25 February 2025

1H FY25 Investor Presentation

Zip Co Limited (ASX: ZIP) ("**Zip**", or the "**Company**") today releases its 1H FY25 Investor Presentation.

A conference call to discuss Zip's 1H FY25 results will be held at 10.00 AM AEDT today. Participants can register for the conference call by navigating to either of the links below. Please note Q&A functionality is only available through the conference call line.

Webcast & slide presentation registration link: https://ccmediaframe.com/?id=18589Khd

Conference call registration link: https://s1.c-conf.com/diamondpass/10044113-h6t5se.html

This presentation was authorised for release by the Board.

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About Zip

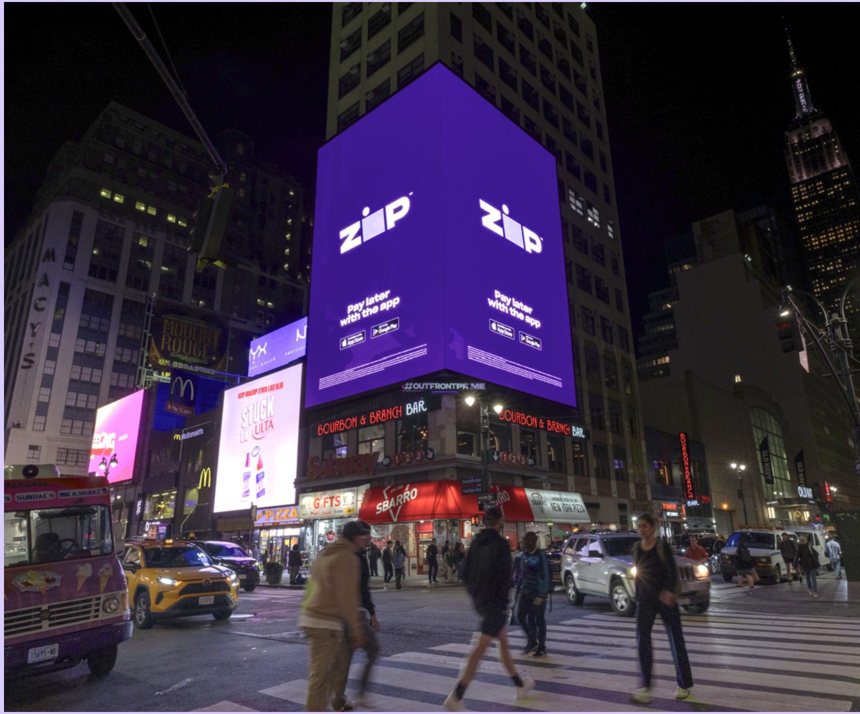
Zip Co Limited (ACN 139 546 428) (ASX: ZIP) is a digital financial services company, offering innovative and people-centred products. Operating in two core markets - Australia and New Zealand (ANZ) and the United States (US), Zip offers access to point-of-sale credit and digital payment services, connecting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

1H FY25 Investor Presentation



Zip Co Limited
25 February 2025

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This presentation contains summary information about the current activities of the Company and its subsidiaries as at the date of this presentation. The information in this presentation is of a general nature and does not purport to be complete or to provide all information that an investor should consider when making an investment decision. It should be read in conjunction with the Company's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange. Certain market and industry data used in connection with this presentation has been obtained from research, surveys or studies conducted by third parties, including industry or general publications. Neither the Company nor its representatives have independently verified any such data provided by third parties.

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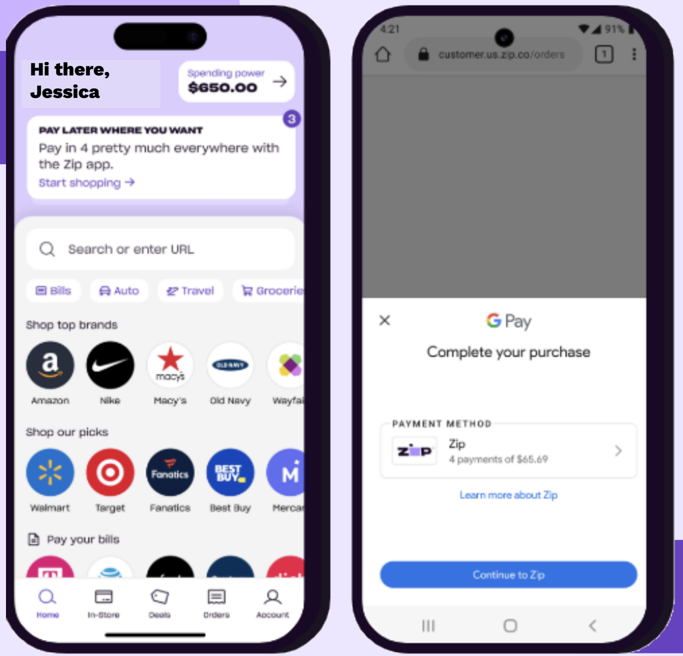
The Company does not guarantee any particular rate of return or the performance of the Company, nor does it guarantee the repayment of capital from the Company or any particular tax treatment. Before investing in the Company, you should consider whether this investment is suitable for you. Potential investors should consider publicly available information on the Company, carefully consider their personal circumstances and consult their professional advisers before making an investment decision.

All amounts in this presentation are presented in AUD unless stated otherwise.

01.
1H25 highlights



Sustainably profitable business with significant US opportunity

Two-sided revenue model with deep customer, merchant and channel partnerships

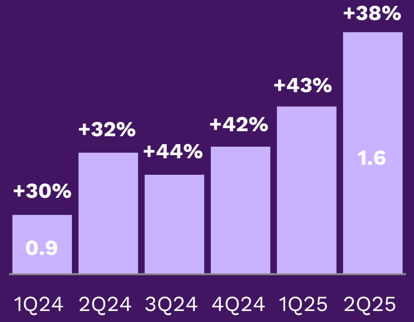
Disciplined execution driving **significant operating leverage**

High-growth US business (70% of TTV) which continues to **increase share** in an attractive market

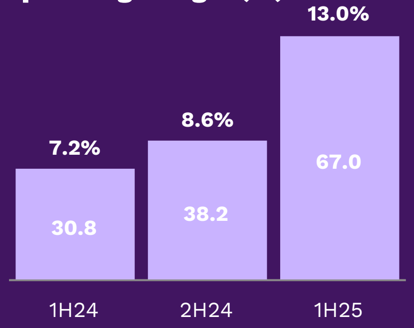
Leading, profitable ANZ business with strong track record in product innovation

Simple, well-capitalised balance sheet to support growth

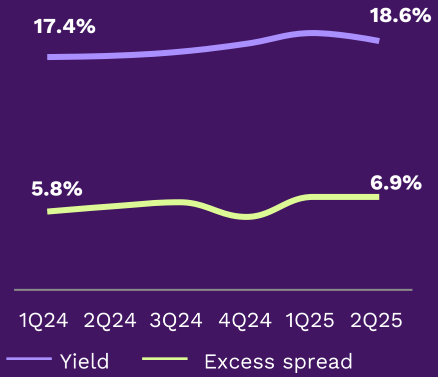
US TTV (US$b) and YoY growth (%)



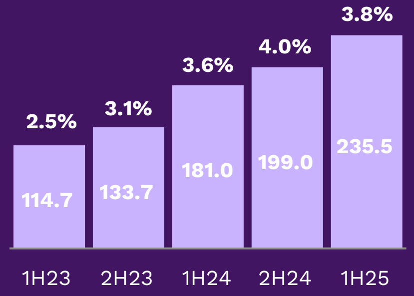
Cash EBTDA ($m) and operating margin (%)



AU yield and excess spread



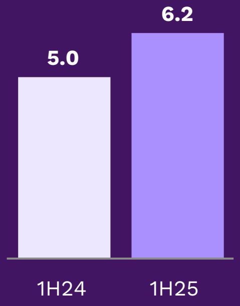
Cash gross profit ($m) and cash net transaction margin (%)[1]



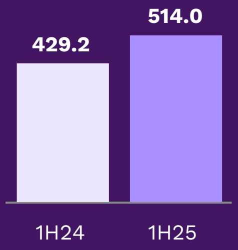
Note: (1) 1H23, 2H23, 1H24 and 2H24 excludes discontinued operations.

Strong 1H25 results driven by outstanding US growth and disciplined execution[1]

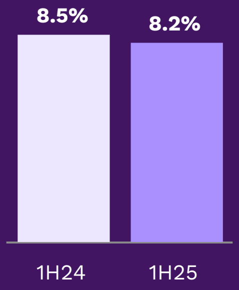
TTV ($b)
+23.9% YoY



Total income[2] ($m)
+19.8% YoY

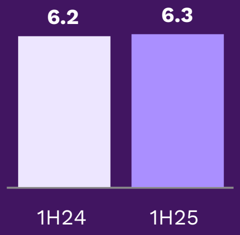


Revenue margin (% of TTV)
-28bps YoY

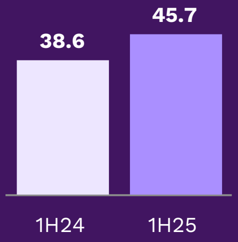


Reflects higher US contribution (now 70% of TTV)

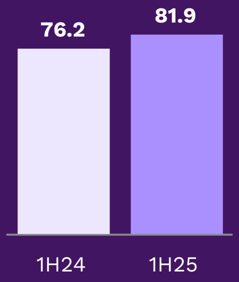
Active customers (m)
+1.5% YoY



Transactions (m)
+18.4% YoY



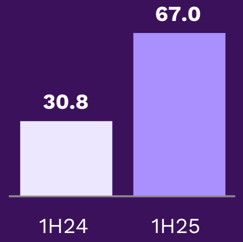
Merchants (#k)
7.6% YoY



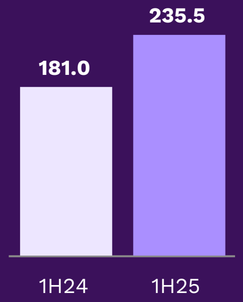
Note: (1) Metrics correspond to ANZ and US business. Comparative metrics have been adjusted to remove discontinued operations.
(2) Total income has historically been used in the calculation of Zip's key performance metrics. Refer to glossary for definitions.

Strong unit economics and greater scale delivering significant operating leverage

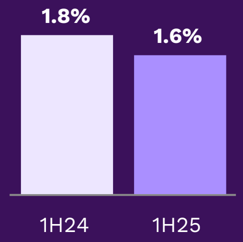
Cash EBTDA ($m)
+117.1% YoY



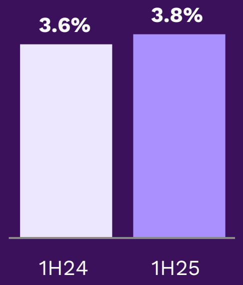
Cash gross profit[1] ($m)
+30.1% YoY



Net bad debts (% of TTV)
-22bps YoY



Cash net transaction margin[1] (%)
+18bps YoY



Note: (1) Comparatives have been restated to exclude discontinued operations.

Zip continued to execute on its FY25 strategic priorities

Growth and engagement

Scale and enhance core products and partnerships

- Added new key merchants in targeted verticals to the Zip platform including ticketing, travel and automotive
- Integrated Zip products into new partner platforms
- Launched marketing initiatives in US and ANZ to drive increased customer engagement

Product innovation

Unlocking new customer and market segments for growth

- Scaled Pay-in-8 and continued development of more flexible Pay-in-Z offering
- Extended Zip Plus (AU) offering to new Zip customers
- Launched Personal Loans product in January 2025 (AU)

Operational excellence

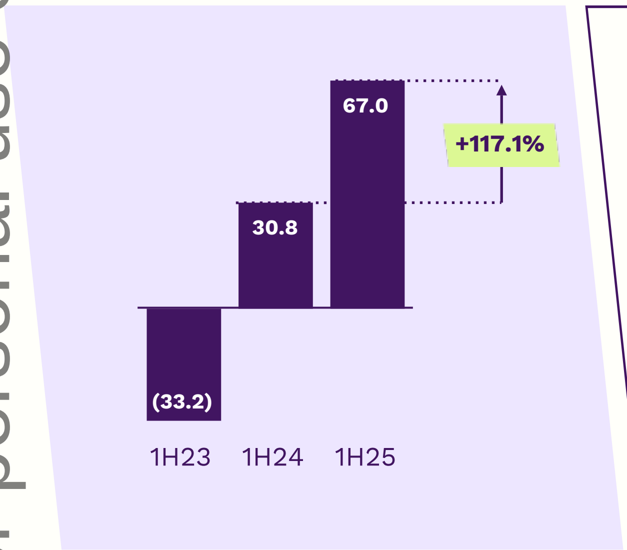
Strengthening our core platforms and balance sheet to support scale

- Repaid all corporate debt
- Successfully completed $1.1b of refinancing in AU
- Upsized US funding facility to US$300.0m
- Investment in risk management systems, processes and people

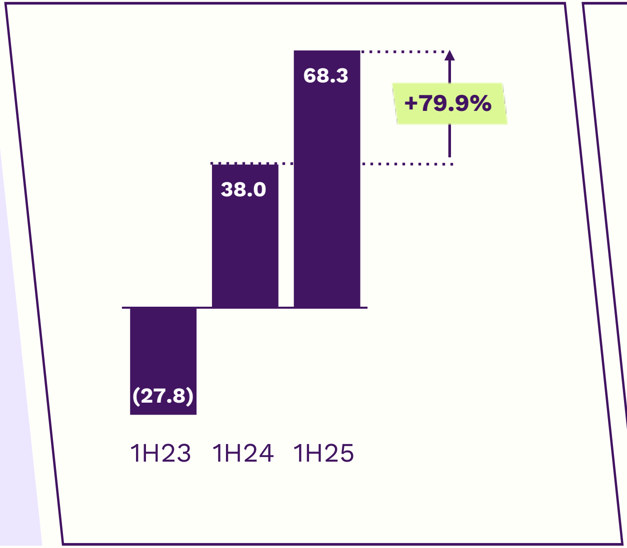
Zip's two-sided flywheel is driving sustainable, profitable growth

Zip delivered record profitability in 1H25 driven by strong US results

Group cash EBTDA ($m)



US cash EBTDA ($m)

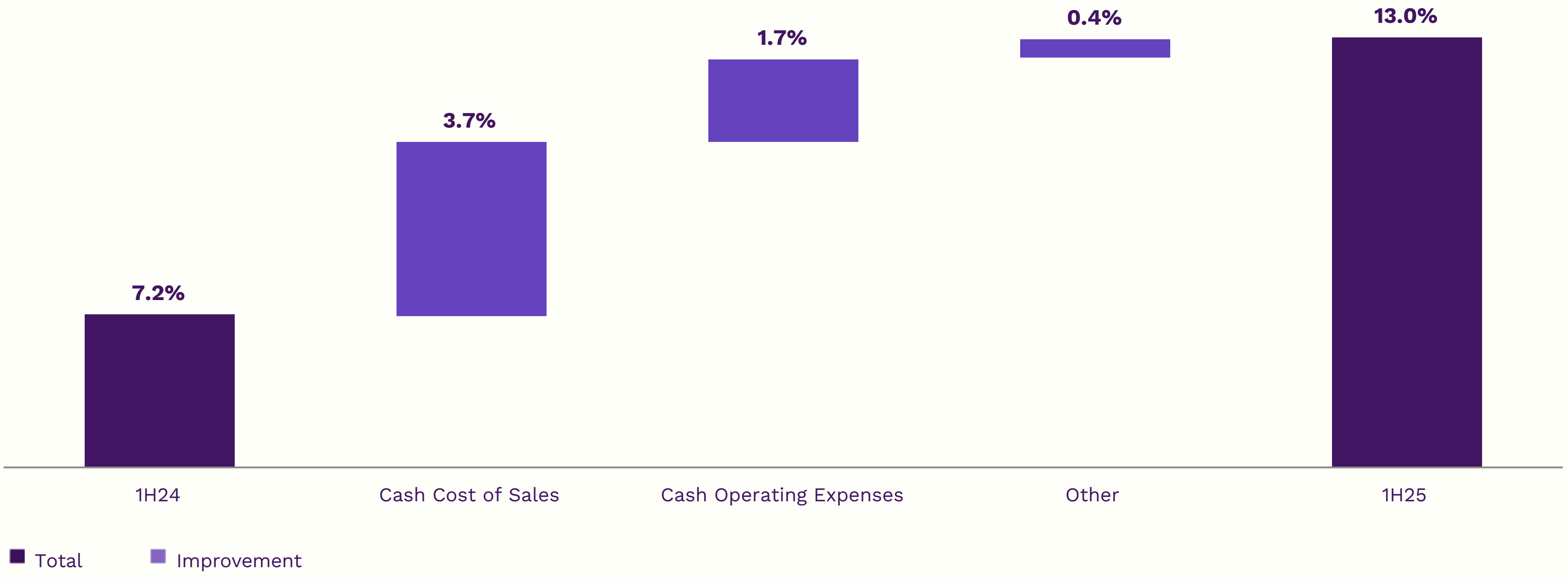


ANZ cash EBTDA ($m)

Significant growth in cash earnings as the business scales

Operating margin increased by 584 bps to 13.0% underpinned by disciplined execution

1H25 vs 1H24 movements in operating margin
(Cash EBTDA as % of total income)



Zip remains committed to operating sustainably and responsibly

Financial inclusion and wellbeing

- Zip's product continues to provide consumers with access to flexible, fair, transparent credit, and to encourage positive financial habits
- Zip continues its partnership with Australian debt solutions charity Way Forward to support Australians in financial hardship

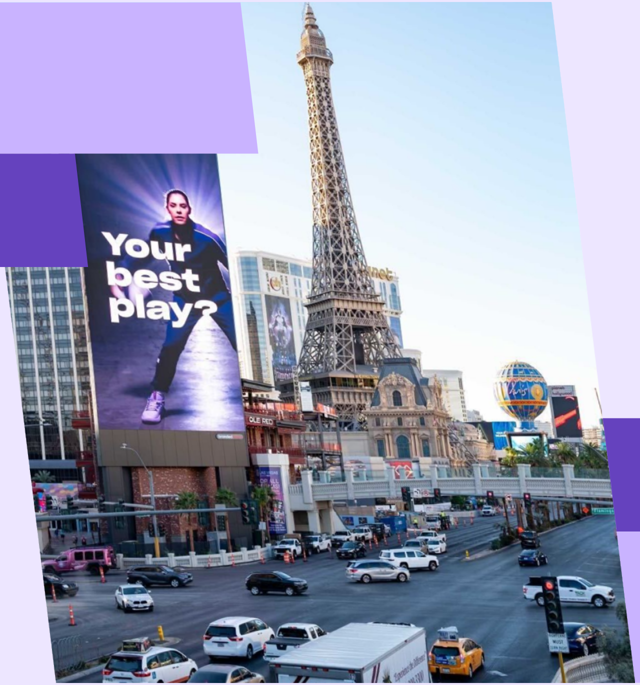
Employee engagement and inclusion

- Employee engagement for the group remains high with 96% participation in the May '24 employee engagement survey and an overall engagement score of 80% across the group
- As at 31 December Zip had representation of 60% women on the Zip Board, 40% women in Executive roles and 43% women across the group
- Continued investment in employee engagement and wellbeing, including mental health support, flexible work support and conscious inclusion training

Environmental sustainability

- Zip is carbon neutral for the fourth consecutive year across GHG Scopes 1, 2 and 3, investing in offset projects across Australia, Indonesia, and South America to neutralise FY24 emissions
- Participated in the CDP (Carbon Disclosure Project) for the second year to continue transparency around our environmental impact

02.
Business performance



Zip's business model delivers growth, profitability and capital efficiency

Acquisition

Grow active customers, merchant network and distribution channels

x

Engagement

Drive repeat usage, product engagement and customer lifetime value

x

Scale

Drive cash earnings supported by economies of scale

=

Profitability

Deliver operating leverage and efficiently allocate capital across the Group

Measures of success

- Acquisition: **Active customers** (#m); **Merchants** (#k)
- Engagement: **Revenue margin** (% of TTV); **Cash NTM** (% of TTV)
- Scale: **TTV** ($m); **Cash EBTDA** ($m)
- Profitability: **Operating margin**; **Maximise returns**

Zip has tailored strategies to win in both markets; the US continues to be Zip's most significant growth opportunity

	US Execute on significant growth opportunity	**ANZ** Leverage leading market position
Market context	Early and significant (US$130b+)[1] addressable market with segment growth at ~30-32%[2] and <2%[1,3] BNPL penetration of total payments market	Well-established consumer finance market with high customer awareness
Zip position	Capital light business delivering highly efficient TTV and cash EBTDA growth underpinned by two-sided flywheel	Significant active customer base relative to population with foundations in place to drive the next horizon of growth
Zip strategy	Financial flexibility, to serve the everyday needs of the 100m+ everyday Americans, everywhere	Leverage strategic assets to scale next generation financial services propositions that deepen customer and merchant engagement
Medium term objectives	Increase share in rapidly growing market Evolve consumer offering for added flexibility Expand and diversify distribution networks	Drive new product adoption Drive receivables growth Enhance operating margins

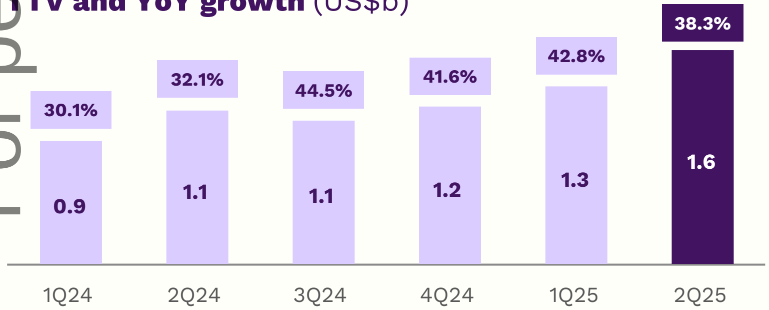
Note: (1) Total BNPL market estimate for 2024. Sources considered in analysis include the 2024 Global Payments Report, Capital One and Business Wire. (2) Market growth considers annualised volume growth in comparable US BNPL instalment products which has been estimated at 30 to 32% YoY. (3) Total US payments market of US$12.7t according to The Global Payments Report, 2024.

US: Strong customer engagement underpinned 79.9% growth in cash EBTDA YoY

Key performance metrics
(AUD unless stated otherwise)

	1H25	1H24	Change
TTV	**$4.4b**	**$3.1b**	**+39.2%**
TTV (USD)	**$2.9b**	**$2.0b**	**+40.3%**
Revenue	**$302.9m**	**$214.6m**	**+41.1%**
Revenue (USD)	**$199.5m**	**$140.2m**	**+42.3%**
Transactions	22.2m	16.3m	+35.9%
Active customers	4.2m	4.0m	+6.2%
Merchants	24.4k	24.1k	+1.3%
Cash NTM	3.7%	3.6%	+8bps
Cash EBTDA	$68.3m	$38.0m	+79.9%

TTV and YoY growth (US$b)



Growth and engagement

- Delivered above-market growth[1] driven by exceptional holiday trading period
- Invested in growth marketing, supporting an increase in TTV and active customers
- In-store TTV increased 64% YoY and now represents 22% of TTV
- Added merchants in targeted verticals including GameStop, Major League Baseball Ticketing via Tickets.com, Major League Baseball Shop, Take 5 Oil Change and Vivid Seats

Product innovation

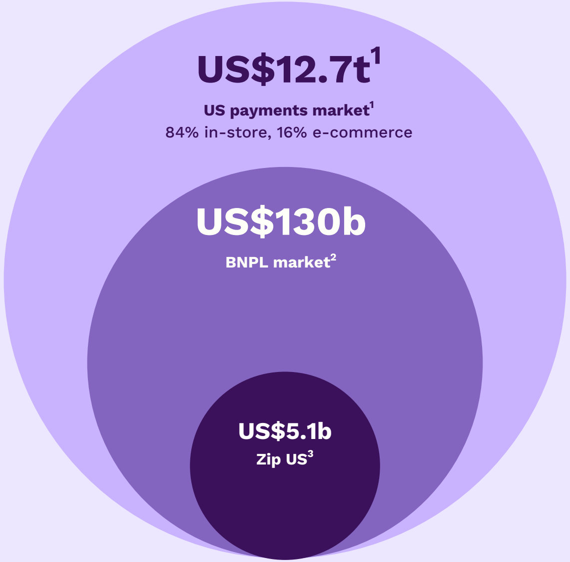
- Developing further flexible payment options to improve customer experience
  - Scaled Pay-in-8, the next offering of Zip's Pay-in-Z platform
  - Pay-in-8 now available to 100% of eligible customers in the App, facilitating higher value purchases

Operational excellence

- Upsized US funding facility to US$300.0m to support future growth
- Measured investment driving operating leverage

(1) Market growth considers annualised volume growth in comparable US BNPL instalment products which has been estimated at 30 to 32% YoY.

US: Significant growth opportunity in an early-stage BNPL market with 100m+ everyday consumers



Significant headroom for US BNPL market growth, adoption is still in the early stages compared to more established markets[4]

US
<2% of total payments
5% of e-commerce

Australia
15% of e-commerce

Sweden
21% of e-commerce

Germany
21% of e-commerce

Note: (1) 2024 estimated volume, according to The Global Payments Report, 2024. (2) Total BNPL market estimate for 2024. Sources considered in analysis include the 2024 Global Payments Report, Capital One and Business Wire. (3) Based on calendar year 2024 volume. (4) Percentages represent BNPL as a % of e-commerce volume.

Why Zip US?

Our customer

100m+ Everyday Americans

Zip has served millions of Americans who have been disenfranchised by traditional credit providers and who frequently use BNPL due to its flexibility, transparency and ability to help them manage their cash flow

Skew 18-45s, females, living in the South. Balancing work, family, pet care. Over 90% either work full time, part time or are self employed (many in healthcare, admin, management, sales, trades and service industries)

- ✓ **Added ~400k active customers** over 1H25
- ✓ **98%+** of transactions are repaid in full
- ✓ Customers **build confidence in their financial capability**

Our unique ability to win

Risk capabilities

Data and underwriting delivering growth and losses outperforming traditional credit products

- ✓ **$16.5bn+ TTV** to date
- ✓ **100m+ transactions** to date

Product innovation

Flexibility, Everywhere

- ✓ **Distributed through merchants, App, in-store, partner channel**
- ✓ **Evolution from Pay-in-4 to Pay-in-Z**

Merchant incrementality

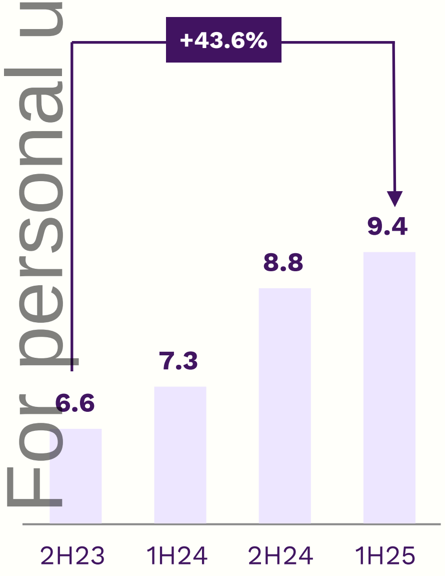
Revised merchant value proposition and go-to-market

- ✓ **Momentum in merchant and channel partnerships**

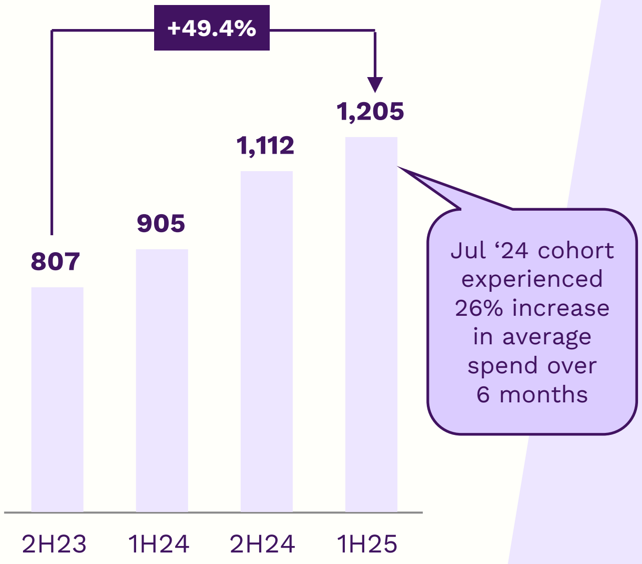
A two-sided flywheel powered by differentiated capabilities

US: Strengthening customer engagement has underpinned growth in the US business

Transactions per active customer
(#, last 12 months)



Total spend per active customer
(US$, last 12 months)



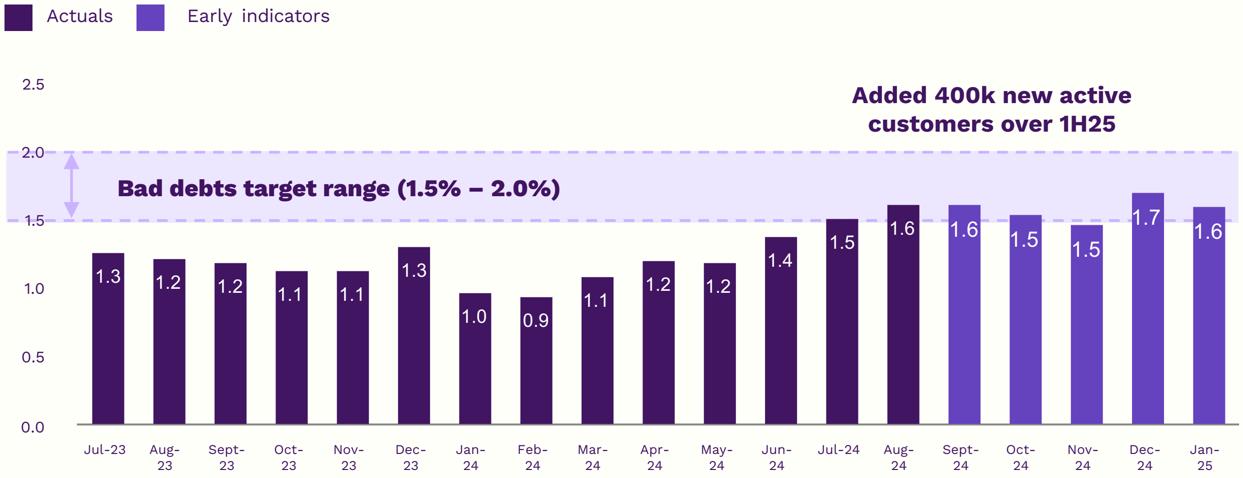
Active customers continue to spend more. Newer cohorts are spending at an accelerated rate driven by:

- Enhancing brand awareness to acquire customers direct to App
- Continued uptake of Zip physical card to shop seamlessly in-store
- Continued investment in underwriting, alternative data and product to drive deeper engagement
- Leverage merchant and channel partnerships to expand into new verticals

US: Focused credit decisioning and recovery management

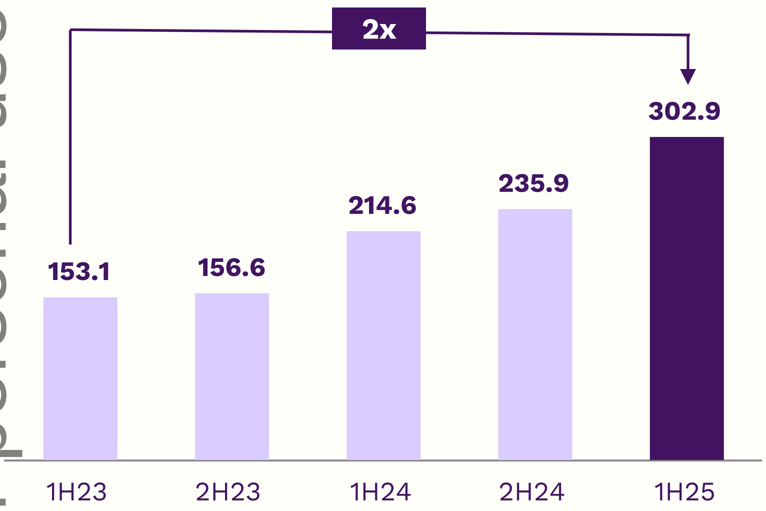
Customer demand and Zip's credit risk management approach continues to enable sustainable, profitable growth

US monthly cohorts, 120-day bad debt performance
(% of cohort TTV)



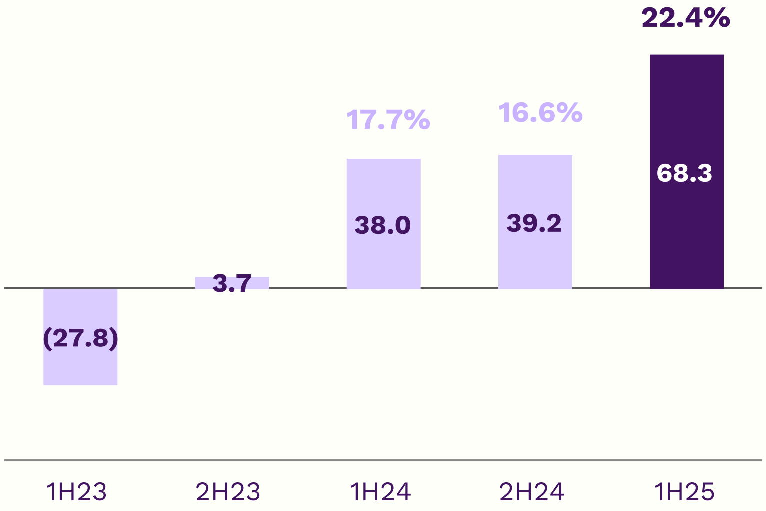
US: Continuing to build momentum with operating leverage

Revenue
($m)



Significant revenue growth supported by increased adoption of higher-margin products (App, in-store)

Cash EBTDA and operating margin
($m and % of total income)



Cash earnings and margin expansion as the business scales

ANZ: Proven track record of executing on strategic settings

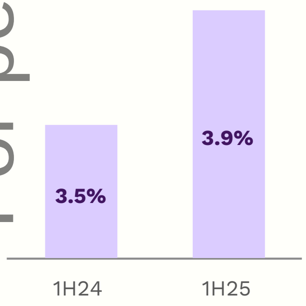
Phase		Strategic settings	Output
Pre-FY23	**Build the franchise**	Focused on top line growth and accelerating the two-sided flywheel	Customer acquisition Merchant network Top line growth Reset the balance sheet
FY23-24	**Optimise margins, enhance capability**	Responded to shifts in macro settings and higher for longer interest rates	Portfolio yield Excess spread Product development
FY25+	**Invest for profitable growth**	Leveraging strategic assets to accelerate growth and unlock new profit pools	Receivables growth Product adoption Operating margins

ANZ: Cash EBTDA grew 18.8% YoY underpinned by yield expansion

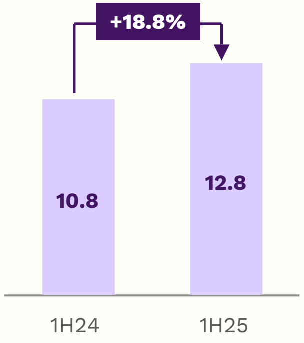
Key performance metrics (AUD)

	1H25	1H24	Change
TTV	**$1.9b**	**$1.9b**	**(1.2%)**
Revenue	**$206.3m**	**$210.8m**	**(2.1%)**
Transactions	23.5m	22.3m	+5.5%
Active customers	2.1m	2.3m	(6.2%)
Merchants	57.5k	52.1k	+10.5%
Cash NTM	3.9%	3.5%	+42bps
Cash EBTDA	$12.8m	$10.8m	+18.8%

Cash NTM (%)



Cash EBTDA ($m)



Growth and engagement

- TTV returned to growth in 2Q25 (+0.4% YoY) driven by increased customer engagement; transactions increased 7.5% YoY in 2Q25
- Business well-positioned as we shift strategy to drive profitable growth in FY25; solid momentum with December TTV up circa 10% year on year in AU
- AU yield on receivables expanded to 18.6%
- Added merchants in targeted verticals including Cathay Pacific, Travello and James Pascoe Group (Prouds, Angus & Coote and Goldmark)

Product innovation

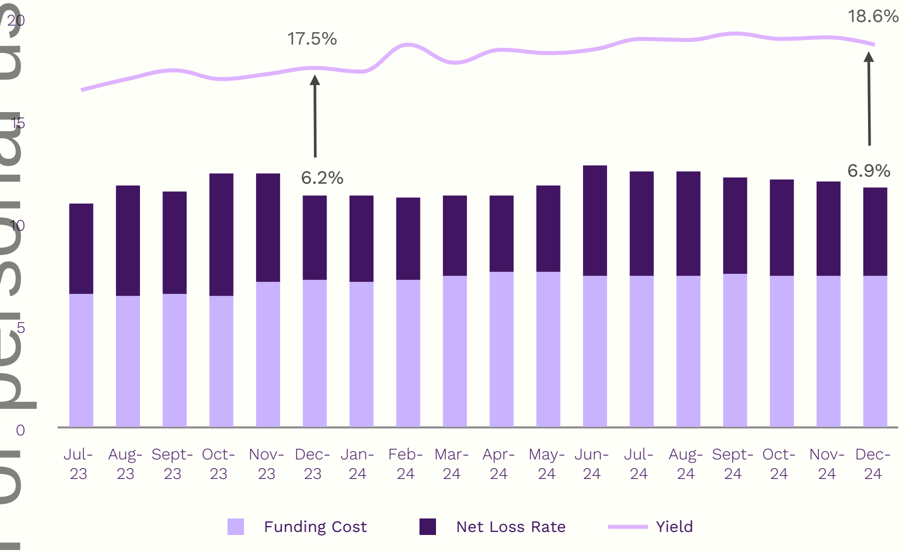
- Continued rollout of Zip Plus
  - Zip Plus customers transact 42% more often than Zip Pay customers
  - Monthly acquisition of Zip Plus customers is now more than double that prior to external launch
  - Zip Plus receivables up 24% in last 3 months
- Launched Zip Personal Loans in January 2025

Operational excellence

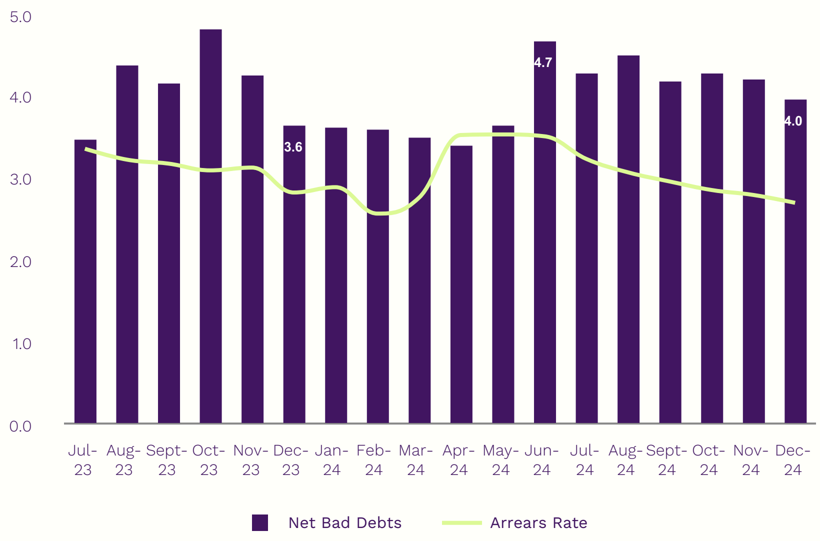
- Completed $1.1b of refinancing to support AU receivables growth, at a lower weighted average margin
- Investment in core systems and processes

AU: Portfolio management has delivered outcomes in line with strategic settings

Book performance (excess spread)[1]
(% of AU consumer receivables)



Arrears rate and net bad debts[1,2]
(% of AU consumer receivables)

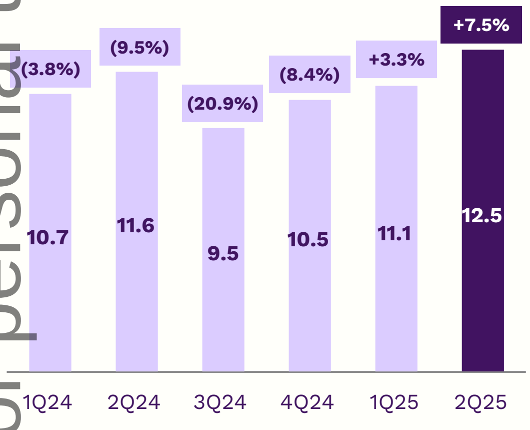


Book well placed to accelerate profitable growth

Note: (1) Calculated on receivables related to Zip AU's Master Trust facilities and funding vehicle 2017-1 Trust. (2) Net bad debts is calculated as annualised net write-offs for the month over opening receivables for the month.

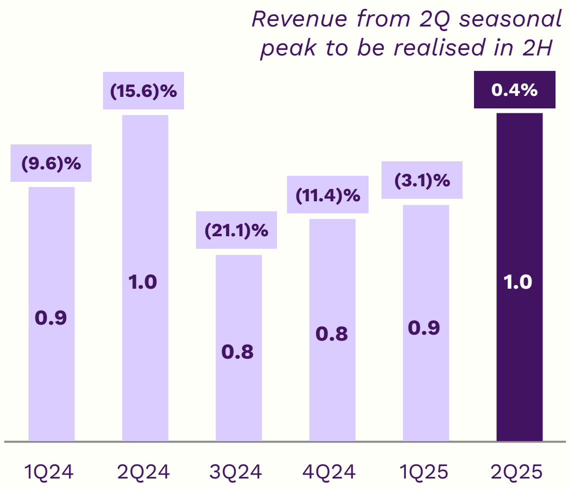
ANZ: Returned to growth following a period focusing on optimising margins

Transactions and YoY growth
(m)



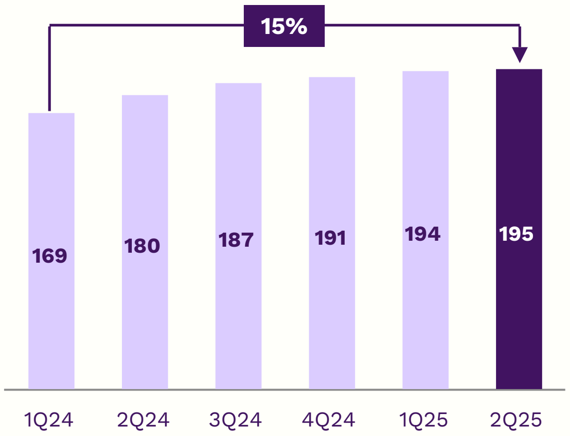
Attractive product offering that meets the needs of customers

TTV and YoY growth
($b)



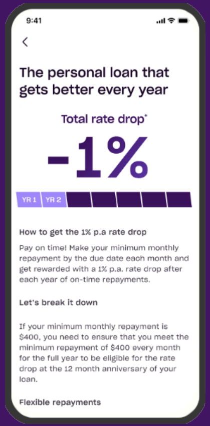
Moderated due to deliberate actions aligned with strategic setting; returned to growth in Q2

Revenue per active customer
($, last 12 months)



Yield expansion and deeper engagement have supported increased revenue per customer

ANZ: strategic assets provide the foundations for the next horizon of profitable growth and long-term success



Strategic assets →	Growth levers →	Objectives
c.10% of the Australian adult population are active customers	Distribute core products to targeted verticals	Enhanced customer value proposition
57.5k merchants offering Zip products	Scale Zip Plus	New product adoption and usage
5 personal lending products live, with 2 launched last 18 months	Scale Zip Personal Loans	TTV and receivables growth
4.9* rated App with >325k reviews	Pilot capital-light propositions	Healthy excess spread

03.
Financial performance

Income statement

Revenue growth and continued cost management delivered a step change in cash EBTDA

- Total income increased 19.8% vs 1H24 due to a 23.9% increase in TTV. Drivers included 41.1% revenue growth in the US and further portfolio yield expansion in AU
- Cash gross profit up 30.1% vs 1H24 as a result of increased TTV, revenue growth and credit performance
- After adjusting 1H24 for cash STI costs, which was fully accrued in 2H24, like-for-like cash opex growth was 10.1%
- Corporate, one-off adjustments and non-cash items included a $139.7m gain in 1H24
- Refer to slide 39 for information on Corporate, non-cash items and one off adjustments

$m	1H25	1H24[3]	Change %
Revenue	**509.2**	**425.5**	**+19.7**
Other income	4.8	3.7	+30.9
Total income[1]	**514.0**	**429.2**	**+19.8**
Cash cost of sales[2]	(278.5)	(248.2)	(12.2)
Cash gross profit	**235.5**	**181.0**	**+30.1**
Cash GP (%)	45.8%	42.2%	+365bps
Cash operating costs	(168.6)	(148.2)	(13.7)
One-off adjustments	—	(2.0)	nm
Cash EBTDA	67.0	30.8	+117.1
Corporate, one-off adjustments and non-cash items	(63.2)	88.7	nm
EBTDA	3.8	119.6	nm
Depreciation and amortisation	(32.0)	(32.4)	+1.2
Earnings before tax (NPBT)	(28.3)	87.2	(132.4)
Income tax benefit / (expense)	51.3	(14.5)	nm
Net profit after tax (NPAT)	23.0	72.8	(68.4)

Note: (1) Total income has historically been used in the calculation of Zip's key performance metrics. Refer to glossary for definitions. (2) Cash cost of sales comprises interest expense related to customer receivables funding, bad debts (recoveries and write-offs), bank fees and data costs. It excludes expected credit losses and amortisation of funding. (3) Comparatives have been restated to exclude discontinued operations.

Unit economics

Cash net transaction margin improved 18bps from continued credit management and lower funding costs

Strong cash net transaction margin expansion of 18bps to 3.8% and a 30.1% increase in cash gross profit:

- TTV grew to $6.2b, up 23.9% vs 1H24, primarily driven by strong growth in the US (up 39.2%)
- Total income, up 19.8% vs 1H24, reflecting record TTV growth in the US
- Revenue margin of 8.2%, driven by increasing US TTV growth and share of revenue
- Interest expense increase reflects growth in receivables from greater volumes in the US with refinancing in AU at lower margins providing relative benefit in the half
- Net bad debts written off improved to 1.6% of TTV, as a result of disciplined credit performance, increased recoveries in ANZ and higher Group TTV

$m	1H25	1H24[1]	Change %
TTV	**6.2b**	**5.0b**	**+23.9**
Total income[2]	**514.0**	**429.2**	**+19.8**
Interest expense[3]	(106.2)	(96.3)	(10.2)
Net bad debts written off[4]	(97.4)	(89.9)	(8.3)
Bank fees and data costs	(74.9)	(62.0)	(20.8)
Cash cost of sales	**(278.5)**	**(248.2)**	**(12.2)**
Cash gross profit	**235.5**	**181.0**	**+30.1**
Cash GP%	**45.8**	**42.2**	**+365bps**
% of TTV			
Revenue	8.2	8.5	(28bps)
Interest expense	(1.7)	(1.9)	+21bps
Net bad debts written off	(1.6)	(1.8)	+22bps
Bank fees and data costs	(1.2)	(1.2)	+3bps
Total cash cost of sales	(4.5)	(4.9)	+47bps
Cash net transaction margin	**3.8**	**3.6**	**+18bps**

Note: (1) Comparative information has been restated to exclude discontinued operations. (2) Total income has historically been used in the calculation of Zip's key performance metrics. Refer to glossary for definitions. (3) Interest expenses related to customer receivables exclude amortisation of funding costs. (4) Excluding the movement in the provision for expected credit losses.

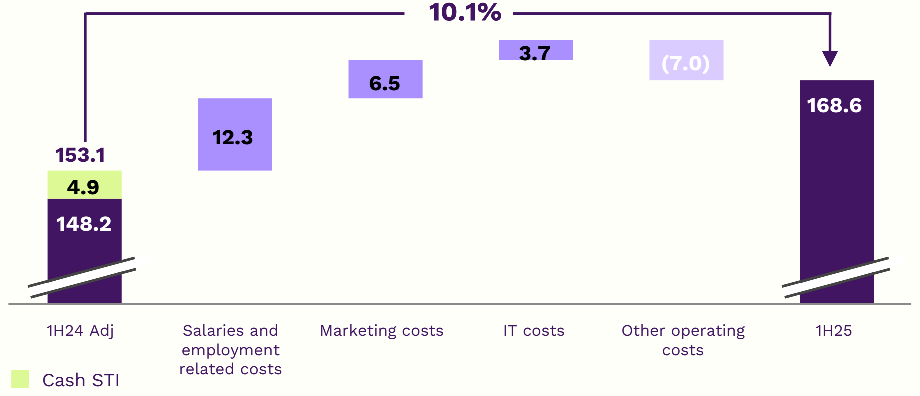
Cash operating expenses

Disciplined investment in the period to drive future customer and volume growth

- **Adjusting 1H24 for cash STI accrual, which was fully accrued in 2H24 ($4.9m), cash opex grew by 10.1%**
- After adjusting 1H24 for a cash STI accrual, on a like-for-like basis, salaries and employment related costs were up 15.9%, driven by increased FTE investment and growth in the US business
- Marketing costs up 30.8% vs 1H24 due to additional investment in marketing across ANZ and the US, particularly in Q2 to support holiday period growth
- Information technology costs increase predominantly related to US growth
- Other operating costs decreased due to lower corporate financing costs following repayment of Zip's corporate debt facility in July 2024
- Total cash opex was 2.7% of TTV vs 3.0% in 1H24
- For FY25, Zip expects cash opex growth to be circa 10% (inclusive of cash STI accruals)

$m	1H25	1H24[1]	Change %
TTV	**$6.2b**	**$5.0b**	**+23.9**
Cash operating costs	**(168.6)**	**(153.1)[2]**	**(10.1)**
% of underlying volumes	**2.7%**	**3.0%**	**(34bps)**
Salaries and employment related costs	(89.7)	(77.4)[2]	(15.9)
Marketing costs	(27.5)	(21.0)	(30.8)
Information technology cost	(24.1)	(20.4)	(18.3)
Other operating costs	(27.2)	(34.2)	+20.5

Cash opex movement ($m)

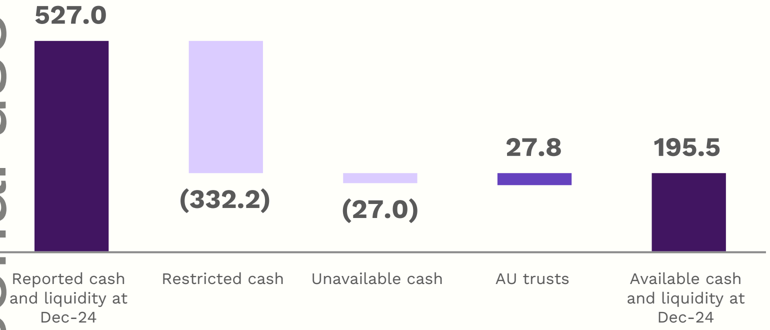


Note: (1) Comparative information has been restated to exclude discontinued operations. (2) Adjusted to include the impact of cash STI accruals of $4.9m.

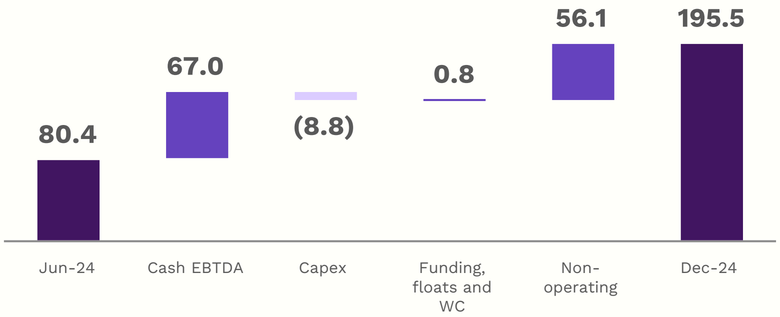
Liquidity

Material improvement in available cash and cash liquidity with four consecutive quarters of positive operating cash flow

Cash at 31 December 2024 ($m)



1H25 movements in available cash and liquidity ($m)



- Zip had $195.5m available cash and liquidity at 31 December 2024
- Restricted cash of $332.2m at 31 December 2024 includes cash held in securitisation warehouses and special purpose vehicles
- Unavailable cash of $27.0m at 31 December 2024 includes floats held to support transactions volumes and cash in transit
- Available cash and liquidity as at 31 January 2025 was $165.9m reflecting movements following the new year period

- Operating cash inflows of $59.0m: Strong cash EBTDA performance (of $67.0m) and non-operational cash flow
- Capex represents mainly capitalised labour costs, software and IT development expenses (which are not included in cash EBTDA)
- Non-operating cash flows of $56.1m incorporating the $50.1m SPP proceeds and Zip notes released in the 2017-1 facility following the introduction of a mezzanine funder

Funding

Zip has prioritised balance sheet strength and efficiency through extending tenors with both existing and new debt investors and achieved significant improvement in credit margins

ANZ Receivables funding

- In September 2024, Zip successfully completed two facilities within the Zip Master Trust
  - $350.0m rated note for three years (2024-2) with a weighted-average margin of 2.13% and senior notes AAA-rated
  - New $300.0m warehouse facility for two and half years
  - The above proceeds were used to repay 2021-2 ($663.5m)
- In July 2024, Zip successfully extended
  - 2017-1 facility for two years
  - Zip NZ facility for two years
- In December 2024, Zip successfully renegotiated terms on VFN3, extending maturity from April 2026 to June 2027

US Receivables funding

- In October 2024, Zip increased the US funding facility (AR3LLC) from US$225.0m to $300.0m, providing additional funding flexibility to support US growth over the medium term

Corporate debt

- In July 2024, Zip executed an institutional equity placement to pay down its remaining corporate debt of $130.0m

As at 31 December 2024	Facility vehicle	Facility limit	Drawn at Dec-24	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	Sept-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$14.0m	Jul-26

Capital management

Zip's capital management framework underpins our ambition to maximise long-term value and shareholder returns

Guidelines

- Zip will prioritise preserving a strong balance sheet
- Invest capital in attractive growth opportunities and/or to enhance our competitive position
- Investment decisions guided by a lens on risk, expected returns, and strategic alignment
- Zip regularly evaluates the performance of its capital investments to ensure they are delivering appropriate returns
- Capital management opportunities may arise in periods when Zip has excess capital not needed for attractive growth or risk management purposes

Zip's corporate strategy

Strong balance sheet risk settings

Business unit capital requirements

Free cash flows from operations

Preserve balance sheet strength	Invest in attractive opportunities	Capital management

Maximise shareholder returns

04. Strategy and outlook

Zip has evolved its purpose and mission, providing strategic clarity while preserving core values

Purpose

Unlocking financial potential, together

Mission

To bring exceptional experiences, innovation and partnership to every financial journey

Values

Customer First	Own It	Change the Game	Stronger Together

Zip has a clear strategy to maintain growth momentum in FY25

Growth and engagement

Secure new merchant and strategic partnerships

Scale embedded distribution channels

Scale new propositions; Pay in Z (US) and Zip Plus (AU)

Product innovation

Accelerate innovation

Scale Personal Loans (AU)

Pilot capital-light propositions (ANZ)

Operational excellence

Improve and automate key customer journeys

Enhance core operating systems for scale

Optimise funding structures

Zip's two-year outlook

On track for FY25 results to be within target ranges

	1H25 result	FY25 focus areas	Two-year range[1]
Revenue (% of TTV)	**8.2%**	• US TTV growth outlook for FY25 above average pay in 4 market growth[2] with momentum continuing in January 2025 • Share of revenue from US business expected to increase • Maintaining strong AU portfolio yield and excess spread	**8.0% - 9.0%**
Cash NTM (% of TTV)	**3.8%**	• Drive improved cost of sales through scale • Balance TTV growth with credit performance	**3.5% - 4.0%**
Cash EBTDA (% of TTV)	**1.1%**	• Cash opex growth of circa 10% in FY25 • Make measured investment in innovation and capability building • Develop capital-light propositions to leverage strategic assets • Deliver cash EBTDA margin ≥1.1% in FY25	**1.0% - 2.0%**
Operating margin (Cash EBTDA as a % of total income)	**13.0%**	• Improve revenue to cash EBTDA conversion • Sustained cost discipline and operating leverage	**12.0% - 17.0%**

Zip targets to deliver cash EBTDA of at least $147 million for FY25[1]

Note: (1) Subject to market conditions. (2) Market growth considers annualised volume growth in comparable US BNPL instalment products which has been estimated at 30 to 32% YoY.

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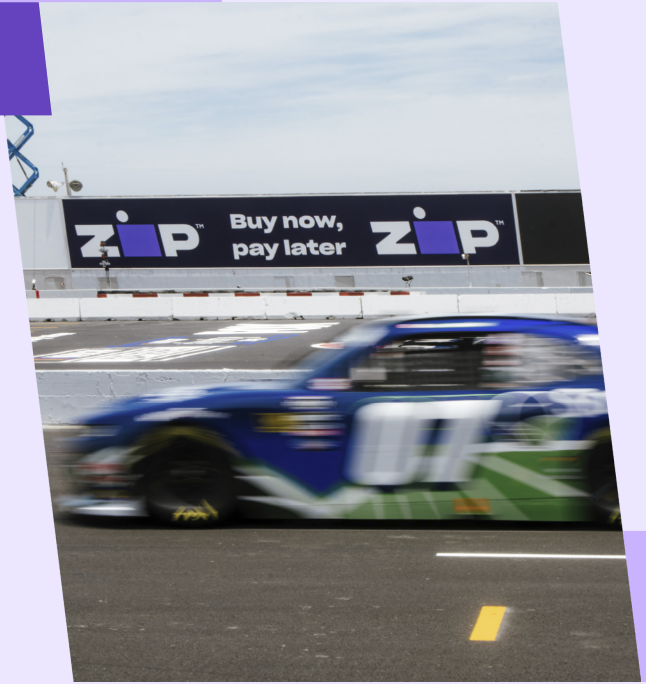
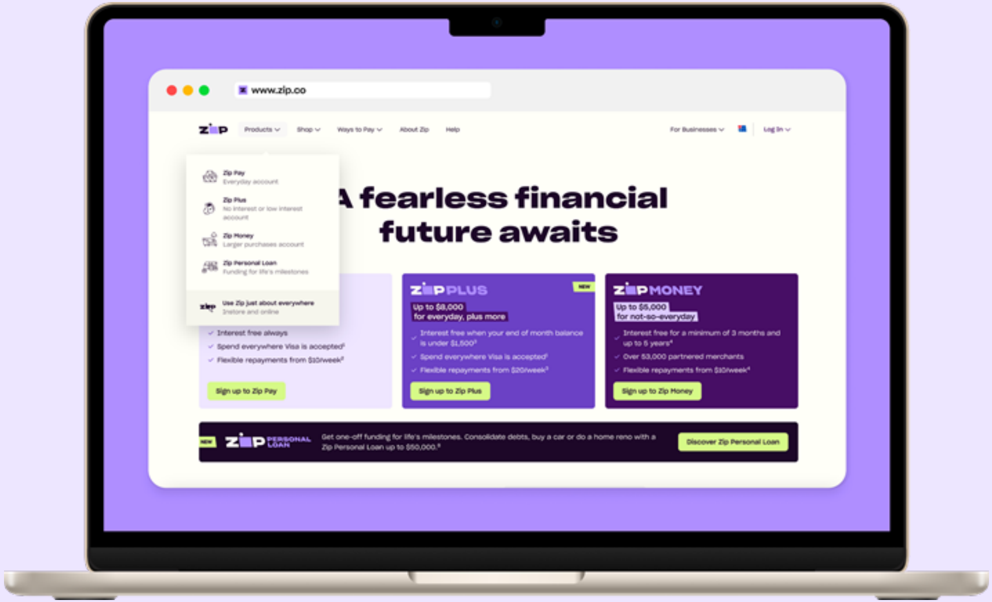
Q&A



Appendix



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Sign up to Zip Money
Discover Zip Personal Loan

Segment information

1H25				
$m	**ANZ**	**USA**	**Corporate and other**	**Total**
Total income	209.0	304.9	0.2	514.0
Cash cost of sales[1]	(135.1)	(143.4)	–	(278.5)
Cash gross profit	**73.8**	**161.5**	**0.2**	**235.5**
Cash operating expenses	(61.0)	(93.2)	(14.3)	(168.6)
Cash EBTDA	**12.8**	**68.3**	**(14.2)**	**67.0**
Movement in expected credit losses	(16.0)	(16.1)	–	(32.1)
Share-based payments	(3.2)	(2.4)	–	(5.6)
Non cash non-operating expenses, gains and losses	2.1	(0.4)	(2.3)	(0.7)
Gains and losses	1.3	(0.1)	5.3	6.5
Amortisation of funding costs	(2.1)	(0.8)	–	(2.9)
Interest on corporate financing and operations[2]	(0.4)	(0.1)	(28.0)	(28.4)
EBTDA	**(5.5)**	**48.3**	**(39.1)**	**3.8**
Depreciation and amortisation	(6.8)	(25.0)	(0.3)	(32.0)
Profit or loss before income tax	**(12.3)**	**23.3**	**(39.3)**	**(28.3)**

Note: (1) Cash cost of sales comprises interest expense related to customer receivables funding, bad debts (recoveries and write-offs), bank fees and data costs. It excludes expected credit losses and amortisation of funding. (2) Includes $28.1 million of amortisation of corporate funding costs due to the repayment of the corporate funding facility.

Income statement

Breakdown of corporate, one-off adjustments and non-cash items

$m	1H25	1H24[1]
Total income	**514.0**	**429.2**
Cash EBTDA	**67.0**	**30.8**
Non-cash items and discontinued operations	(27.1)	8.5
Amortisation – corporate funding	(28.1)	–
Share-based payments	(5.6)	(5.5)
Share of loss of associates	–	(2.2)
Unrealised loss of financial liability	(2.4)	(4.6)
Incentivised conversion – incentive payments	–	(31.5)
Fair value loss	–	(15.0)
Gain on extinguishment of pre-existing Senior Convertible Notes	–	139.7
Other gains and losses	–	(0.6)
EBTDA	**3.8**	**119.6**
Depreciation and amortisation	(32.0)	(32.4)
Earnings before tax (NPBT)	**(28.3)**	**87.2**

Note: (1) Comparatives have been restated to exclude discontinued operations.

Balance sheet

$m	December-24	June-24
Cash and cash equivalents	194.7	121.3
Restricted cash	332.2	231.7
Other receivables	98.5	100.8
Term deposit	4.6	4.5
Customer receivables	2,592.4	2,398.6
Property, plant and equipment and ROU assets	17.5	19.8
Intangible assets	78.7	96.1
Goodwill	222.2	209.5
Deferred tax assets	55.1	–
Total assets	**3,596.0**	**3,182.3**
Trade and other payables	524.2	258.5
Employee provisions	16.3	18.5
Lease liabilities	15.1	17.1
Borrowings	2,329.9	2,403.1
Other financial liabilities	–	86.5
Total liabilities	**2,885.3**	**2,783.7**
Net assets	**710.7**	**398.5**

Cash flows

$m	1H25	1H24
Revenue from customers	519.9	431.0
Payments to suppliers and employees	(240.9)	(225.4)
Net increase in merchant payables	258.7	126.1
Net increase in receivables	(335.5)	(105.7)
Borrowing transaction costs	(2.1)	(2.3)
Interest received from financial institutions	4.8	2.9
Interest paid	(106.1)	(112.8)
Income tax paid	(3.3)	–
Net cash flow from operating activities	**95.4**	**113.7**
Payments for plant and equipment	(1.0)	(0.3)
Payments for software development	(8.8)	(9.6)
Proceeds from disposal of loans	0.4	–
Deferred consideration	–	(2.0)
Proceeds from sale of/(purchase of) investments in associates	–	3.1
Payments for investments at FVTPL	–	(1.5)
Decrease in term deposits	–	1.9
Net cash flow used in investing activities	**(9.4)**	**(8.5)**
Proceeds from borrowings	822.4	495.8
Repayment of borrowings	(942.5)	(513.0)
Repayment of convertible notes	–	(10.8)
Payment for incentive in relation to the convertible notes conversion	–	(31.5)
Repayment of principal of lease liabilities	(2.5)	(1.5)
Proceeds from issue of shares	267.1	–
Transaction costs related to issues of equity securities or convertible debt securities	(5.9)	(3.6)
Transaction costs related to loans and borrowings	(88.9)	(6.9)
Net cash flow from/(used in) financing activities	**49.7**	**(71.5)**
Net increase in cash and cash equivalents	**135.8**	**33.8**

Funding

$m	Dec-24	Jun-24
Secured funding facilities		
Facility limits		
AU	2,286.3	2,293.4
US[1]	481.4	339.7
NZ[1]	18.1	18.3
Total limits	**2,785.8**	**2,651.4**
Facilities drawn		
AU	2,007.5	2,024.4
US[1]	325.8	283.8
NZ[1]	12.7	10.1
Total drawn	**2,346.0**	**2,318.3**
Corporate facility		
Facility limit	–	130.0
Facility drawn	–	130.0
Cost of funds[2]	**7.90 %**	**8.42 %**

Note: (1) Converted to AUD at USD 0.6231; AUD at NZD 1.1033. (2) Cost of funds reflects weighted average interest rate on loans outstanding at the end of the period.

Glossary

Term	Definition
FY	Financial year ending 30 June of the relevant financial year
1H	Six months ending 31 December of the relevant financial year
2H	Six months ending 30 June of the relevant financial year
1Q	Three months ending 30 September
2Q	Three months ending 31 December
3Q	Three months ending 31 March
4Q	Three months ending 30 June
bps	Basis points (1.0% = 100bps)
CY	Calendar year
nm	Not meaningful
YoY	Year on year
TTV	Total transaction volumes
Total income	Revenue plus other income
Revenue margin	Total income divided by total transaction volumes
Cash cost of sales	Comprises interest expense, net bad debts written off, and bank fees and data costs
Cash gross profit	Total income less cash cost of sales
Cash NTM	Cash net transaction margin, calculated as cash gross profit divided by total income
EBTDA	Earnings before tax, depreciation and amortisation
Cash EBTDA	EBTDA less non-cash and one-off items
Operating margin	Cash EBTDA divided by total income
Active customers	Customer accounts that have had transaction activity in the last 12 months
Total merchants	Cumulative net merchants that have signed up to the Zip platform