities or financial products and does not and will not form any part of any contract for the acquisition of new ordinary shares of the Company in relation to the Capital Raising.

Disclaimer

Neither the Company nor the Joint Lead Managers nor any of their respective affiliates is advising you in respect hereof. Accordingly, prior to making any decision in respect of the proposed Capital Raising, each person should conduct such investigation and analysis regarding the ordinary shares as he/she deems appropriate and to the extent he/she deems necessary, each person receiving this Presentation should consult his/her professional advisor to ascertain the suitability of the ordinary shares as an investment. For the avoidance of doubt, none of the Company nor the Joint Lead Managers make any representation or warranty that they intend to accept or be bound to any of the terms herein nor shall any of the Company nor the Joint Lead Managers be obliged to enter into any further discussions or negotiations pursuant thereto but shall be entitled in their absolute discretion to act in any way that they see fit in connection with the proposed Capital Raising. Any discussions, negotiations or other communications that may be entered into, whether in connection with the terms set out herein or otherwise, shall be conducted subject to contract. Neither the Joint Lead Manager nor any of their respective affiliates expresses any view as to the merits of the Capital Raising.

Joint Lead Manager

Each Joint Lead Manager, together with its affiliates, is a full service financial institution engaged in various activities, which may include in securities, commodities and derivatives trading, foreign exchange and other brokerage activities, and principal investing, hedging, market making as well as providing investment, corporate and private lending, asset and investment management, investment research, financing and financial advisory services and other commercial services and products to a wide range of corporations, governments and individuals for which they have received or may receive customary fees and expenses or other transaction consideration. In the course of these activities, the Joint Lead Manager and its affiliates may at any time for their own account and for the accounts of their clients make or hold investments in equity securities or other financial products of Zip or its affiliates, and receive customary fees and expenses or other transaction consideration in respect of such activities. The Joint Lead Manager and its affiliates may also communicate independent investment recommendations, market colour or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments. The Joint Lead Manager is acting as lead managers to the Placement for which they have received or expect to receive fees and reimbursement of expenses. The Joint Lead Managers and their respective affiliates have provided, and may in the future provide, financial advisory, financing services and other services to the Company and to persons and entities with relationships with the Company, for which they received or will receive customary fees and expenses. One or more of the Joint Lead Managers or their respective affiliates may be or may become lenders to Zip or its related bodies corporate under certain loan and/or warehouse financing facilities, and affiliates of a Joint Lead Manager may have or enter into derivative exposures involving Zip or its related bodies corporate, and may distribute financial products of Zip or its related bodies corporate. Each Joint Lead Manager and its affiliates may receive fees, make profits or avoid losses and be reimbursed for expenses in connection with these activities. GS (and/or its affiliates) is solely underwriting the Placement only. The Joint Lead Managers are acting for and providing services to Zip in relation to the Capital Raising and will not be acting for or providing services to Zip shareholders or creditors. The Joint Lead Managers have been engaged solely as an independent contractor and is acting solely in a contractual relationship on an arm's length basis with Zip. The engagement of the Joint Lead Managers by Zip is not intended to create any agency or other relationship between either Joint Lead Manager and Zip shareholders or creditors.

In connection with the Placement, one or more institutional investors may elect to acquire an economic interest in the new ordinary shares to be issued under the Placement (**Economic Interest**), instead of subscribing for or acquiring the legal or beneficial interest in those shares. The Joint Lead Managers (or their respective affiliates) may, for its own account, write derivative transactions with those investors relating to the new ordinary shares to provide the Economic Interest, or otherwise acquire new ordinary shares in connection with the writing of those derivative transactions in the Placement and/or the secondary market. As a result of those transactions, the Joint Lead Manager (and/or their respective affiliates) may be allocated, subscribe for or acquire new ordinary shares or shares of Zip in the Placement and/or the secondary market, including to hedge those derivative transactions, as well as hold long or short positions in those securities. These transactions may, together with other shares in Zip acquired by the Joint Lead Managers or their respective affiliates in connection with their ordinary course sales and trading, principal investing and other activities, result in the Joint Lead Managers or its affiliates disclosing a substantial holding and earning fees. A summary of the key terms of the placement agreement between Zip and the Joint Lead Managers is provided in Appendix B.

Disclaimer

Future performance and forward-looking statements

This Presentation contains forward-looking statements and comments about future events, including statements regarding the Company's intentions, objectives, plans, expectations, assumptions and beliefs about future events, including the industry and markets in which the Company operates, the Company's expectations in relation to the financial and operating performance of its business, the timetable and outcome of the Capital Raising. The words "anticipate", "believe", "expect", "project", "predict", "will", "forecast", "estimate", "likely", "intend", "outlook", "should", "could", "may", "target", "plan" and other similar expressions can generally be used to identify forward-looking statements. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements. Investors and prospective investors are cautioned not to place undue reliance on these forward-looking statements as they involve inherent risk and uncertainty (both general and specific) and should note that they are provided as a general guide only. There is a risk that such predictions, forecasts, projections and other forward-looking statements will not be achieved. Subject to any continuing obligations under applicable law, the Company does not undertake any obligation to publicly release the result of any revisions to these forward-looking statements to reflect events or circumstances after the date of this Presentation, to reflect any change in expectations in relation to any forward-looking statements or any change in events, conditions, or circumstances on which any such statements are based. While due care has been used in the preparation of forecast information, actual results may vary in a materially positive or negative manner from any forward-looking information included in this Presentation.

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Disclaimer

Past performance information (including past share price performance of the Company and pro forma and combined financial information) given in this Presentation is given for illustrative purposes only and is not necessarily a guide to future performance and no representation or warranty is made by any person as to the likelihood of achievement or reasonableness of any forward-looking statements, forecast financial information, future share price performance or any underlying assumptions. Nothing contained in this Presentation, nor any information made available to you is, or shall be relied upon as, a promise, representation, warranty or guarantee as to the past, present or the future performance of the Company.

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This Presentation does not constitute an offer of new ordinary shares (**New Shares**) of the Company in any jurisdiction in which it would be unlawful. In particular, this Presentation may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

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No offer or invitation to subscribe for New Shares may be made to the public in Bermuda or in any manner that would constitute engaging in business in or from within Bermuda. In addition, no invitation is being made to persons resident in Bermuda for exchange control purposes to subscribe for New Shares.

Cayman Islands

No offer or invitation to subscribe for New Shares may be made to the public in the Cayman Islands or in any manner that would constitute carrying on business in the Cayman Islands.

European Union (excluding Austria)

This Presentation has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this Presentation may not be made available, nor may the New Shares be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the **Prospectus Regulation**).

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of New Shares in the European Union is limited to persons who are “qualified investors” (as defined in Article 2(e) of the Prospectus Regulation).

Hong Kong

WARNING: This Presentation has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). Accordingly, this Presentation may not be distributed, and the New Shares may not be offered or sold, in Hong Kong other than to “professional investors” (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this Presentation have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this Presentation, you should obtain independent professional advice.

International Offer Restrictions

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the “FMC Act”).

The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Norway

This Presentation has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007 no. 75. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act. The New Shares may not be offered or sold, directly or indirectly, in Norway except to “professional clients” (as defined in the Norwegian Securities Trading Act).

Singapore

This Presentation and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Presentation and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the Securities and Futures Act 2001 of Singapore (the **SFA**) or another exemption under the SFA.

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Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party in Singapore. On-sale restrictions in Singapore may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

International Offer Restrictions

United Kingdom

Neither this Presentation nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the New Shares.

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