

30 January 2025

2Q FY25 results update

Zip delivers record TTV, revenue and cash EBTDA for the quarter

Zip Co Limited (ASX: ZIP) (“**Zip**”, or the “**Company**”) today announced its second quarter results for the three-month period ended 31 December 2024 (“**2Q25**”). Zip continued its strong momentum and delivered record Total Transaction Volume (“**TTV**”) of \$3.4b, revenue of \$269.4m and cash EBTDA of \$35.3m driven by an exceptional holiday trading period.

2Q25 GROUP HIGHLIGHTS

- Cash EBTDA of \$35.3m (up 50.2% vs 2Q24)
- TTV of \$3.4b (up 24.8% vs 2Q24)
- Revenue of \$269.4m (up 20.5% vs 2Q24)
- Revenue margin of 7.9% (vs 8.2% in 2Q24)
- Transactions of 24.4m (up 18.1% vs 2Q24)
- Net bad debts approximately 1.5% of TTV (vs 1.7% of TTV in 2Q24)
- Cash transaction margin of 3.6% (vs 3.5% in 2Q24)
- Active customers at quarter end of 6.3m (up 1.5% vs 2Q24)
- Merchants on Zip’s platforms increased to 81.9k (up 7.6% vs 2Q24), including the addition of Heritage Grocers in the US, and Lagardère Travel Retail, Travello and James Pascoe Group (Prouds, Angus & Coote and Goldmark) in Australia

Zip Group CEO and Managing Director, Cynthia Scott said:

“Zip continued to deliver strong growth and momentum in the second quarter, achieving a record set of results, with Group cash EBTDA of \$35.3m, TTV of \$3.4b and revenue of \$269.4m. These results reinforce our ability to drive ongoing operating leverage and deliver on our significant growth opportunity.

Our strong performance was driven by outstanding US growth, with year on year TTV and revenue growth of 38.3% and 41.0% respectively, driven by an exceptional holiday trading period which included the single largest trading day and month in Zip’s history. Importantly, we are meeting the needs of our customers, with US customer engagement growing strongly and the business delivering a second consecutive quarter of active customer growth, up 7.0% quarter on quarter and 6.2% year on year.

ANZ TTV returned to growth year on year, driven by a strong increase in transaction numbers. Our focus on margin improvement and the rollout of Zip Plus has delivered an increase in the Australian portfolio yield, up 110 basis points year on year to 18.6%, another strong result in a high interest rate environment. The business is well-positioned to deliver on further product innovation and marketing initiatives in the second half of FY25 to drive profitable growth.

We remain focused on delivering our FY25 strategic priorities of growth and engagement, product innovation and operational excellence and fulfilling our purpose of unlocking financial potential, together.”

BUSINESS PERFORMANCE

All key operating metrics are based on Zip's unaudited management financials as of 31 December 2024.

Financial Performance (AUD)	2Q25	vs 1Q25	vs 2Q24
Revenue	\$269.4m	+12.3%	+20.5%
US	\$165.6m	+20.5%	+41.6%
ANZ	\$103.8m	+1.3%	-2.7%
TTV	\$3,433.1m	+22.0%	+24.8%
US	\$2,416.1m	+24.4%	+39.0%
ANZ	\$1,017.0m	+16.7%	+0.4%
Transactions	24.4m	+14.5%	+18.1%
US	11.9m	+16.6%	+33.0%
ANZ	12.5m	+12.4%	+7.5%

Operational Performance	At 31 Dec 2024	vs 1Q25	vs 2Q24
Active customers¹	6.34m	+4.2%	+1.5%
US	4.22m	+7.0%	+6.2%
ANZ	2.12m	-1.0%	-6.2%
Merchants²	81.9k	+2.2%	+7.6%
US	24.4k	+0.7%	+1.3%
ANZ	57.5k	+2.9%	+10.5%

Net Bad Debts (% of TTV)	2Q25	vs 1Q25	vs 2Q24
Group	1.53%	1.59%	1.69%

¹ Active customers defined as customer accounts that have had transaction activity in the 12 months to 31 December 2024.

² Number of accredited merchants.

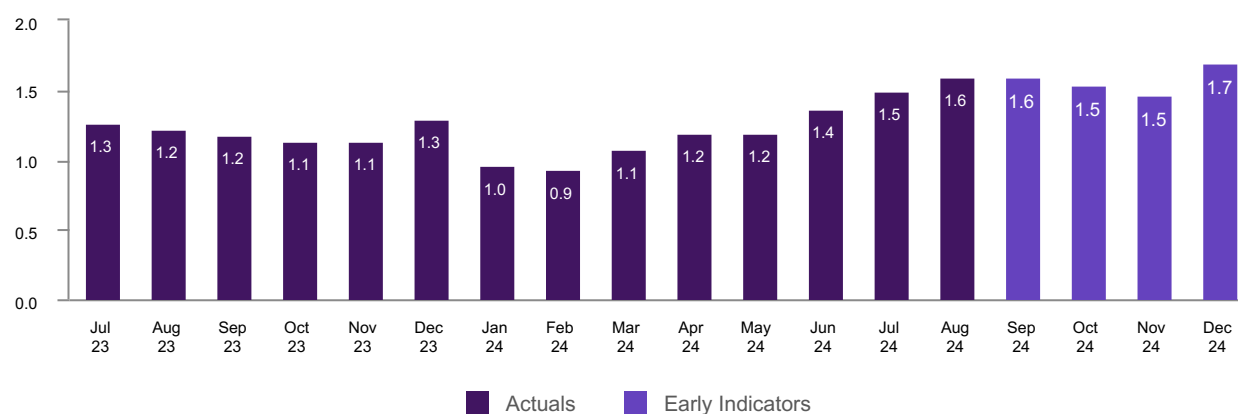
REGIONAL UPDATES

Zip US

Financial Performance	2Q25 (USD)	vs 1Q25 (USD)	vs 2Q24 (USD)
Revenue	\$107.4m	+16.7%	+41.0%
TTV	\$1,566.9m	+20.4%	+38.3%

Credit Performance

US monthly cohorts, 120 day loss performance as a % of cohort TTV



Key highlights in the US included:

- Zip US delivered record TTV performance of US\$1.6b, up 38.3% vs 2Q24 and revenue of US\$107.4m, up 41.0% vs 2Q24, driven by an outstanding holiday trading period
- Active customers increased by 280,000 to 4.22m, up 6.2% vs 2Q24 and 7.0% vs 1Q25. The growth in active customers was driven by new customers coming directly to the Zip App and increased demand for Zip’s products and services following recent initiatives to drive brand and customer awareness
- Monthly US cohort loss rates in 2Q25 are now expected to deliver losses of approximately 1.5% to 1.7% of TTV, within the 1.5% to 2.0% target range for commensurate growth
- Expansion of US merchant partnerships to 24.4k, up 1.3% vs 2Q24, in targeted verticals including the signing of Heritage Grocers

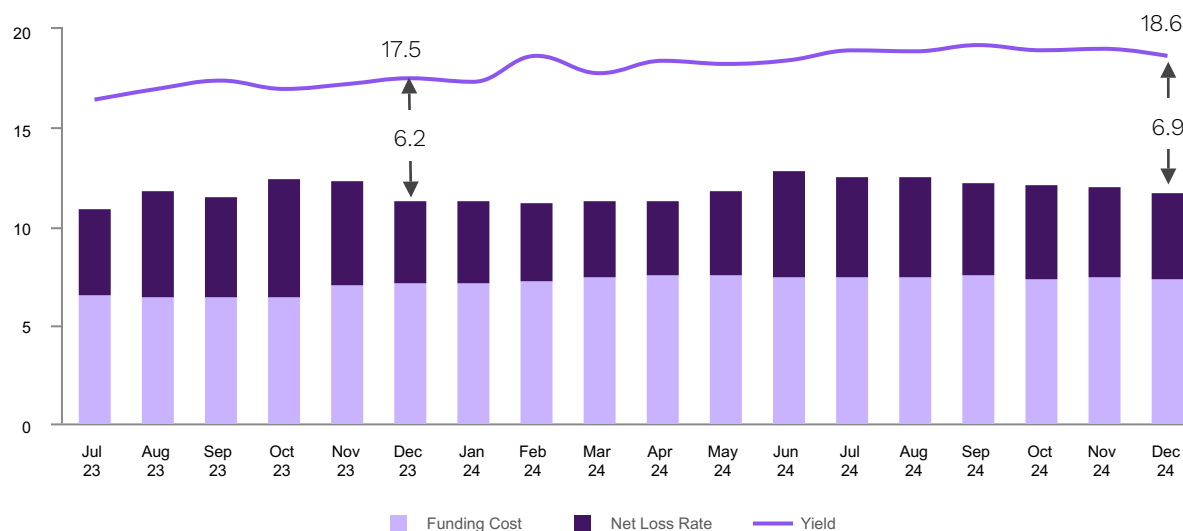
Zip ANZ

Portfolio yield ³	As at 31 Dec 24	As at 30 Sep 24	As at 31 Dec 23
AU consumer receivables	18.6%	19.2%	17.5%

Credit Performance (AU) ³	As at 31 Dec 24	As at 30 Sep 2024
Arrears ⁴	2.66%	2.92%
Net bad debts ⁵	3.97%	4.18%
Receivables	\$2,103.0m	\$2,032.5m

Zip AU portfolio yield and excess spread increase

Zip AU book performance (excess spread)
(% of AU consumer receivables)



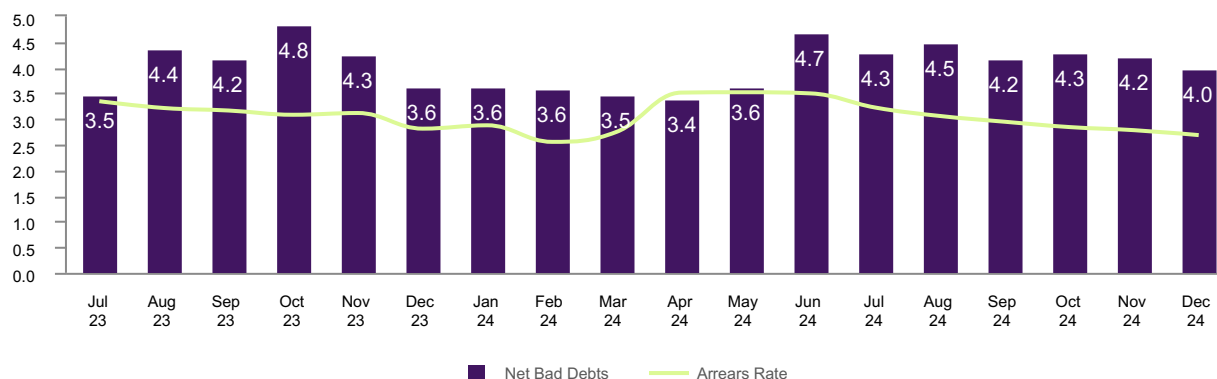
³ Calculated on receivables related to Zip AU's Master Trust facilities and funding vehicle 2017-1 Trust.

⁴ Greater than 60 days past due.

⁵ Net bad debts is calculated as annualised net write-offs in the months of December and September (net write-offs for the month x 12) over opening receivables for the month.

Continued improvement in net bad debts following the seasonal peak

(% of AU consumer receivables)



Key highlights in ANZ included:

- Zip ANZ returned to TTV growth driven by a strong increase in transaction numbers, up 7.5% year on year, with additional marketing spend in 2H FY25 to support profitable growth
- Continued focus on product innovation, including the rollout of Zip Plus to new Zip customers. Zip Plus continues to generate strong customer engagement and unit economics
- The portfolio yield on the Zip AU receivables continued to improve, increasing to 18.6%, with the excess spread increasing 70bps year on year to 6.9%, another strong result in a high interest rate environment
- Arrears rates and net bad debts continued to improve in response to management actions and risk settings, following the seasonal peak
- Zip reinforced its strength in the travel vertical signing with Lagardère Travel Retail and Travello, and went live with James Pascoe Group (Prouds, Angus & Coote and Goldmark) in Australia

FUNDING FACILITIES

(as at 31 December 2024)

	Facility vehicle	Facility limit	Drawn at Dec 2024	Maturity
AU	Zip Master Trust - Rated Note Series			
	*2023-1	\$190.0m	\$190.0m	May-26
	*2023-2	\$285.0m	\$285.0m	Oct-26
	*2024-1	\$285.0m	\$285.0m	Oct-25
	*2024-2	\$332.5m	\$332.5m	Sep-27
	- Variable Funding Note	\$468.3m	\$413.8m	Mar-25
	- Variable Funding Note 3	\$285.0m	\$199.5m	Jun-27
	- Variable Funding Note 4	\$285.0m	\$190.0m	Mar-27
	2017-1 Trust	\$155.5m	\$111.7m	Jul-26
	Total	\$2,286.3m	\$2,007.5m	
US	AR3LLC	US\$300.0m	US\$203.0m	Dec-26
NZ	Zip NZ Trust 2021-1	NZ\$20.0m	NZ\$14.0	Jul-26

Key highlights included:

- As at 31 December 2024, Zip AU had \$278.8m undrawn and available to fund receivables
- In October 2024, Zip increased the US funding facility (AR3LLC) from US\$225.0m to US\$300.0m, improving the capital efficiency of the facility and providing additional funding flexibility to support US growth over the medium term
- Zip successfully renegotiated terms on VFN3 in December 2024, extending maturity from April 2026 to June 2027

Cash and Liquidity

As at 31 December 2024, Zip had \$527.0m of total cash on the balance sheet with \$195.5m in available cash and liquidity, up from \$147.0m on 30 September 2024. During the quarter, Zip generated \$48.6m of operating cash (comprising cash EBTDA, capex, working capital and receivables funding movements).

Release approved by the Chief Executive Officer on behalf of the Board.

- ENDS -

Disclaimer

The figures presented in this document are based on preliminary data and have not been audited. While every effort has been made to ensure the accuracy of the information, these figures are subject to change. Zip is scheduled to release its Appendix 4D and Half Year Report for the six months ended 31 December 2024 on 25 February 2025.

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About Zip

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

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

For more information, visit: www.zip.co

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