

22 August 2025

Appendix 4E and FY25 Annual Report

Zip Co Limited (ASX: ZIP) (“**Zip**”, or the “**Company**”) in accordance with the requirements of the ASX Listing Rules, today releases its Appendix 4E and FY25 Annual Report.

This announcement 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>.

Appendix 4E

Preliminary Final Report

1. Company Results

Name of Entity:	Zip Co Limited
ACN:	139 546 428
Reporting Period:	Financial Year ended 30 June 2025
Previous Period:	Financial Year ended 30 June 2024

The information contained in this report should be read in conjunction with the most recent annual financial report.

2. Results for Announcement to the Market

			30 June 2025 \$'000	30 June 2024 \$'000
Revenue from ordinary activities	UP	23%	1,071,595	867,978
Profit after income tax from continuing operations	UP	1,312%	79,895	5,658
Profit after income tax attributable to members	UP	2,085%	79,895	3,657
Total comprehensive income/(loss) attributable to members	UP	NM ¹	66,041	(449)

The company does not have a dividend policy.

	30 June 2025	30 June 2024
Total number of ordinary shares on issue	1,292,155,568	1,126,659,645
Net tangible asset backing per ordinary share ²	29.54 cents	8.25 cents

1. Not meaningful.

2. Net tangible assets include right-of-use assets which are recognised by the Group in accordance with AASB 16.

Brief Explanation of the Above Figures

Please refer to the Review of Operations in the Directors' Report for an explanation of the results.

The profit for the consolidated entity after providing for income tax amounted to \$79,895,000 (30 June 2024: profit of \$3,657,000).

3. Details of Entities Which Control has Been Gained or Lost

Refer to Note 23 for changes in controlled entities in the year ended 30 June 2025.

4. Associates and Joint Venture Entities

Refer to Note 4 for changes in associates and joint ventures in the year ended 30 June 2025.

5. Audit Status

The financial statements have been audited and an unmodified opinion has been issued.

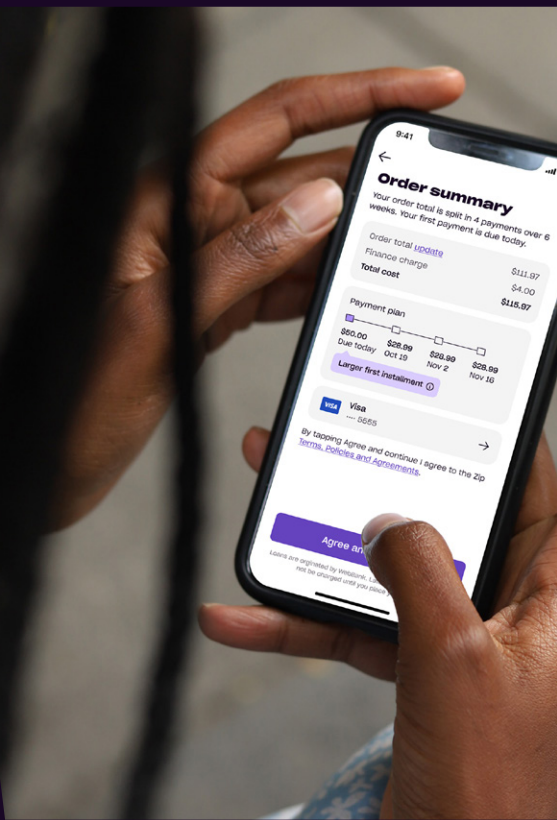
6. Dividends

No dividends have been declared for the year ended 30 June 2025 or for the previous corresponding period.

Unlocking financial potential, together.



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About Zip

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.

About this report

This annual report is a summary of Zip's operations, activities and financial performance and position for the year ended and as at 30 June 2025. In this report, references to 'Zip', 'the company', 'the Group', 'we', 'us' and 'our' refer to Zip Co Limited (ACN 139 546 428) and its subsidiaries, unless otherwise stated.

References in this report to a 'year' or 'this year' are to the financial year ended 30 June 2025 (previous corresponding period to 30 June 2024) unless otherwise stated. All years are financial years ending 30 June unless otherwise stated. All dollar figures are Australian dollars (AUD) unless otherwise stated.

References to 'AASB' refer to the Australian Accounting Standards Board and 'IFRS' refers to the International Financial Reporting Standards. There are references to 'IFRS' and 'non-IFRS' financial information in this report.

Non-IFRS financial measures are financial measures other than those defined or specified under any relevant accounting standard and may not be directly comparable with other companies' information. Non-IFRS financial measures are used to enhance the comparability of information between reporting periods. Non-IFRS financial information should be considered in addition to, and is not intended to be a substitute for, IFRS financial information and measures. Non-IFRS financial measures are not subject to audit or review.



Acknowledgement of Country

Zip acknowledges the Traditional Custodians of the lands on which our businesses operate, and recognises their ongoing contribution to land, waters and community.

We pay our respects to First Nations Elders past and present.

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Group Financial Highlights

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**Record Group
cash EBTDA driven
by significant growth
in the US and material
operating leverage**

Up 147.0%

\$69.0m

FY24

\$170.3m

FY25

We are a high growth, sustainably profitable business with our outstanding performance for the year reflecting the resilience of our business model, a continued focus on exceptional experiences for our customers, and disciplined execution of our strategy.

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Financial

\$13.1b

total transaction volume (TTV), ↑ 30.3%

\$1.1b

total income ↑ 23.5%

15.8%

operating margin ↑ 787bps

Platform

6.3m

active customers ↑ 4.6%

85.5k

merchants ↑ 7.9%

93.0m

transactions ↑ 22.1%

Capital management

Nil

Corporate debt

\$50m

on-market share buyback launched

\$2.9b

receivables loans to customers

Sustainability

+68

US customer NPS

+57

ANZ customer NPS

81%

employee engagement score

Invested in carbon offsetting projects to neutralise FY24 GHG emissions

About Zip

We are a responsible lender focused on maximising long-term value for our stakeholders.

Our Purpose

Unlocking financial potential, together.

Our Mission

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

Our Values

Customer First

'Customer First' means building unwavering trust by creating exceptional experiences for everyone we serve – our consumers, merchants, partners and Zipsters.

Own It

'Own it' stands for being action-oriented and leading with accountability, ensuring we prioritise work that delivers significant impact for Zip and our customers.

Stronger Together

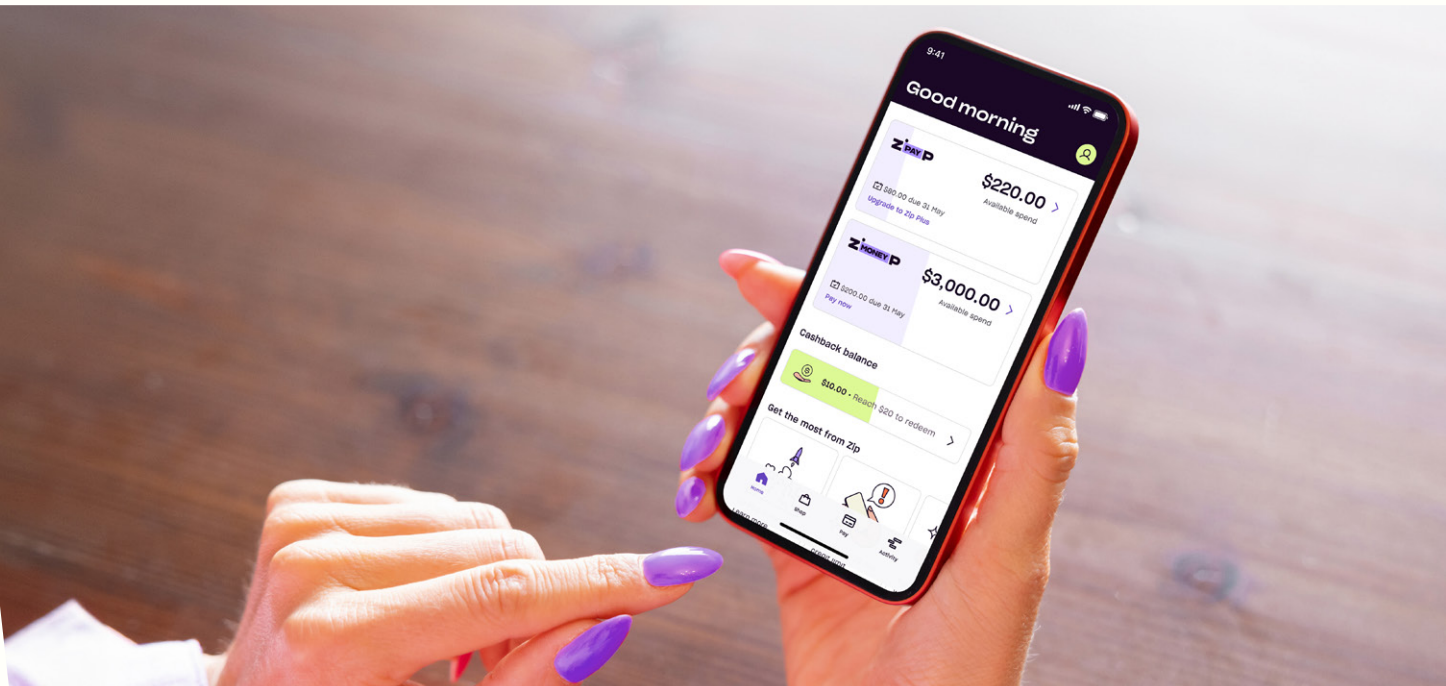
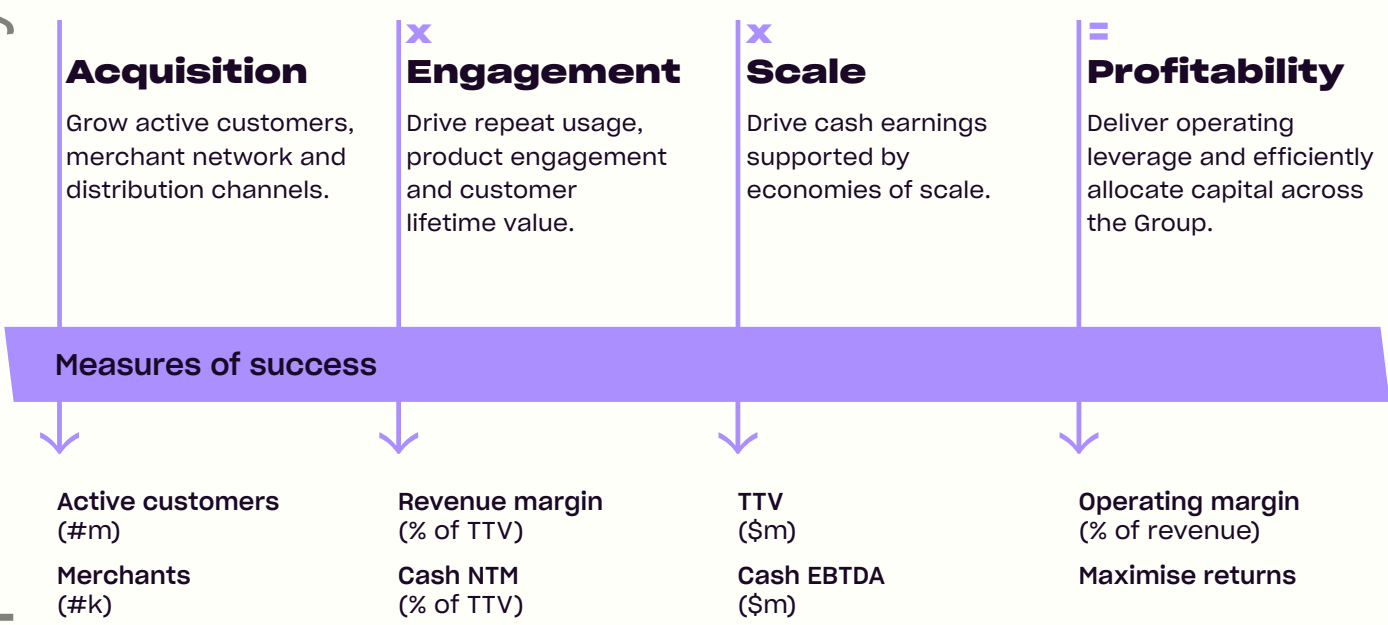
'Stronger Together' is about building a workplace where every Zipster feels they belong and can unlock their potential.

Change the Game

Zipsters who 'Change the Game' fearlessly push boundaries, continuously raising the bar for themselves and other Zipsters.

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Our unique, two-sided revenue model brings both customers and merchants onto our platform to drive growth, profitability and capital efficiency.



Chair and Group CEO's Report

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This year saw the strongest financial performance in Zip's history despite ongoing macroeconomic uncertainty. We generated \$1.1b in total income, and cash earnings increased 147.0% year-on-year to \$170.3m, driven by an outstanding performance in our US business, and a return to TTV growth in ANZ. Our disciplined execution, customer focus and strong unit economics position us well to drive continued long-term value for shareholders.

Delivering sustainable profitability

We have a resilient business model that is well placed through economic cycles, underpinned by trusted relationships with our customers who remain at the centre of everything we do.

In the US we delivered significant TTV growth of 41.6% (in USD), outpacing the market and achieving net new customer growth for the first time since FY22. This momentum reflects the strength of our resilient customer base – everyday Americans, choosing Zip to manage their cash flow and support everyday spending. Disciplined credit decisioning kept losses within our target range, supporting US cash earnings growth of 105.3%, which saw Zip hit the significant milestone of delivering more than US\$100m in cash earnings from US operations.

In ANZ we successfully pivoted from margin optimisation to growth, with the business returning to TTV expansion during the year. Despite a higher interest rate environment, the business delivered improvements in portfolio yield and excess spread on Australian receivables to 19.3% and 8.7% respectively.

Continued investment in our risk and process capabilities has generated material operating leverage and strong unit economics. We are a scale business, having safely executed 93.0m of transactions this year worth \$13.1b while our operating margin increased 787 basis points to 15.8%.

Innovation driving differentiation

In Australia the rollout of Zip Plus was expanded to new customers and we launched Zip Personal Loan – designed with features that drive customer engagement and encourage responsible repayment behaviour.

In the US we expanded beyond our core 'Pay-in-4', introducing 'Pay-in-8', the first iteration of a broader 'Pay-in-Z' offering that will allow us to meet customers even more when and where they need us.

Financial strength and capital position

We enter FY26 with no corporate debt, a strengthened balance sheet and a new capital management framework to guide our capital allocation. During the year we launched a \$50m on-market buyback to return value to shareholders. We achieved lower margins on our warehouse facility expansions in both the US and ANZ, lowering our cost of capital while supporting growth. We are focused on optimising funding costs across our receivables portfolio as markets evolve. In July 2024 we re-entered the ASX 200 and have continued to diversify our share register with increased participation from international institutional investors particularly in the US.

Maintaining our long-term focus

At the start of FY25 we updated our mission and purpose to better reflect our strategic priorities and growth opportunity. Our team is committed to delivering on our purpose of 'unlocking financial potential, together' and is aligned on our mission to 'bring exceptional experiences, innovation and partnership to every financial journey.'

We are committed to ensuring your company is well placed for continued evolution and growth. We continue to invest in new and upgraded systems and processes to support scale, particularly across cyber, credit and fraud risk, data and analytics, and finance.

We are focused on enabling our business to capture additional opportunities and enhance the way we operate. We have used AI since Zip's inception and are accelerating its use across people, processes and product to unlock efficiencies and improve our value propositions. This year we focused on equipping our workforce with GenAI to build knowledge and capability at scale as well as identifying opportunities to enhance our product offering and customer experience. We have also established Fearless Frontiers – a dedicated team focused on long-term product innovation and unlocking new profit pools aligned to our regional strategies.

Cynthia Scott

Group Chief Executive Officer
and Managing Director

Diane Smith-Gander, AO

Chair

**Board renewal**

Having recently appointed Matthew W. Schuyler we now have two US-based directors reflecting our growing presence in the region. Matt brings significant experience in brand-building, human resources, cultural strategy and business transformation.

In April 2025, we appointed Australian-based Andrew Stevens who brings deep expertise in business transformation, technology, data, growth strategy, governance and risk.

This year Larry Diamond stepped down from his non-executive role as a Zip director and US Chairman. From building a start up to a successful public company with co-founder Peter Gray, Larry's vision, energy and customer-first ethos are embedded in our DNA and he will always be a key part of the Zip family. Larry's inspiring leadership forged the foundations Zip stands on. We wish him great success with his new Family Office and Foundation.

We also recognise John Batistich, who retired from the Board after six years, for his significant contribution to Zip's journey. His expertise in marketing, retail and digital guided Zip through important developmental phases. John's sense of true north and respectful challenge showed in our boardroom.

Sustainability and impact

As a digital-first company Zip has a relatively low carbon footprint. We are, nonetheless, focused on ensuring our broader impact is positive and measurable.

Core to our business model is providing products that support responsible repayment behaviour and deliver strong customer experiences. We continue to recognise the importance of inclusion, wellbeing and respect to unlock human potential. In FY25, our Group employee engagement score increased to 81% and we currently have 50% gender representation on both the Board and the Group Executive Team.

Our people

Our results are a testament to our talented Zipsters, who we thank for their passion, focus and entrepreneurial spirit.

In May 2025 we welcomed Soraya Alali as our new ANZ CEO, a purpose-driven leader with over 20 years' experience in the financial services sector with a focus on driving scalable growth, digital transformation and enhanced customer experiences. We recognise Peter Gray's contribution as ANZ CEO and look forward to his contributions in his new role as Head of Strategic Growth.

In July 2024, we welcomed Joe Heck as US CEO, bringing over 20 years' experience in consumer lending.

In October 2024, Linda Lu joined Zip as the Chief Legal and Risk Officer, based in the US and overseeing Zip's legal, compliance, enterprise risk and financial crime functions.

Looking ahead

Zip is a fundamentally stronger and more efficient business than a year ago. We approach FY26 with an earned confidence in our customer and merchant value propositions and our ability to deliver on our FY26 strategic priorities of Growth and Engagement, Product Innovation and Platforms for Scale. We have the team, technology and capital to capture future growth opportunities while remaining true to the customer-first values that brought us here. We thank you, our shareholders, as well as the customers, merchants and partners we serve, for your continued support.

A handwritten signature in black ink, appearing to read 'Diane Smith-Gander'.

Diane Smith-Gander, AO
Chair

A handwritten signature in black ink, appearing to read 'Cynthia Scott'.

Cynthia Scott
Group Chief Executive
Officer and Managing
Director

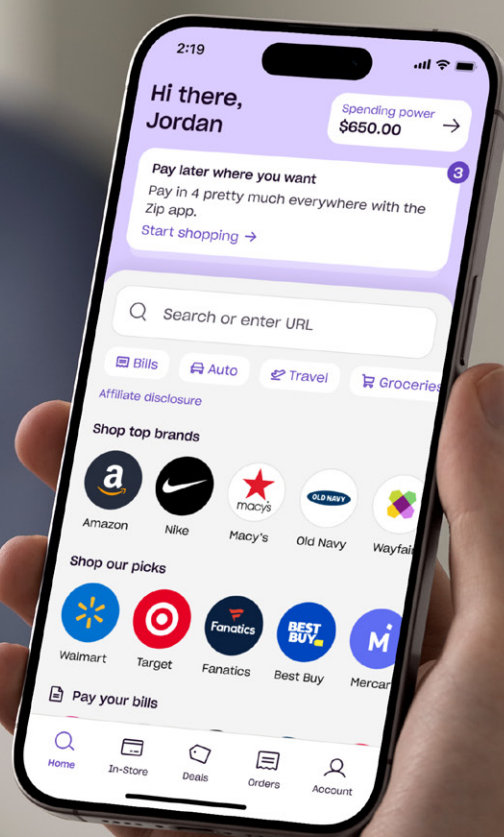
Business Review

We delivered a very strong performance for the year, driven by significant growth in our US business which represents over 80% of our divisional cash earnings, while our ANZ business returned to TTV growth.

In FY25, we executed against our three strategic priorities with discipline:

- Growth and Engagement
- Product Innovation
- Operational Excellence

We have further strengthened our financial position and invested in our core capabilities to ensure we are well positioned to capitalise on strategic opportunities across both markets to drive scale and deliver sustainable, profitable growth.



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FY25 Achievements

Growth and Engagement

Scale and enhance core products and partnerships.

Customers

Customer engagement strengthened with growth in average spend and average transactions per customer across both markets. Investment in customer value propositions and marketing initiatives supported increased engagement with the App in particular. This drove TTV growth in both markets, with continued growth in everyday, non-discretionary categories, particularly in the US. We serve 6.3m active customers and in FY25 delivered 11.0% year-on-year customer growth in the US.

Merchants

We continue to partner with merchants where our customers live, work and entertain. Across the Group, we added several large, enterprise merchants across the ticketing, travel, health and automotive sectors.

Net bad debts

Consistent with our focus on sustainable, profitable growth we delivered a strong result in net bad debts across both markets which reduced to 1.5% of TTV, reflecting the discipline of our credit decisioning processes and responsible lending practices.

Product Innovation

Unlocking new customer and market segments for growth.

The US continued to expand its instalment offering beyond 'Pay-in-4' through optimising and scaling 'Pay-in-8', which was made available to all eligible customers through the App.

In ANZ, we have launched two new products in 18 months as we continue to innovate products that meet the evolving needs of our customers.

During the first half, Zip Plus was made available to new customers with a higher maximum credit limit of \$8,000. We also launched a new Personal Loan product in January 2025 to support customers to pay for life's big milestones with credit limits up to \$50,000.

Operational Excellence

Strengthening our core platforms and balance sheet to support scale.

Operating leverage

Our focus on cost discipline while driving significant top line growth supported cash earnings growing 147.0% to \$170.3m and resulted in our operating margin expanding from 7.9% in FY24 to 15.8% in FY25. Total cash operating costs were \$338.4m for the year, up 10.2%.

Capital management

We repaid all corporate debt and associated exit fees during the period following a successful \$217.0m fully underwritten equity placement from new and existing institutional investors in July 2024. In addition, \$50.1m of equity was raised in August 2024 through a Share Purchase Plan from existing retail investors.

We launched our capital management framework in February 2025 which underpins our ambition to maximise long-term value and shareholder returns. Consistent with this, in April 2025 we launched an on-market share buyback program for up to \$50m of ordinary shares. During FY25, we repurchased 14.8m shares for total consideration of \$29.8m.

Scalable systems and platforms

To support the continued growth and scalability of the business, we made disciplined investment in core risk management systems, processes and people. We continued to leverage artificial intelligence (AI) across the Group, with a focus on unlocking efficiencies and opportunities across our processes, people and products.

US Performance

Our US business delivered an outstanding performance with TTV growth of 41.6% (in USD) outpacing the broader market growth of comparable instalment products at 30-32%¹, and achieved a significant milestone reaching over US\$100m in cash earnings. The US represents a significant growth opportunity as an early-stage instalment credit market, with volumes representing less than 2% of the total US\$12.8tn payments market or 6% of e-commerce².

Key performance metrics (AUD unless stated otherwise)

	FY25	FY24	Change
TTV	\$9.3b	\$6.5b	43.9%
Revenue	\$657.9m	\$450.6m	46.0%
TTV (USD)	\$6.0b	\$4.3b	41.6%
Revenue (USD)	\$424.8m	\$295.6m	43.7%
Transactions	45.3m	33.9m	33.6%
Active customers	4.3m	3.8m	11.0%
Merchants	24.7k	24.2k	2.4%
Cash NTM	3.7%	3.6%	8bps
Cash EBTDA	\$158.5m	\$77.2m	105.3%
Cash EBTDA (USD)	\$102.2m	\$50.6m	101.8%

1. Market growth considers weighted quarterly volume growth in comparable US BNPL instalment products
2. US payments market volumes (including in-store and e-commerce separately) based on 2024 estimated volume per The Global Payments Report, 2024. Total BNPL market estimate for 2024 based on 2024 Global Payments Report, Capital One and Business Wire.

Strategic achievements during the year included:

Growth and Engagement

Customers

The US business delivered significant growth underpinned by deeper customer engagement, with average spend and average transactions per customer increasing 27.6% and 20.3% respectively. The result was supported by an exceptional holiday trading period over November and December which included the single largest trading day and month in Zip's history.

Growth was driven by predominantly non-discretionary spend, including grocery, education and health. In-store spend was also a key driver, representing 23% of TTV, with 65% year-on-year growth, benefiting from increased adoption of the Zip physical card.

We serve a unique and resilient customer base, targeting the 100m+ everyday Americans³ underserved by traditional credit providers who value Zip's flexibility and transparency. During the year, active customers increased to 4.3m, with growth in both merchant-led channels and direct to App. Pleasingly, newer cohorts are spending at an accelerated rate, with the July 2024 cohort experiencing a 58% increase in average spend over the year.

Merchants

Zip's enhanced merchant value proposition continues to resonate, with new integrated merchants added in targeted verticals including Heritage Grocers, Tire Agent, Take 5 Oil Change, FanBasis, GameStop and Cato. Channel partnerships and embedded finance are building momentum, including scaling volumes and merchants through Google Pay, and expanded our work by integrating with autofill on Google Chrome in August 2025. Zip also went live for all businesses on Stripe in the US in August 2025, making it seamless for any of Stripe's millions of US merchants to offer Zip at checkout.

Net bad debts

Our proven expertise in underwriting our customer base and disciplined credit decisioning processes delivered net bad debts as a percentage of TTV at the lower end of our 1.5-2.0% target range throughout the year. Over 98% of transactions were repaid in full.

Product Innovation

The US business is focused on introducing more flexible instalment credit options to serve the needs of everyday Americans, everywhere.

The business continued to expand its 'Pay-in-Z' platform through scaling 'Pay-in-8', which was made available to all eligible customers through the App and comprised 12% of FY25 TTV. 'Pay-in-8' has facilitated increased customer engagement and spending with an average order value of US\$368.

The business continued to develop the systems and processes to offer additional flexible instalment credit solutions, with the roll out of 'Pay-in-2' to commence in 1H26.

Operational Excellence

Measured investment has supported continued operating leverage, with US cash EBTDA increasing 105.3%, reflecting an operating margin of 23.9%.

In October 2024, Zip increased its US funding facility to US\$300m, while improving the capital efficiency of the facility. In July 2025, short duration funding capacity was also added with the business' existing third party bank partner, providing additional funding flexibility to support US growth over the medium term.

In July 2024, Joe Heck commenced as US CEO, bringing over 20 years' experience in consumer lending.

3. Source: Zip survey data and US Census Bureau data.

Great experience! Fast, easy and approved quickly. I like how they asked when I last got paid for setting up the payment schedule. It was nice they gave me the amounts and payment schedule right away. I will definitely choose Zip again!

— Trustpilot review

ANZ Performance

The ANZ business has returned to year-on-year TTV growth following a period focused on improving margins while navigating a challenged domestic economic environment. Following investment in product innovation, people and processes during FY25, the business is well placed to leverage its strategic assets to deliver continued profitable growth.

Key performance metrics (AUD)

	FY25	FY24	Change
TTV	\$3.7b	\$3.6b	5.5%
Revenue	\$413.7m	\$417.4m	(0.9%)
Receivables (AU) ¹	\$2,108.5m	\$2,126.3m	(0.8%)
Portfolio yield (% AU receivables)	19.3%	18.4%	91bps
Excess spread (% AU receivables)	8.7%	5.4%	331bps
Transactions	47.7m	42.3m	12.6%
Active customers	2.0m	2.2m	(6.8%)
Merchants	60.8k	55.1k	10.3%
Cash NTM	4.3%	4.0%	26bps
Cash EBTDA	\$35.0m	\$33.0m	5.9%

1. Receivables related to Zip AU's Master Trust facilities and funding vehicle 2017-1 Trust.

Strategic achievements during the year included:

Growth and Engagement

Customers

TTV grew 5.5%, driven by increased engagement with existing customers, with average transactions per customer increasing 20.9%, supported by growth in Zip Plus.

The portfolio yield on Australian receivables increased to 19.3%, up 91 basis points year on year reflecting product portfolio mix. The excess spread, measured as portfolio yield less interest costs and bad debts, also improved by 331 basis points to 8.7%, supported by improved funding costs and net bad debt performance.

The business collaborated with Google on the rollout of new Google Wallet features that facilitate seamless and secure payment experiences across Chrome Autofill, Google Pay and Google Services.

Merchants

The business continued its focus on targeted verticals, adding Cathay Pacific, National Dental Plan, Lasersight (SMS Healthcare), James Pascoe Group (Prouds, Angus & Coote and Goldmark), Green Cross Health (Life Pharmacy, NZ), Stirling Sports (NZ) and Xplosiv Supplements (NZ).

Net bad debts

The business focused on maintaining strong credit outcomes during the year. Net bad debts performed in line with management actions and strategic settings with arrears, a future indicator of net bad debts, improving over the year.

Product Innovation

The business continues to innovate new products that meet the evolving needs of its highly engaged customer base that represents circa 10% of the adult Australian population.

The rollout of Zip Plus was scaled to new customers in August 2024 and continues to generate strong unit economics. Zip Plus customers are highly engaged, transacting 52% more often than Zip Pay customers. Since launching to new customers, Zip Plus receivables have increased 96% with the monthly acquisition of Zip Plus customers approximately four times higher.

Zip Personal Loan was also launched in January 2025 to both new and existing customers and is yielding early results with the top use cases including cars, holidays and renovations.

Operational Excellence

Zip continued to enhance its funding position. In May 2025, Zip established a \$400m cornerstone warehouse facility with a five year tenor at an attractive margin to support receivables growth. In addition, circa \$2.0b of receivables were refinanced at lower margins, reflecting improved business and credit performance.

Increased investment in core systems and processes have strengthened the business' foundations, including the roll out of GenAI tools for employees, automation for merchant onboarding processes and a customer facing GenAI powered chatbot in Australia.

Soraya Alali commenced as Zip's new ANZ CEO in May 2025 and brings over 20 years' experience in the financial services sector, with a focus on driving scalable growth, digital transformation and enhanced customer experiences.

I love Zip Pay! It's flexible, easy to use pretty much anywhere, minimal fees – it's got us through in a pinch a few times and has been easy to get caught back up. Love that we get a card number making it even more flexible and easy to use. I'm excited to up my limit soon.

— App Review

FY26 Strategic Priorities and Outlook

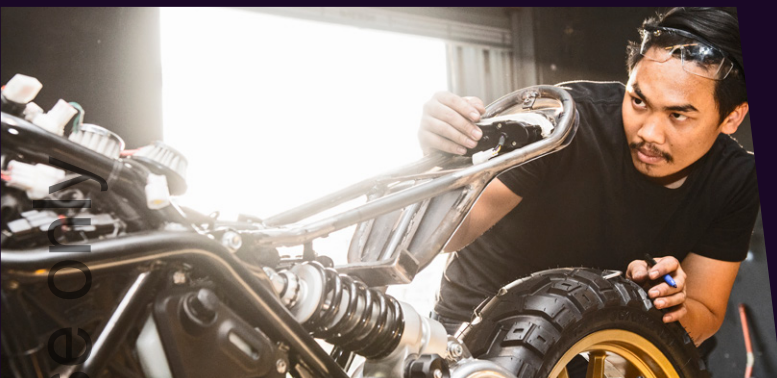
We are well placed to build on the results achieved in FY25, with a proven track record of execution and dedicated focus on delivering on exceptional experiences for our customers, merchants and partners.

We have a clear set of priorities for FY26. We will continue to enhance our value propositions, grow and innovate attractive products and ensure we can support additional scale, supported by the acceleration of AI tools to power our workforce, processes and products.

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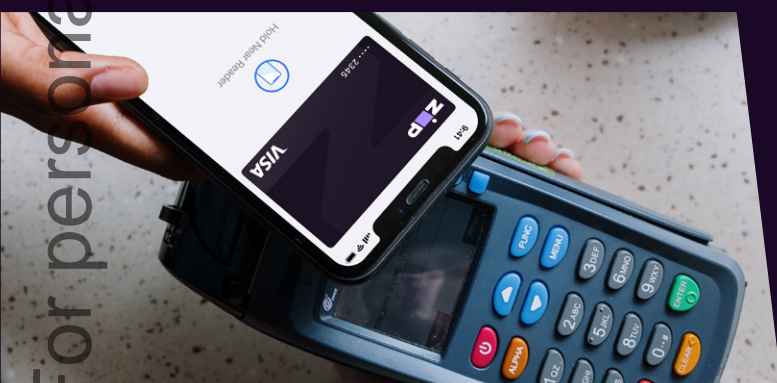


Strategic priorities for FY26 include:



Growth and Engagement

- Secure new commercial partnerships
- Accelerate channel partnerships
- Enhance customer proposition to drive engagement



Product Innovation

- Accelerate innovation through Fearless Frontiers™
- Launch AI-powered products for customers
- Invest in AI-led operating model changes



Platforms for Scale

- Further enhance credit decisioning platforms
- Optimise funding and capital to support growth
- Enhance risk management capabilities

Sustainability Report

We remain fully committed to ensuring that we operate as a responsible, positively impactful and sustainably growing business. Our effective management of Environmental, Social and Governance (ESG) matters reduces risk and enhances value for our shareholders, customers, employees, communities and planet.

Our Sustainability Approach

Our focus areas reflect those that are both important to our stakeholders and where we can make an impact. In FY25, these included Financial Inclusion and Customer Wellbeing; Inclusion, Talent Management, and Community; and Environmental Impact.

Financial Inclusion and Customer Wellbeing includes our approach to responsible lending practices and the overall customer experience. Our lending practices provide customers with appropriate levels of spending power based on their individual circumstances, while making financial services more accessible to customers who may have difficulty accessing, or face higher costs to access, traditional credit products. We are a longstanding advocate for fit-for-purpose regulation that ensures customer safeguards.

We also endeavour to create products which support financial flexibility and control, contribute to their financial wellbeing, and encourage healthy repayment behaviour. In FY25 this included launching Zip Personal Loan in Australia – designed with features that drive customer engagement and encourage responsible repayment behaviour, and providing our customers with more flexible options in the US by expanding our ‘Pay-in-Z’ offering to allow customers to ‘Pay-in-8’.

Our Inclusion, Talent Management and Community focus area looks to unlock the potential of all of our Zipsters, to exemplify the power of inclusion in driving positive financial outcomes and innovation, and to inspire women in leadership and technical roles and build a diverse talent pipeline for the future. We also aspire to reflect the communities in which we live and work, in line with our measurable objectives for gender equality of 40% women, 40% men, and 20% people of any gender. This year we achieved an increase to 40% women in leadership roles across the Group, with 50% gender representation on both the Board and the Group Executive Team and an employee engagement score of 81%.



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As part of our proactive approach to reducing our environmental footprint, we continued working with sustainability and climate advisor, NetNada Pty Ltd (NetNada). Our focus is to minimise our direct and indirect GHG emissions across Scopes 1, 2 and 3 in line with The Greenhouse Gas Protocol Corporate Standard and in accordance with NetNada's Carbon Neutral Business Standard. In FY25, we continued to measure our total emissions across Scopes 1, 2 and 3 and responsibly recycled e-waste in partnership with Zolo.

Sustainability is sponsored by our Group CEO, overseen by our Board, and reviewed regularly by our Board sub committees and Executives. In FY25, we established an ESG Steering Committee to support cross-functional decision making and governance coordination, and continue to identify, manage and report on sustainability risks in accordance with our risk management policy, enterprise RMF and Board-approved risk appetite statement.

This year we achieved an increase to 40% women in leadership roles across the Group.

Goals and Commitments

Focus Area

Goals and Commitments

Financial Inclusion and Customer Wellbeing

Responsible lending

- Fair, flexible and transparent products to support financial health
- To provide customers with appropriate levels of spending power based on their individual circumstances
- To create products and features which encourage and support healthy repayment behaviours

Customer experience

- Partner with community organisations to support financial inclusion and customer wellbeing
- Maintain robust customer satisfaction metrics
- Target no material disruption to operations or data loss from cyber security
- Target no reportable data breaches to regulators

Inclusion, Talent Management and Community

Inclusion

- Measurable objectives for gender equality of 40% women, 40% men and 20% any gender on the Board, in leadership roles (Executive and Director/VP) and across all levels by FY26

People experience

- Target 80% or above Group employee engagement
- Monitor and address gaps between genders in engagement

Community support

- Partner with organisations aligned to our values
- Support all employees to access two days paid volunteering leave per annum

Environmental Impact

Climate

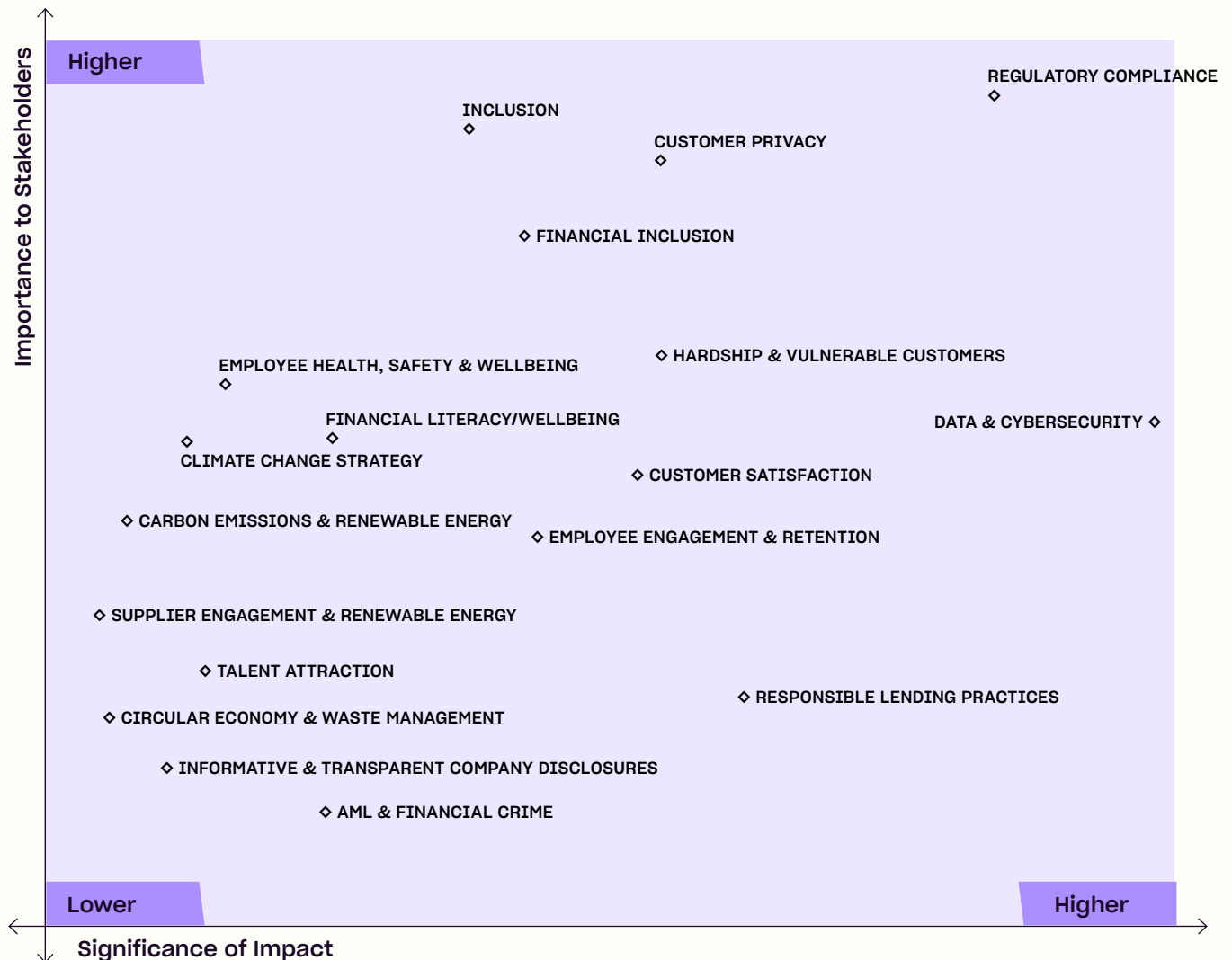
- Achieve carbon neutral accreditation
- Target emissions reduction in FY26
- Develop climate adaption strategy
- Implement Australian Sustainability Reporting Standards

Circular economy

- Support e-waste diversion from landfill

Zip's Material Topics

Our full set of material topics is set out below. We continue to report on sustainability with reference to the GRI Universal Standards, providing references to key GRI Topic Standards covered, included on page 147 of this Annual Report.



I tell the Zip team all the time, it is one of the best decisions we have ever made as an organisation. The Zip folks are so dedicated to what they're doing, it makes our job that much easier.

— Douglas Raymond, Head of Business Development and Sales, Fanatics (US)

Financial Inclusion and Customer Wellbeing

By focusing on financial inclusion and customer wellbeing, we recognise our ability and opportunity to expand access to financial products for underserved communities. Through this focus, we aim to empower individuals to confidently manage their finances and unlock their financial potential.

We aim to design fair, flexible and transparent products with features that support positive repayment behaviour. Our lending practices strive to offer credit responsibly and tailored to the individual customer's spending power.

Our customer experience, support and feedback mechanisms strive to ensure our customers feel heard and understood, and confident that their concerns will be addressed appropriately.

Our privacy and cyber security resilience builds trust with our customers to confidently and safely execute transactions with Zip.



**Simple and easy payments.
I have used this service a
few times. Helps out when
I'm on a budget in these
interesting times we live in.**

— Trustpilot Review

Responsible Lending

With access to 12 years of customer and transaction data in Australia and eight years in the US, Zip has an extensive capability across regions in credit-decisioning a range of customers, including enabling customers without an established credit history or with irregular incomes to access credit.

Customers use Zip to manage their cash flow and value access to our fair, flexible and transparent products. Aligned to our customer-first approach, our products encourage responsible repayment behaviour. Customers are able to vary repayment dates to manage their cash flows.

In Australia we launched Zip Personal Loan in January 2025, which grants customers a one per cent annual interest rate reduction every year if repayments across all Zip products are made on time and in full for the preceding 12 months. In the US, we adopt a 'low and grow' strategy with spending power typically starting at US\$200 and providing appropriate spending power increases to customers based on positive payment history.

We have low levels of customers in hardship with less than 0.5% of customers currently accessing hardship support in Australia, and in the US, over 98% of Zip transactions were repaid in full in FY25, reflecting our disciplined credit decisioning processes and utility of our product as a cash flow smoothing tool.

Across the Group we work with not-for-profits, industry groups and customer advocacy groups to ensure our team is appropriately equipped to manage hardship cases. We enable customers in hardship to seek support through multiple channels including online, by phone, or by email.

In FY25, we uplifted our hardship processes to deliver clearer and faster support by simplifying application pathways, enhancing systems to detect early indicators of financial stress, refining our case management model and leveraging automation in Australia.

In Australia, our support teams participate in regular training on identifying vulnerable customers and handling complex customer challenges with empathy. We also continued our partnership with Way Forward to support Australians in hardship. In New Zealand, Zip collaborates with Financial Mentors and FinCap to improve internal hardship operations and is an active participant on the Financial Services Federation working group responsible for developing the Code of Practice for Financial Harm for specialist lenders. In the US, team members are trained to manage hardship concerns with efficiency and empathy. Customers who are experiencing financial hardship contact Zip Support where team members evaluate customer requests for temporary or longer-term assistance with their account.

Our credit assessment processes are also designed with our customer in mind and making sure we serve them on this vital task given the outcomes it may have. Across the Group, we utilise various sources which can include credit checks, banking data, and behavioural insights as appropriate. We routinely review our credit settings and provide regular Board reporting on key customer outcomes such as complaints, hardship trends, and repayment behaviour. We also endeavour to use clear and simple language to communicate Zip's offers and products on our website, app and in terms and conditions, including information on fee structures, repayment plans and the consequences of missed payments.

Regulation

We are a longstanding advocate for fit-for-purpose regulation that supports strong customer outcomes and that provides protection for consumers, while still promoting and supporting innovation and competition. We maintain an active dialogue with regulators across our markets.

In Australia, we prepared for the passing into law of Buy Now Pay Later (BNPL) legislation and regulation. With over a decade of experience in providing fully regulated credit, our existing processes were already largely aligned with the obligations outlined in these reforms. We perform identity, affordability and credit checks on all customers as part of the application process, have held an Australian Credit Licence since inception, and now all of our four products are regulated products under the National Consumer Credit Protection Act – Zip Pay, Zip Money, Zip Plus and Zip Personal Loan.

In New Zealand, we welcomed the government's regulatory changes for BNPL products. As credit checks have always been part of our application process, we were well placed to make the process changes required by these reforms.

In the US, we continue to operate in alignment with the Consumer Financial Protection Bureau (CFPB) interpretive rule, which classified BNPL lenders as "card issuers" offering "credit cards" in the form of digital user accounts, despite the rule's rescission in FY25.

Customer Experience

One of Zip's company values is 'Customer First', meaning we put customers at the centre of everything we do. Providing seamless customer experiences and meeting customers where they need us most builds trust, loyalty and advocacy, which underpins our two-sided business model.

Insights from NPS, CSAT (Customer satisfaction with support) and customer immersion sessions inform our product roadmaps, service enhancements, partnerships, and strategic decision-making, to ensure we continue to enhance the customer experience and meet our customers' evolving needs.

NPS is one of our core customer health metrics which we regularly collect through customer surveys at key milestones post sign up. In the US, Zip's NPS has risen steadily from +41 in 2Q FY23 to a record high +75 in 4Q FY25 (+68 for FY25 in total). Customers surveyed value Zip's flexible payment options, which help them manage budgets during tight financial periods, the wide acceptance across both online and in-store retailers, and the simple, intuitive App experience that makes purchases and repayments fast and seamless.

In ANZ, we recorded a customer NPS of +57 in FY25 with Zip's key benefits to our customers being our helpful flexible payment options, as well as convenience and ease of use to manage transactions ranging from everyday needs to bigger purchases without financial strain.

Zip also leverages customer feedback surveys to measure the effectiveness of its customer support channels. These surveys focus on the key performance indicator, CSAT, to collect immediate feedback and find ways to improve our customer experience. Our 'Voice of the Customer' program enables us to understand customer perceptions, preferences, areas of strength and growth opportunities. In addition, we utilise customer immersion sessions and targeted surveys, in conjunction with macroeconomic indicators.

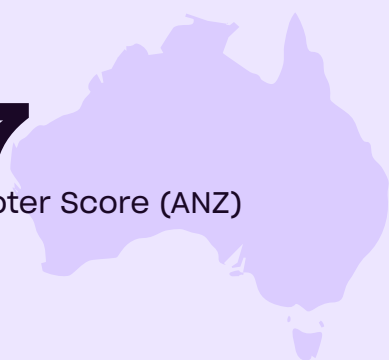
Our Customer Experience (CX) and Product teams work together closely to review insights from direct customer feedback, our 'Voice of the Customer' program, and NPS data, with an emphasis on understanding the end-to-end customer journey and applying customer feedback to drive product and service improvement. Our CX teams also undertake monthly business and quality assurance reviews to see if we are always delivering consistent quality across our customer support experiences.

Complaints Management

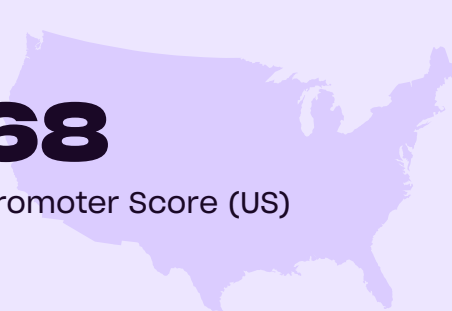
Robust complaints management processes ensure that our customers are confident that their concerns will be heard and addressed appropriately. We regularly review our complaints handling process to identify the root causes of customer dissatisfaction and improve overall customer outcomes. Customers can submit complaints through multiple channels, including our website, phone, chat, email, and social media and to independent or regulatory bodies.

+57

Net Promoter Score (ANZ)

**+68**

Net Promoter Score (US)



The US team manages both complaints that are filed directly with Zip by following internal dispute resolution processes and those that are filed with regulatory entities, such as the Better Business Bureau, Attorneys General, and the Consumer Financial Protection Bureau.

The ANZ team manages complaints that are filed directly with Zip by following the internal resolution disputes processes. In Australia these procedures follow the Australian Securities and Investments Commission guidance. The team also manages complaints lodged by customers directly with the Australian Financial Complaints Authority and the Financial Services Complaints Ltd in NZ.

Privacy and Cyber Security Resilience

We recognise our privacy and cyber security performance affects our customers' wellbeing, impacts individuals feeling safe sharing their personal information transacting online and using products like Zip, and has the ability to help mitigate vulnerabilities for the wider digital ecosystem. Zip is committed to being a trusted and reliable custodian of customer, employee, merchant and partner data, with a "safety first" culture underpinning our approach.

Our Security teams proactively identify and assess cyber risks, integrating these findings into briefings provided to Group and Regional Risk Committees, and the ARC as appropriate, focusing on key risk indicators, the status of cyber security initiatives, incident response preparedness and compliance with relevant regulatory frameworks.

As with other organisations our size, we are occasionally targeted by cyber attackers, testing our defence. However, in FY25 we had zero data breaches that were reportable to regulators. We also continued to undertake periodic evaluations of the effectiveness of security controls to ensure ongoing alignment with global best practices, through external audits for key industry standards, including PCI-DSS, SOC 2 Type 2, and ISO 27001. Our US business was ISO 27001 certified in FY25, while the ANZ business completed the ISO27001 audit and is expected to receive certification in the coming months.

Prevention of Financial Crime

We are also committed to preventing, detecting, and disrupting financial crime, to help minimise potential negative impacts for Zip customers and communities. We acknowledge the importance of combating financial crime and recognise the significant role we can play in protecting our community, customers, and employees. We maintain effective Anti-Money Laundering and Counter Terrorism Financing, Sanctions and Anti-Bribery and Corruption Programs.

We have continued to enhance our financial crime programs to ensure that Zip has effective financial crime controls in place. As part of managing our compliance risk, the Board maintains oversight of these programs; and independent auditors are engaged to ensure that the programs continue to meet regulatory standards and our controls are effective.

Inclusion, Talent Management and Community

Inspired by our purpose, we work together to unlock the potential of all of our Zipsters, to exemplify the power of inclusion in driving positive financial outcomes and innovation. We have achieved our objectives for Gender Equality and actively seek opportunities to inspire women to pursue leadership roles and careers in technology and finance related industries, which also helps to build a more diverse talent pipeline for the future.

A strong culture built on clear values and inclusion also helps to ensure all Zipsters operate in line with our values when engaging internally and externally, and to support robust risk management. A positive employee experience also enables Zip to attract and retain top talent, reduce turnover, fuel innovation, and improve productivity.

SOCIAL WELLBEING

FY25

FY24

Employee Engagement

Group Engagement Score

81%

80%

Inclusion

Board

50% women/50% men

50% women/50% men

Leadership (Executive and Directors/VP)¹

40% women/60% men

37% women²/63% men

Total Workforce

44% women/
1% non-binary/55% men43% women/
1% non-binary/56% menGender Pay Equity (ANZ)³

0%

0%

Gender Pay Equity (US)

0%

1%

Gender Pay Gap (ANZ)⁴

14%

15%

Gender Pay Gap (US)

8%

13%

1. As at 30 June 2025, measurable objectives for gender equality have been updated to measure gender representation on the Board, in leadership roles (Executive and Director/VP) and across the Total Workforce. This replaces the previous measures of Board, Executive, Director/VP, Manager and Total Workforce as more appropriate measures for an organisation our size.
2. This was not included in the FY24 annual report as data was provided separately for Executives, Directors/VP and Managers. The change is to align with revised measurable objectives for gender equality.
3. Gender pay equity is analysed as the gap between men's and women's salaries performing similar roles in the same region.
4. Gender pay gap is analysed as the gap between the average men's and average women's salaries, regardless of role. Note: in Australia a separate analysis is undertaken for the Workplace Gender Equality Agency for Australia based employees only.



In ANZ, in FY25 almost half of all new hires in technology roles have been women, contributing to the increase in female representation in technology roles from 15% to 27% over the last 24 months.

Inclusion

At Zip, we believe that inclusion, diversity and respect unlock human potential. We're intentional about creating exceptional experiences, filled with opportunities to listen and learn from each other, building a workplace where our team of Zipsters feel they belong. We value a team that reflects the communities in which we live and work, and are committed to fostering a safe, fair and inclusive workplace, free from bias and discrimination. We recognise that when we work together, sharing perspectives, we create innovative solutions that drive value for our customers, our communities, and our Zipsters.

We are an ASX-listed company that supports gender equality, having Board approved measurable objectives to have 40% women, 40% men and 20% people of any gender on the Board, in leadership roles (Executive and Director/VP roles) and across the workforce.

We have focused on improving representation of women at leadership levels and continuing to advance women in STEM (Science, Technology, Engineering, and Mathematics) roles. In ANZ, in FY25 almost half of all new hires in technology roles have been women, contributing to the increase in female representation in technology roles from 15% to 27% over the last 24 months.

In FY25 we achieved our measurable objectives for gender equality, reaching 40% women in leadership roles across the Group, 50% on both the Board and the Group Executive Team, and 44% across the total workforce. The impacts are flowing through the development pipeline, with female participants comprising over 60% of the ANZ 'High Potential' pilot program.

We also have dedicated employee resource groups, Fearless Women@ Zip, Parents@Zip and Zip_Pride, Culture Committee and Culture Circles, which actively highlight key cultural, religious, and societal moments across both regions.

Talent Attraction

We continue to prioritise the experience of prospective and future Zipsters through a focus on inclusive and exceptional recruitment experiences. We recognise that our recruiting experiences can contribute to attracting individuals from different backgrounds and foster different perspectives which can support innovation.

In both regions our talent attraction and acquisition processes have been enhanced through our investment in capability development for hiring managers, broadening of talent pools through intentional approaches to sourcing and referral programs, and the use of technology and AI.

These enhancements have yielded significant efficiencies and positive candidate experiences measured by the candidate NPS and satisfaction surveys.

We continue to invest in building Zip's employment brand through our 'Write Your Story' campaign which showcases the opportunities and employee experiences that Zip provides through the power of storytelling, while also embedding inclusion. Our focus on elevating female voices in employment communications throughout FY25 supported the increase in applications and hires of women in technology roles across markets.

Group employee engagement score increased to 81%, exceeding our target.



People Experience

We are passionate about bringing the key elements of our mission, to bring exceptional experiences, innovation and partnership, into the career journey of every Zipster. Pleasingly in 2025 our Group employee engagement score increased to 81%, exceeding our target, with over 90% participation.

Following the work undertaken in FY25 to refresh Zip's mission and purpose, we have established work streams in both regions to develop updated standards which support our longstanding values, being 'Customer First', 'Stronger Together', 'Own It' and 'Change the Game'. Our values and standards guide Zipsters as to how they work and contribute to a positive and inclusive workplace culture. Our values are embedded in our performance assessment and recognition programs, with Zipsters evaluating their contribution against the values annually. This is embedded across all layers of the Group, with Zipsters being able to recognise each other for living our values through our internal recognition and rewards platform.

In ANZ we continue to embrace a hybrid approach to work to foster greater opportunities for team connection, collaboration, mentorship and career development, while providing the flexibility our Zipsters value. In January 2025 we relocated our Melbourne office to a newly constructed building in the CBD, that has been certified carbon neutral (Base Building) by NABERS.

In the US, we continue to operate as a remote-first team, with an office hub in New York City. We continue to bring teams physically together at key points in the year to support connectivity, alignment and collaboration, including bringing leaders together for monthly and quarterly business reviews which are held in various US cities that reflect our employee and customer footprint. To bring the remote-first culture to life, we launched Zip Compass, a structured onboarding program for US new hires that blends virtual instructor-led learning, self-paced learning and peer support to increase early engagement and accelerate role readiness through a deep dive into Zip's purpose, mission, products and culture.



Investing in Zipster Growth and Development

In line with Zip’s commitment to operational excellence, we’ve sustained our investment in building Zipster skills and capabilities through regionally led programs focused on:

- Manager and leadership effectiveness.
- Online Zipster-led learning and development using LinkedIn Learning and Udemy.
- Effective onboarding and speed to productivity.

Across the Group we operate two core leadership programs:

- Managing @ Zip: a foundational management training program that ensures all managers have a comprehensive understanding of their roles and responsibilities as a manager at Zip.
- Leadership Essentials: a cornerstone leadership development program designed to strengthen leadership capability.

We operate an annual cycle of talent review and succession planning across the Group assisting us to identify development priorities and to build an internal pipeline of capable successors to support business continuity and growth. In ANZ, we piloted a ‘High Potential’ development program to grow and retain top talent and emerging leaders through targeted learning, mentoring and executive engagement, and a Hackathon-style business challenge.

We have focused on building AI capability across the business, empowering teams to advance from exploration to impact through targeted enablement, partnerships, and hands-on experience. Upskilling all Zipsters on AI allows us to foster continuous innovation, enhance efficiency and productivity, and maintain competitive advantages.

In the US we launched AI Leadership Enablement initiatives including the roll out of Generative AI chat tools, and the formation of an AI Champions group, driving over 90% adoption and strengthening leadership communication. We also partnered with eCornell to upskill Technology and Engineering managers in planning and innovation, and introduced tailored coaching for senior Product and Engineering leaders to enhance strategic influence and team scalability.

In ANZ teams have been actively experimenting and exploring AI through proof-of-concepts, curated learning pathways and the launch of Generative AI chat tools across the business. Our September 2024 AI-themed Hackathon drove strong engagement, awareness, and collaboration, accelerating the shift from AI experimentation to tested use cases now in production.

Wellbeing

The wellbeing of our Zipsters continues to be a key priority in the career journey of every Zipster, this includes both physical and mental health. In FY25 in ANZ our wellbeing survey along with additional data gathered from people experience surveys, Employee Assistance Program and lifecycle data was used to prepare a psychosocial risk assessment. The psychosocial risk assessment identified key controls and actions which are being implemented to mitigate the risks to psychosocial health and wellbeing. An example of this is the identification of the risks of experiencing workplace stress and associated mental health issues faced by our frontline CX teams. To mitigate this we have implemented call monitoring, escalation pathways, recovery processes, extensive induction, additional training on managing complex customer situations, and regular resourcing reviews.

In FY25 in the US our major focus areas have been mental health and wellness in the US, we hosted seminars such as “The Power of Presence and Listening”, a workshop that explores how intentional presence can transform communication, foster trust, and strengthen both individual well-being and team collaboration, and in May 2025 we hosted 15-minute guided mindfulness resets each week, promoting mindfulness, stress management and healthy work-life balances.

We actively support Zipsters to focus on their wellbeing by providing a broad range of Zipster Wellbeing Benefits, summarised below:

Benefit	ANZ	US
Wellbeing Allowance	✓	✓
Quarterly Wellbeing Leave	✓	✓
Annual Birthday Leave	✓	✓
Volunteering/Community Service Leave	✓	✓
EAP/Mental Health Support	✓	✓
Medical Support Services	✓	✓
Discounted Health Benefits	✓*	✓**
Discounted Fitness Access	✓	

* Includes discounted private health insurance.
 ** Includes fertility and family building care.

Community Support

Through paid community service leave days and partnerships, our Zipsters supported a variety of causes including the inclusion in tech, and natural disaster response related initiatives below across our markets:

- Supporting Her Tech Circle, a not for profit network supporting women in tech at all career stages. We hosted our fifth event, a leadership panel discussion on “The Importance of Innovation and Decision-Making in Leadership”, including Zip’s Group CEO.
- Sponsoring various activities with the UNSW Computer Science and Software Engineering Society, including their International Women’s Day panel, with a Zipster participating as a panellist.
- Contributing to the Pinnacle Foundation’s Scholarship program for young LGBTQIA+ Australians for the fourth year running.
- Assisting employees affected by California wildfires with communication channels, resources, and emergency evacuation expense coverage.
- Dress for Success: Collected good quality used clothing to donate to dress for success for International Women’s Day and fundraising.
- Movember: Supported the Movember Foundation, raising and donating approximately \$35,000, including employee donations matched by Zip.



Environmental Impact

Zip continues to measure and manage its environmental impact and climate-related risks, for the benefit of all our stakeholders.

As a digital-first company, our Greenhouse gas (GHG) emissions remain relatively low across Scope 1 due to no direct emissions from

sources owned or controlled by the Company and Scope 2 due to our endeavour to select renewable energy across our offices. However, we recognise the important role we play in taking action on climate change and seek to continuously improve how we deliver on our environmental sustainability commitments.

Carbon Neutral Objective

For the fourth consecutive year, we have taken a proactive approach to reduce our carbon footprint. In our approach to carbon neutrality, we offset our FY24 residual emissions through certified carbon credits, including restoration and generation projects verified under the Verified Carbon Standard (VCS) and registered under the Australian Government's Emissions Reduction Fund (ERF). We invest in environmental projects that reduce future emissions and generate co-benefits

aligned with the United Nations Sustainable Development Goals (SDGs). This is a process we will undertake for our FY25 Scopes 1, 2 and 3 emissions in the coming months with the same aim of carbon neutrality, with support from our advisors. In addition to continuing to invest in carbon neutral and renewable energy usage within our offices, we will further explore and set appropriate decarbonisation targets in FY26.

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Scope 1, 2 and 3 Emissions

We continued to work with our external advisor NetNada to assess our direct and indirect GHG emissions, to align with the GHG Protocol. Scope 1 emissions are direct emissions from owned or controlled sources (for example, owned vehicles or factories), which remain at zero. Scope 2 emissions are indirect emissions from the generation of purchased energy, which come from our office electricity usage. Scope 3 emissions are all indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions. For Zip, key categories of Scope 3 emissions sources include purchased goods and services (for example, spend on digital marketing, technology vendors and professional services), business travel, and employee commute.

Scope 3 emissions make up the majority of Zip's carbon footprint. We are continuing to mature our assessment and measurement of Scope 3 emissions in order to establish appropriate baselines for our business that will inform targets. In FY25, we also enhanced our vendor engagement process to include questions relating to sustainability matters and engaged with suppliers associated with the highest proportions of Zip's Scope 3 emissions as part of our efforts to influence the indirect environmental impacts of our operations.

Employee Initiatives

Our employees continued to support environmental initiatives using paid community service leave for environmental volunteering initiatives such as local beach clean ups and establishing an employee resource group to identify emissions reduction initiatives and drive engagement and awareness across the business.

Zipsters also participated in our "work from home and employee commuting" survey to enable us to calculate and better understand carbon emissions contributions from this part of our value chain.

Climate Reporting

As part of our proactive approach to reducing the environmental impacts of our business, and future proofing our operations with climate change in mind, we continue to develop our climate adaption strategy and manage carbon emissions from across our value chain. This includes progressing our readiness for mandatory climate reporting under the Australian Accounting Standards Board (AASB) in FY26, the ARC increased its focus on climate-related risks and reporting in FY25. We have undertaken a gap analysis of our current climate reporting against the incoming standards, developing a roadmap to address the gaps. Zip is preparing for third-party limited assurance over FY26 emissions inventory in anticipation of future mandatory climate disclosures and undertaking a cross-functional review of climate risks and opportunities as we progress towards developing a holistic climate adaptation strategy. We will provide an update on our progress on this work in the FY26 Sustainability report.

To support our transparent disclosure of climate-related reporting, we continue to complete the Carbon Disclosure Project (expected to be submitted in September 2025).

Circular Economy

We continued our e-waste recycling partnership with Zolo, diverting e-waste from landfill across our Australian offices.

Corporate Governance

We are committed to the continuous improvement of our governance practices to ensure alignment with the needs of our business, evolving regulatory requirements and governance practices, and stakeholder expectations.

The governance and performance of the Company is overseen by the Board, which is elected by shareholders.

The Board is committed to conducting the business of Zip in an ethical manner and in accordance with high standards of corporate governance. Zip's governance framework is outlined below, and key metrics are featured in Table 1. Further detail on our corporate governance framework can be found in the FY25 Corporate Governance Statement.

Board Composition

Our goals and commitments for board composition include a majority of independent Directors, and gender balance.

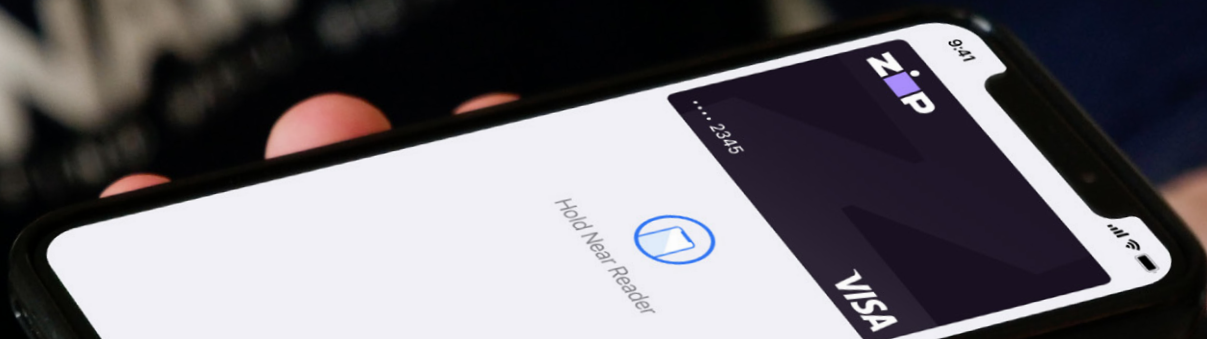
	FY25	FY24
Total Directors (#):	6	6
– Women	3	3
– Men	3	3
Women Directors on Board (%)	50%	50%
Independent Directors (#)	5	4
Location (#):		
– Australia	4	5
– United States	2	1

Our Governance Framework



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Strategy



Board Priorities During FY25

During FY25, the Board supported Management to execute on Zip's strategic pillars: Growth and Engagement, Product Innovation and Operational Excellence.

Specific priority areas included:

Product Innovation

The Board held immersion sessions with customers, employees, merchants and partners to deepen its understanding of Zip's product offering and customer experience, and accelerated product innovation in both markets. Continuing to enhance our customer value proposition, particularly in the US will continue to be a priority in FY26. The Board also explored the role of AI and how the company can drive experimentation, while ensuring responsible adoption of AI capabilities.

Culture

We refreshed our Purpose to 'Unlocking financial potential, together' to better reflect Zip's strategic priorities and our growth opportunity and updated our Mission to 'bring exceptional experiences, innovation and partnership to every financial journey'. The Board engaged with People and Culture regularly to understand upcoming issues, emerging risks and their development of programs to deliver improved outcomes.

Leadership and Talent

As part of a continued evolution of the Board to ensure we have the collective skills and experience to support our strategy and growth opportunity, the Board welcomed Non-Executive Directors, Matthew W. Schuyler and Andrew Stevens. We also welcomed three new executives including US CEO, Joe Heck, Chief Legal and Risk Officer, Linda Lu and Australia and New Zealand (ANZ) CEO, Soraya Alali. Co-Founder Peter Gray transitioned to a newly created leadership role as Head of Strategic Growth. The Board was engaged with regional leadership teams and development programs for top talent and emerging leaders.

Sustainability

The Board actively monitors developments in Sustainability reporting and stakeholder expectations. This year there was a focus on upskilling Directors and Management on external developments and increasing resources in preparedness for new climate-related reporting standards.

Risk Management

The Board and ARC continued to mature Zip's approach to risk management. This included a material uplift to the enterprise Risk Management Framework (RMF), continued focus on cyber security and credit risk oversight, and the management of the evolving regulatory environment in both markets.

Capital Management

A capital management framework was developed articulating how we would allocate capital to drive shareholder return. The framework and was presented to the market during our 1H25 results. An on-market share buyback was launched in April in line with the framework, reflecting the continued delivery of operating cash flows and Zip's outlook for future profitable growth.

Board Skills

The Board uses a skills matrix to illustrate the skills and experience that the Board considers are needed to address existing and emerging business and governance issues relevant to Zip, and the extent to which the Board currently has those skills and experience. The skills matrix is reviewed annually by the Board and in FY25 was updated to include Data, and Sustainability and Environment as standalone areas of experience and skills required on the Board. The full Board skills matrix is available on page 10 of Zip's FY25 Corporate Governance Statement.

Risk Management

The purpose of risk management is to safeguard our long-term viability, reduce volatility in financial performance, strengthen operational resilience and facilitate informed decision-making. The RMF articulates a minimum set of requirements relating to ownership, management, and governance of material risks. The Board has delegated authority to the ARC to monitor and review the effectiveness of the RMF and whether Zip is operating within the risk appetite set by the Board. The implemented framework supports Zip to identify, assess, monitor and manage both financial and non-financial risks.

During FY25 we continued to invest in uplifting our risk management practices and capabilities to reflect the nature, size and complexity of our business. Key activities included:

- Enhancing our measurement of performance against the Board approved risk appetite statements;
- Continuing to actively monitor our group and regional risk profiles to assess and report on our material risks;
- Improving risk and compliance maturity across the business, including cyber and data security, credit risk oversight and management of the evolving regulatory environment;
- Increasing the profile of risk management within our business, enhancing our risk management training and communications, and embedding risk metrics in performance scorecards; and
- Continuing to add capability and strengthen our lines of defence model.

More detail on our material risks, is outlined in section the Director's Report on page 43.

Ethical Business Practices and Conduct

Zip maintains a robust governance framework that supports high standards of conduct across all operations. Central to this framework is the Code of Conduct, which outlines the expected ethical behaviours for all directors, executives, and employees, underpinning Zip's commitment to integrity, fairness, and compliance with all applicable laws and regulations. Complementing this, the Anti-Bribery and Corruption Policy enforces a zero-tolerance stance on bribery and corruption, providing clear guidelines and controls to mitigate associated risks in all business dealings and geographic territories.

To further encourage transparency and accountability, Zip has established a Whistleblower Policy, which provides a secure and confidential mechanism for reporting suspected wrongdoing, protecting individuals who raise concerns and ensuring appropriate investigation and rectification of misconduct. In FY25 the number of whistleblower reports received under the Whistleblower Policy remained at zero.

Our key corporate policies, Board and Board committee charters, and Workplace Gender Equality Agency (WGEA) statement can be found on Zip's website, collectively demonstrating Zip's dedication to fostering a culture of ethical conduct and responsible corporate citizenship.

Board of Directors



Diane Smith-Gander AO
Chair, Non-Executive Director



Cynthia Scott
Group CEO & Managing Director



Meredith Scott
Non-Executive Director



Kevin Moss
Non-Executive Director



Matthew W. Schuyler
Non-Executive Director



Andrew Stevens
Non-Executive Director

Refer to pages 45-49 for qualifications and biography details.

Directors' Report

30 June 2025

The Directors of Zip Co Limited present their report, together with the financial statements of Zip Co Limited ("the Company") and its controlled entities ("consolidated entity", the "Group" or "Zip") for the year ended 30 June 2025 ("the period"). This report complements the financial report. To comply with the provisions of the *Corporations Act 2001*, the Directors' report is as follows:

Directors

The following persons were Directors of the Company during the financial period and up to the date of this report unless otherwise stated:

- Diane Smith-Gander AO
- Cynthia Scott
- Meredith Scott
- Kevin Moss
- Matthew W. Schuyler (appointed as Director on 7 October 2024)
- Andrew Stevens (appointed as Director on 17 April 2025)
- Larry Diamond (resigned as Director on 3 December 2024)
- John Batistich (retired as Director on 7 November 2024).

The profiles of Directors have been included on pages 45 to 49.

Principal Activities

Zip is a leading player in the digital retail finance, personal finance and payments industry. Established in 2013, the Group is headquartered in Sydney, Australia with operations currently providing services in Australia, New Zealand (together ANZ) and the United States of America (USA).

Zip offers access to point-of-sale credit and digital payment services, connecting customers with its network of merchants. Zip also offers personal loans in Australia.

Zip's ordinary shares have been listed on the Australian Securities Exchange (ASX code: ZIP) since 2015.




Directors' Report continued

Operational and Financial Review

Review of Operations

Zip provides unsecured loans either directly or through a banking partner to consumers, both online and in-store, through the provision of line-of-credit, instalment products and personal loans. Revenue is generated from merchants (merchant fees), consumers (predominantly service fees, monthly fees, establishment fees and interest), transaction processing fees, affiliate fees and interchange fees.

Zip has continued to deliver sustainable growth and has focused on execution of its three strategic priorities in the year ended 30 June 2025:

 <p>Growth and engagement</p> <p>Scale and enhance core products and partnerships</p> <ul style="list-style-type: none"> Customer engagement increased with transactions per customer of: <ul style="list-style-type: none"> 10.6x in the US, up 20.3% 23.4x in ANZ, up 20.9% Continued growth in everyday categories, particularly in the US Disciplined bad debts management, reducing to 1.5% of TTV Added merchants in targeted verticals 	 <p>Product innovation</p> <p>Unlocking new customer and market segments for growth</p> <ul style="list-style-type: none"> Scaled and optimised Pay-in-8 (US) Continued development of more flexible Pay-in-Z offering (US) Extended Zip Plus (AU) offering to new Zip customers Launched Personal Loan product in January 2025 (AU) 	 <p>Operational excellence</p> <p>Strengthening core platforms and balance sheet to support scale</p> <ul style="list-style-type: none"> Launched on-market share buy-back for up to \$50m ordinary shares Repaid all corporate debt Increased US short duration capacity, and extended AU funding tenor to 20 months while lowering the weighted average margin Investment in risk management systems, processes and people
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Directors' Report continued

Financial Performance

For the year ended 30 June	2025 \$'M	2024 \$'M	Change %
Continuing operations			
Total income	1,081.1	875.1	23.5%
Cash cost of sales	(572.1)	(495.1)	15.5%
Cash gross profit¹	509.0	380.0	34.0%
Movement in bad debt provision and amortisation of funding costs	(51.8)	(3.2)	1531.1%
Gross profit¹	457.2	376.8	21.3%
Salaries and employee benefits expenses	(190.9)	(161.0)	18.5%
Marketing expenses	(48.1)	(38.2)	25.9%
Information technology expenses	(49.8)	(41.1)	21.2%
Depreciation and amortisation expenses	(65.4)	(64.4)	1.5%
Share-based payments	(13.3)	(6.6)	100.1%
Interest on operations ²	(29.2)	(22.2)	31.5%
Corporate financing costs	(1.4)	(44.2)	(96.9)%
Other operating expenses	(31.0)	(38.6)	(19.7)%
Non-operating expenses, gains and losses ³	(2.8)	64.6	(104.4)%
Profit before income tax from continuing operations	25.3	25.1	0.8%
Depreciation and amortisation	65.4	64.4	1.5%
EBTDA¹	90.7	89.5	1.3%
<i>Non-cash items, corporate and one-off items</i>			
Share-based payments	13.3	6.6	100.1%
Non-operating expenses, gains and losses	2.4	(64.6)	103.7%
Amortisation – corporate funding ²	28.1	5.1	452.7%
Loss on derecognition of financial liabilities and assets	–	1.0	(100.0)%
Non-cash items and discontinued operations	35.8	31.4	13.9%
Group Cash EBTDA¹	170.3	69.0	147.0%
Operating Margin (%)¹	15.8%	7.9%	

- Measures categorised as Non-IFRS financial information, prepared in accordance with ASIC Regulatory Guidance 230 – *Disclosing non-IFRS financial information*, that is used to manage and report on the Group. Refer to Glossary for more detail on Non-IFRS disclosures.
- FY25 includes a non-recurring item amounting to \$28.1 million of amortisation of corporate funding costs due to the repayment of the corporate funding facility in July 2024.
- FY24 includes non-recurring items amounting to \$62.8 million (\$139.7 million net gain from consent solicitation, \$61.5 million fair value loss on embedded derivative in relation to the corporate debt facility and \$15.4 million fair value loss on investment in Zest Money India).

Cash EBTDA

For the year ended 30 June	2025 \$'M	2024 \$'M	Change %
ANZ	35.0	33.0	5.9%
USA ¹	158.5	77.2	105.3%
Corporate and other	(23.2)	(41.2)	43.7%
Total Cash EBTDA	170.3	69.0	146.7%

- Cash EBDTA in USA is USD\$102.2 million as at 30 June 2025 and USD\$50.6 million as at 30 June 2024 representing a percentage change of 101.8%.

Directors' Report continued

In FY25 total income from continuing operations exceeded \$1.0 billion, representing a 23.5% increase from the prior year. This was due to a 30.3% increase in total transaction volumes, driven by strong growth in the USA.

The increase in total transaction volumes and revenue, together with disciplined debt arrears performance and improved receivables funding margins, drove a 34.0% increase in cash gross profit compared to the prior period.

The Group's focus on operational leverage resulted in Group Cash EBTDA of \$170.3 million, growing 147.0% over the prior period and driving a material increase in operating margin from 7.9% in FY24 to 15.8% in FY25.

Interest on operations increased from the prior period reflecting the accelerated amortisation of borrowing costs on the corporate funding facility (\$28.1 million) and one part month's interest in FY25 (12 months in FY24) as the facility was repaid in July 2024 following a successful equity raise.

Movement in bad debt provision predominantly reflects growth in the USA business and associated receivable balance and a higher overlay in Australia due to economic climate and conditions.

Corporate financing costs have reduced due to extinguishment of the convertible notes in FY24 via a combination of repayment, senior convertible note consent solicitation, incentivised and regular conversion.

Operational Performance

Zip's performance is driven by a number of key operating metrics including transaction volumes, and the number of active customers, transactions and merchants. These measures are categorised as Non-IFRS financial information, prepared in accordance with ASIC Regulatory Guidance 230 – *Disclosing non-IFRS financial information*, and are used to manage and report on the Group. Refer to Glossary for more detail on Non-IFRS disclosures.

Total Transaction Volumes (TTV)

For the year ended 30 June	2025 \$'M	2024 \$'M	Change %
ANZ	3,749.7	3,555.8	5.5%
USA	9,345.3	6,495.4	43.9%
Total Transaction Volumes	13,095.0	10,051.2	30.3%

Total transaction volumes generated by consumers have grown to \$13.1 billion, an increase of 30.3%.

The USA experienced strong TTV growth of 43.9%, driven by increased engagement from existing customers, together with year-on-year growth in the number of active customers of 11.0%.

The ANZ business TTV increased by 5.5% from the prior corresponding period as the business incrementally shifted towards a growth strategy from a period where a more cautious strategy was employed that focused on a disciplined credit underwriting appetite and overall portfolio yield performance, during the higher interest rate environment.

Active Customers

For the year ended 30 June	2025 M	2024 M	Change %
ANZ	2.0	2.2	(6.8)%
USA	4.3	3.8	11.0%
Total Active Customers	6.3	6.0	4.6%

The number of active customers increased during the current reporting period, reflecting the initial impact of various initiatives to stimulate growth in the USA.

Directors' Report continued

Transactions

For the year ended 30 June	2025 M	2024 M	Change %
ANZ	47.7	42.3	12.6%
USA	45.3	33.9	33.6%
Total Transactions	93.0	76.2	22.1%

Despite a decline in the active customers in ANZ the number of transactions has increased in the current period due to growth in Zip Plus accounts and initiatives to stimulate growth and reward loyalty.

Transaction numbers in the USA have grown 33.6% driven by growth in the number of active customers and continued engagement from existing customers.

Total Merchants

For the year ended 30 June	2025 K	2024 K	Change %
ANZ	60.8	55.1	10.3%
USA	24.7	24.2	2.4%
Total Merchants	85.5	79.3	7.9%

Merchants increased across Zip's continuing operations as merchants continue to see the benefits of joining Zip's platform and accessing Zip's consumer base directly.

Balance Sheet and Capital Management

Cash

	30 June 2025 \$'M	30 June 2024 \$'M	Change %
Cash, cash equivalents and restricted cash	391.6	353.0	10.9%
Less: unavailable cash			
– Restricted cash	(242.7)	(231.7)	(4.7)%
– Operational floats	(29.6)	(43.9)	32.4%
Add: excess invested securitisation warehouses and special purpose vehicles	18.5	2.9	532.7%
Available Cash and Liquidity	137.8	80.4	71.4%

Cash, cash equivalents and restricted cash grew \$38.6 million over the prior corresponding period as a result of:

- \$(49.8) million of cash flows used from operations due to a net increase in customer receivables driven by increased transactions during the period offset by positive cash earnings and increases in pre-funding of transaction volumes by partners;
- \$(19.5) million of cash flows used in investing activities is mainly driven by capital expenditure; and
- \$108.3 million of positive financing cash flows from net proceeds of the equity raise (refer note 14); offset by the net repayment of borrowings.

Directors' Report continued

Receivables

	30 June 2025 \$'M	30 June 2024 \$'M	Change %
Gross customer receivables	2,881.6	2,564.2	12.4%
Unearned future income	(35.4)	(23.4)	(51.5)%
Provision for expected credit losses	(189.1)	(142.2)	(32.9)%
Customer Receivables	2,657.1	2,398.6	10.8%
<i>Split as:</i>			
ANZ	1,982.2	2,022.6	(2.0)%
USA	674.9	376.0	79.5%
Customer Receivables	2,657.1	2,398.6	10.8%

The Group's receivables portfolio increased 10.8% to \$2,657 million at 30 June 2025, reflecting the strong total transaction volume growth in the USA.

The provision for expected credit losses has increased from 5.5% to 6.6% of gross customer receivables, resulting from growth in new customer numbers and increased allowance for potential future economic conditions, driven by comparatively higher growth in the USA business segment and increased overlays in ANZ.

Receivables Funding Facilities

Facility	Lender	Facility Limit \$M	Drawn at 30 June 2025 \$M	Maturity
Zip Master Trust				
– Rated Note Series				
– 2023-2	Public ABS	285.0	267.0	Oct-26
– 2024-1	Public ABS	285.0	285.0	Oct-25
– 2024-2	Public ABS	332.5	332.5	Sep-27
– Variable Funding Note	Private Facility	468.3	325.1	Mar-26
– Variable Funding Note 3	Private Facility	285.0	199.5	Jun-27
– Variable Funding Note 4	Private Facility	285.0	190.0	Mar-27
– Variable Funding Note 5	Private Facility	380.0	213.8	Mar-30
zipMoney 2017-1 Trust	Private Facility	155.5	136.3	Jul-26
Zip NZ Trust 2021-1 ¹	Private Facility	18.5	6.5	Jul-26
AR3LLC ²	Private Facility	459.3	451.6	Dec-26
Total		2,954.1	2,407.2	

1. Facility limit of NZ\$20.0 million translated to AUD at exchange rate of 1.0785.

2. Facility limit of US\$300.0 million translated to AUD at exchange rate of 0.6532.

The Group had total facilities of \$2,476.3 million available to fund its Australian consumer receivables at 30 June 2025, of which \$1,949.1 million was drawn (\$527.1 million undrawn and available).

Zip has a facility totalling US\$300.0 million to fund its US consumer receivables which was drawn to US\$295.0 million at 30 June 2025.

Zip New Zealand facility has a limit of NZ\$20.0 million available to fund receivables in New Zealand, drawn to NZ\$7.0 million at 30 June 2025.

Directors' Report continued

During the year ended 30 June 2025, Zip executed the following:

- A \$350.0 million rated note issuance for three years within the Master Trust (2024-2) with a weighted-average margin of 2.13% and the senior notes being AAA-rated, Zip retained 5.0% of the facility. The proceeds were used to repay the \$698.4 million Master Trust (2021-2) that matured on 10 September 2024;
- Established a new \$300.0 million warehouse facility for two and half years within the Zip Master Trust, Zip retained 5.0% of the facility. The proceeds were used to repay the \$698.4 million Master Trust (2021-2) that matured on 10 September 2024;
- Extended the 2017-1 facility for two years with existing senior financiers and a new mezzanine investor. This facility is a smaller trust separate to Zip's Master Trust funding vehicle. The revised facility limit increased to \$155.5 million;
- Extended the Zip NZ facility for two years with its existing senior financier;
- In October 2024, Zip renegotiated the increase to the USA funding facility (AR3LLC) from US\$225.0 million to US\$300.0 million, improving the capital efficiency of the facility and providing additional funding flexibility to support USA growth over the medium term;
- Renegotiated terms on VFN3 in December 2024, extending maturity from April 2026 to June 2027;
- Refinanced the VFN1 to March 2026 with existing financiers at a reduced margin; and
- Settled a new Variable Funding Note 5 facility settled on 12 May 2025. This \$400.0 million facility with new lenders matures in March 2030, extending the duration of Zip's funding profile. Zip retained 5.0% of the facility. The Proceeds amounting to \$225.0 million were used to partly repay 2023-1 that matured on 10 June 2025.

Immediately subsequent to the year ended 30 June 2025, in July 2025, Zip executed the following:

- Issued a new public bond (2025-1) for \$300.0 million with a weighted average margin of 1.79%; and
- Enhanced its short term financing arrangements in the USA with an existing bank funding partner, to enable additional funding capacity for FY26.

Corporate Debt Facility and Equity Capital

In July 2024, Zip successfully completed a fully underwritten equity placement, raising \$217.0 million, (before costs) from new and existing institutional investors and in August 2024, an additional \$50.1 million was raised through a Share Purchase Plan from existing retail investors. These funds further strengthened Zip's balance sheet with proceeds used to pay down the Company's corporate debt facility and the associated exit fee.

On-Market Share Buy-Back Program

On the 8 April 2025, Zip announced an on-market share buy-back program of up to \$50.0 million of ordinary shares for a period of 12 months. This reflects the strength of the Zip balance sheet, the continued delivery of operating cash flows and Zip's outlook for future profitable growth. The establishment of the Buy-Back program is consistent with Zip's capital management framework. This framework is designed to maximise shareholder returns, whilst preserving balance sheet strength and ensuring Zip maintains the ability to pursue strategic growth opportunities.

As at 30 June 2025, Zip had acquired 14.8 million of ordinary shares with the value of shares being \$29.8 million excluding transaction costs. This represents 1.1% of the total shareholding on the date of the announcement.

Change in the State of Affairs

Other than detailed in this report, no significant changes in the state of affairs of the consolidated entity occurred during the financial year.

Directors' Report continued

Future Developments

In future financial periods, Zip will continue to focus on growth in core markets, to deliver sustainable growth, profitability and improved shareholder value.

Environmental Regulation

The Group is not subject to any significant environmental regulation under a law of the Commonwealth, State or Territory of Australia, or in any of the other jurisdictions that the Group currently has, or is soon to have, a presence in. Refer to Sustainability Report pages 16 to 34.

Material Risks

Risk management is central to our operating model and underpins all our activities. Zip operates a robust Risk Management Framework (RMF) focusing on the identification, assessment, management and monitoring of material risks, which is overseen by the Audit and Risk Committee and the Zip Board. Material business risks are those risks deemed to have a significant impact on Zip's operations, financial performance, and business objectives. The Company is exposed to strategic, financial, operational, IT security and privacy, legal and compliance, and credit risks. The risk management strategy, to mitigate these risks, is outlined in the following table:

Risk	Risk Management Strategy
Strategic risk The risk that we are unable to identify and execute the right strategic initiatives and projects on target and on time that deliver measurable and agreed outcomes to support our goals.	<p>Our strategic risks are identified and assessed as part of our annual business planning process which is endorsed by the Board. We identify the actions required to realise our plan, assessing both upside and downside risks. Key financial and business results are reviewed monthly by the Board and the Group Executive team.</p> <p>Our focus areas of strategic risk include strategic alignment, business simplification, competition, product innovation and delivery, reputation and brand and social and environmental sustainability. Our assessment of these risks influence the prioritisation of investments and resources in the Board-approved budget.</p> <p>We undertake analysis on threats or opportunities to effectively assess key strategic risks. This includes monitoring key financial and non-financial metrics which are reported to senior management and the Board.</p>
Financial The risk that we are unable to access sufficient funding at a reasonable cost. The risk of not being able to meet financial commitments as and when they are due and in compliance with regulatory standards on solvency, liquidity, and financial management.	<p>We have Board-approved Treasury risk management policies that incorporate liquidity, funding, market and FX risk management plans. These policies and internal settings ensure adequate liquidity is maintained to support the business, and that regulatory requirements are adhered to. This includes ensuring we have sufficient access to capital and debt facilities at a reasonable cost.</p> <p>Liquidity and funding risks are managed by our Treasury function. This is through monitoring cash flows, restricted cash positions and projected future cash flows, supported by business forecasts that take into account anticipated seasonality as well as stress testing and market conditions. We monitor cashflow forecasts monthly in order to track and address any reporting anomalies that may be identified.</p>

Directors' Report continued

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Risk	Risk Management Strategy
Operational <p>The risk of loss due to inadequate or failed internal processes, people, and systems or from external events, which results in us being unable to provide continued delivery of our services to customers and merchants.</p>	<p>We proactively refine our processes and controls for managing operational risk to respond to our external and internal business operating environment.</p> <p>Examples of operational risk focus areas include third party risk management, operational resilience and business continuity, people, health, safety & wellbeing.</p> <p>We actively identify, assess, manage, rectify and remediate any identified operational incidents.</p>
IT Security and Privacy <p>The risk of loss resulting from disruption to operations and data loss or failed privacy and data use controls.</p>	<p>Cyber security briefings are provided to management and Board level risk committees as appropriate. We have implemented a multi-layered security strategy employing automated and standardised security measures to protect our systems. We maintain a specific Information and Communication Technology (ICT) management framework including proactive security measures, training and awareness, and independent assurance and compliance monitoring.</p> <p>As part of our annual financial statement audit, our auditors undertake testing of key ICT and security risk controls that relate to the production of information for the financial statements.</p>
Legal and Compliance <p>The risk of inadequate adherence to regulatory and compliance obligations and financial loss from legal disputes.</p>	<p>We have a compliance management framework and procedures for identifying and managing compliance obligations, incidents and issues that may arise related to compliance matters.</p> <p>We monitor employee annual compliance training, reportable regulatory breaches, legal disputes, and whistleblower reports.</p>
Credit Risk <p>The risk of financial loss where a customer or counterparty fails to meet their financial obligations to Zip.</p>	<p>We have regional credit management committees and a Board level sub-committee to oversee the effective risk management of credit. We take precautions to ensure that customers approved to receive credit can meet their repayment obligations. We offer relatively short duration credit, review and manage credit limits for higher risk customers and limit the concentration of non-performing loans and large single exposures in the consumer credit portfolio.</p> <p>We monitor delinquency rates by time buckets, net bad debts, and principal loss rates monthly.</p>

Directors' Report continued

Composition of the Board

Name	Diane Smith-Gander AO
Title	Non-Executive Chair
Qualifications	BEC, MBA, FAICD, FGIA, FAIM, GAICD
Term	Non-Executive Director and Chair of the Board since 1 February 2021.
Independent	Yes
Committees	Chair of the Nominations Committee, Previous member of each of the Audit & Risk Committee (until 15 August 2024) and Remuneration, People & Culture Committee (until 22 August 2024).
Directorships	Chair of Zip Co Limited; Chair of Perenti Limited (ASX: PRN) (appointed as a non-executive director on 16 October 2023 and as Chair from 12 March 2024); and Chair of HBF Health Limited (appointed as director in May 2020 and as Chair in May 2022).
Experience	Diane has extensive Australian and international executive experience in banking and finance, technology, and strategic and management consulting. This includes as a former partner at McKinsey & Company in the United States, and as Group Executive IT and Operations, Westpac Banking Corporation. Diane was appointed as Chancellor for the University of Western Australia from 1 January 2025. Diane has served as Chair and director for companies across a diverse range of sectors. In recognition of her contributions to business and gender equality, Diane was made an Officer in the Order of Australia. Diane was formerly the Chair of the Committee for Economic Development of Australia and is a past President and current member of Chief Executive Women.
Former Directorships (of listed entities in the last three years)	Director of AGL Energy Limited (ASX: AGL) (September 2016 until 18 September 2022)
Interests in Shares	197,474
Interests in Performance Rights	198,336

Directors' Report continued

Name	Cynthia Scott
Title	Managing Director and Group Chief Executive Officer
Qualifications	B.Com. (Finance and Japanese Studies), M.App Fin, GAICD
Term	Managing Director (appointed on 24 August 2023) and Chief Executive Officer
Independent	No
Committees	None
Directorships	Uniti Group Limited (appointed October 2022) (also director of a company subsidiary).
Experience	As Group CEO, Cynthia leads Zip's financial performance and strategy execution across Australia, New Zealand, and the United States. Before joining Zip, Cynthia was the Chief Strategy and Business Development Officer at Scentre Group and held a number of senior executive roles at Telstra, including Group Executive responsible for Telstra's New Business portfolio. Prior to Telstra, Cynthia spent over 20 years in investment banking, most recently at Barclays where her roles included Regional Head of Debt Capital Markets in Hong Kong and CEO of Australia and New Zealand. Cynthia was previously Chair of Foxtel, Telstra Ventures and Autohome, a NYSE-listed Chinese technology company. She is a member of the Adara Group Panel and Chief Executive Women, and previously served on the Advisory Board for Room to Read.
Former Directorships (of listed entities in the last three years)	None
Interests in shares	659,295 (indirect)
Interest in performance rights	4,527,624

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Directors' Report continued

Name	Meredith Scott
Title	Non-Executive Director
Qualifications	BEC, FCA Australia and New Zealand, GAICD
Term	Non-Executive Director appointed on 1 September 2022
Independent	Yes
Committees	Chair of the Audit & Risk Committee and Member of the Remuneration, People & Culture Committee and Nominations Committee
Directorships	None
Experience	Meredith has extensive experience in risk management and governance, with deep expertise in audit and financial reporting. She has worked in the financial services market as both an executive and non executive director. Meredith was previously a non-executive director and Chair of the Audit and Risk Committee of Payton Capital, Wesley Community Services Limited and Pymble Ladies' College. She was the Chief Executive Officer of Opportunity International Australia (Opportunity) from 2018 to 2021 and Chairman of Opportunity's Indian subsidiary, Dia Vikas Capital. Prior to this, she worked at Ernst & Young for 32 years, including 19 years as an audit partner, and was a member of various of the firm's governing bodies. Meredith holds an Honorary Fellow of Senate from Sydney University following 10 years of serving on its Finance and Audit Committee.
Former Directorships (of listed entities in the last three years)	None
Interests in shares	55,144
Interest in performance rights	95,354
Name	Kevin Moss
Title	Non-Executive Director
Qualifications	Bachelor of Science (Applied statistics), Master of Science (Quantitative analysis)
Term	Non-Executive Director appointed on 21 May 2024
Independent	Yes
Committees	Member of the Audit & Risk Committee, the Remuneration, People & Culture Committee and the Nominations Committee.
Directorships	None
Experience	Kevin is an experienced credit and risk leader with over 40 years' experience in the financial services and payments sectors. Kevin spent 17 years in executive roles at Wells Fargo, including Chief Risk Officer for the Consumer Lending Group, Business Manager for the National Home Equity Group, Chief Credit Officer for the Home and Consumer Finance group and Head of Consumer Risk Management. His most recent executive role was as Chief Risk Officer at SoFi. Kevin also acts as an advisor and on the boards for a number of companies that provide risk management, lending and payment solutions in the financial services industry.
Former Directorships (of listed entities in the last three years)	None
Interests in shares	19,250
Interest in performance rights	None

Directors’ Report continued

Name	Matthew W. Schuyler
Title	Non-Executive Director
Qualifications	MBA in Organizational Behaviour and Human Resources Management, BS (Accounting)
Term	Non-Executive Director appointed on 7 October 2024
Independent	Yes
Committees	Chair of the Remuneration, People & Culture Committee (since 8 November 2024) and member of the Audit & Risk Committee and the Nominations Committee
Directorships	None
Experience	<p>Matthew has significant and wide-ranging experience in brand-building, business transformation and human resources.</p> <p>He is the Chief People Officer at Creative Artists Agency in the US having joined in November 2024. Matthew was formerly the Chief Brand Officer for Hilton Worldwide, following previous roles as Chief Administrative Officer and Chief Human Resources Officer at Hilton. Prior to this, he served as Chief Human Resources Officer and Head of Corporate Real Estate for Capital One and Senior Vice President of Human Resources for Cisco Systems Inc and before that, was a partner at PricewaterhouseCoopers.</p> <p>Matthew was the Chair of the Board of Trustees of Penn State University from 2020 to November 2024, having first joined the Board in 2015.</p>
Former Directorships (of listed entities in the last three years)	None
Interests in shares	None
Interest in performance rights	None

Directors' Report continued

Name	Andrew Stevens
Title	Non-Executive Director
Qualifications	BComm, MComm, Fellow of Chartered Accountants, Australia and New Zealand
Term	Non-Executive Director appointed on 17 April 2025
Independent	Yes
Committees	Member of the Remuneration, People & Culture Committee and the Nominations Committee (each from 17 April 2025).
Directorships	Non-executive Director of Stockland Group Limited (ASX: SGP) (from 1 July 2017)
Experience	<p>Andrew is an experienced non-executive director and business leader with deep expertise in business transformation, technology, growth strategy, governance and risk. He previously served as the Managing Director of IBM Australia and New Zealand and prior to IBM, held senior leadership roles at PriceWaterhouse and PricewaterhouseCoopers.</p> <p>Andrew is Chair of the Champions of Change Coalition and a former director of Ooh! Media Limited. He is passionate about innovation and previously served as the Chair of Industry Innovation and Science Australia and as the Data Standards Chair for the Consumer Data Right in Australia.</p>
Former Directorships (of listed entities in the last three years)	Ooh! Media Limited (ASX: OML) (25 September 2020 until 24 February 2025)
Interests in shares	47,000
Interest in performance rights	None

Company Secretaries

Sarah Brown is Zip's General Counsel ANZ and joint Company Secretary. Sarah has over 20 years' experience in legal, risk, compliance and governance gained in leadership roles across major financial institutions and financial technology companies. She holds a Bachelor of Laws and a Bachelor of Business (with Distinction) from the University of Technology, Sydney.

Lucy Barnett is also joint Company Secretary. Lucy has over 20 years' experience working in a range of governance, legal and risk roles, having started her career in private practice in top tier law firms in Sydney and New York. She holds a Bachelor of Laws (Honours) and Bachelor of Arts from the University of Sydney and is a Graduate of the Australian Institute of Company Directors.

Directors' Report continued

Meeting of Directors

The Company's Board of Directors (Board) met 13 times during the financial year ended 30 June 2025. The following table includes:

- Names of Directors that held office at any time during, or since the end of, the financial year; and
- The number of Board and Board committee meetings that each Director, as a member of the Board or Board committee, was eligible to attend, and the number of meetings attended by each Director.

The table excludes the attendance of those Directors who attend Board committee meetings of which they are not a member.

	Board Directors				Audit and Risk Committee		Remuneration People & Culture Committee		Nominations Committee	
	Meetings		Ad hoc Meetings ¹		Held ²	Attended	Held ²	Attended	Held ²	Attended
	Held ²	Attended	Held ³	Attended						
Diane Smith-Gander AO	10	10	3	2	1 ⁴	1	1 ⁵	1	2	2
Cynthia Scott	10	10	3	3	NM ¹⁰	–	NM ¹⁰	–	NM ¹⁰	–
Meredith Scott	10	10	3	2	5	5	4	4	2	2
Kevin Moss	10	10	3	2	5	5	4	4	2	2
Mathew W. Schuyler ⁶	6	6	–	–	4	3	3	3	2	1
Andrew Stevens ⁷	1	1	–	–	NM ¹⁰	–	1	1	1	1
Former Directors										
John Batistich ⁸	5	5	3	3	1 ⁸	1	1 ⁸	1	–	–
Larry Diamond ⁹	5	5	3	3	NM ¹⁰	–	NM ¹⁰	–	NM ¹⁰	–

- Out of cycle Board meetings typically called for a special purpose that do not form part of the Board's forward planner.
- The number of meetings held during the time the Director was a member of the Board or relevant committee.
- The number of ad hoc Board meetings held during the time the Director was a member of the Board.
- Resigned as a member of the Audit and Risk Committee on 15 August 2024.
- Resigned as a member of the Remuneration, People and Culture Committee on 22 August 2024.
- Appointed as Director on 7 October 2024.
- Appointed as Director on 17 April 2025.
- Retired as Director on 7 November 2024.
- Resigned as Director on 3 December 2024.
- NM refers to not a member of the committee.

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Remuneration Report

Letter from the Chair of the Remuneration, People and Culture Committee

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the audited Remuneration Report for FY25, my first as Chair of the Remuneration, People and Culture (RPCC) Committee. The report details our remuneration framework and the alignment between executive remuneration and shareholder outcomes.

FY25 Performance

For FY25 the Company delivered very strong results underpinned by our three strategic priorities: growth and engagement; product innovation; and operational excellence. From a financial perspective, cash EBTDA of \$170.3 million was up 147.0% on the prior year, with the business benefiting from material operating leverage. Our US business delivered an outstanding performance and now represents over 80% of divisional earnings, while the ANZ business returned to growth. Both businesses achieved pleasing net bad debt outcomes, reflecting the benefits of our disciplined credit decisioning processes.

Our business continues to scale and we processed 93.0 million transactions valued at \$13.1 billion in the year. This reflects our commitment to delivering exceptional experiences for customers to help them manage their cash flows and household budgets. We are a responsible lender and maintained low hardship rates and robust customer performance metrics across the Group.

We recorded a strong Total Shareholder Return (TSR) of 110.3% in FY25, outperforming the S&P ASX 300 index. In April 2025 we also launched an on-market share buy-back for up to \$50m of ordinary shares, in line with our capital management framework which underpins our ambition to maximise long-term value and shareholder returns.

Remuneration Changes Implemented in FY25

The Board made changes to KMP remuneration which support talent retention and continue to align pay with performance:

- Effective 1 October 2024, the Board approved increases in pay for Cynthia Scott, CEO and Managing Director and Gordon Bell, Group CFO. This decision followed a comprehensive, independent review that identified that remuneration was significantly below market benchmarks, posing a clear risk to talent retention critical for our future success. Further detail is set out at section 2.6 – Key Issues Considered by the Board in FY25.
- The Board introduced changes to the STVR plan to strengthen alignment between cash earnings and reward outcomes. Under the FY25 STVR plan the Board may apply a multiplier to reward performance if cash EBTDA exceeds the stretch target. The Board may also apply a gate such that no STVR award is payable if cash EBTDA is below the threshold target. This change did not apply to the Group CEO and Managing Director in FY25, however, the Board intends to review the Group CEO and Managing Director's remuneration in FY26.
- Based upon a review of market data, the Board has implemented a modest increase in Board fees and an increase in Board Committee fees to align closer to market benchmarks.
- The Board received shareholder approval at the AGM to continue to offer the Non-Executive Director (NED) equity plan for the next three years with some amendments to provide flexibility as to the value of shares that each NED will receive as part of their remuneration.

Remuneration Report continued

Variable Remuneration Outcomes for FY25

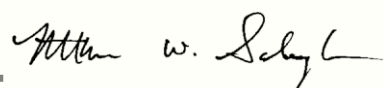
The Board is focused on **aligning remuneration outcomes with performance**. Very strong performance is reflected in the FY25 scorecard results and STVR award outcomes for Executive KMP. The key reward outcomes for FY25 are as follows:

- In FY25 the Board applied a multiplier to the STVR awards for US and Group Executives and US staff as cash EBTDA was above the stretch target;
- STVR awards for Executive KMP range from 64.65% to 97.5% of the Maximum opportunity, 50% of which will be delivered as Zip shares or share rights that are deferred for one year;
- STVR awards were also made to other Zip staff members based on Company performance and individual contributions; and
- The 2023 LTVR is likely to meet the TSR performance hurdle when it is tested in September 2025.

Looking Ahead to FY26

The Company will continue to use a mix of cash and equity awards to deliver both fixed and variable remuneration for management. Equity awards will continue to be an important part of Zip's pay mix, particularly in the US where deferred equity awards are used to attract and retain key Executives. The Board's Remuneration, People and Culture Committee will continue to regularly review the Company's remuneration framework and policies to drive the Company's strategic goals, support attraction and retention of key talent and reward performance. The Committee will also continue to focus on aligning pay with shareholder outcomes and decision making that aligns with Zip's values, standards of behaviour and risk appetite.

We invite you to read the Remuneration Report and welcome your feedback.



Matthew W. Schuyler

Chair of the Remuneration, People and Culture Committee

Remuneration Report continued

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Remuneration Report continued

This Remuneration Report forms part of the Directors' Report for the year ended 30 June 2025 and outlines the remuneration arrangements for Zip Co Limited's Directors and other Key Management Personnel (KMP).

KMP are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all Directors.

This Report has been prepared in accordance with section 300A of the *Corporations Act 2001* (Cth) and has been audited in accordance with section 308(3C) of the *Corporations Act 2001* (Cth).

1. Key Management Personnel

The following Executives and Non-Executive Directors were considered KMP for the year ended 30 June 2025. Former Executives and Non-Executive Directors who were KMP during the year are also covered by this report.

Table 1 – List of KMP for FY25

Name	Role	Term as KMP
Independent Non-Executive Directors		
Diane Smith-Gander AO	Chair, Non-Executive Director	Full year
Meredith Scott	Non-Executive Director	Full year
Kevin Moss	Non-Executive Director	Full year
Matthew W. Schuyler	Non-Executive Director	Commenced 7 October 2024
Andrew Stevens	Non-Executive Director	Commenced 17 April 2025
Ceased		
John Batistich	Non-Executive Director	Ceased 7 November 2024
Executives		
Cynthia Scott	Group CEO and Managing Director	Full year
Gordon Bell	Group CFO	Full year
Joseph Heck	US CEO	Commenced 15 July 2024
Soraya Alali	ANZ CEO	Commenced 12 May 2025
Ceased		
Peter Gray ¹	ANZ CEO	Ceased 11 May 2025
Larry Diamond	US Chairman and Executive Director	Ceased 3 December 2024







1. Peter Gray remains employed with Zip as Head of Strategic Growth.

Remuneration Report continued

2. Our Remuneration Framework

2.1 Remuneration Strategy and Principles

With a focus on growth and profitability, Zip's remuneration strategy is designed to attract, motivate and retain talent to drive a high-performance culture that delivers on our business strategy and drives sustainable long-term returns for Shareholders. It is designed to ensure that there is strong alignment between remuneration and performance. This strategy is underpinned by the following principles:

					
Strategic Alignment	Market Competitive	Performance Based	Simple and Transparent	Enhances Culture	Sustainable Value
Provide clear alignment of remuneration with strategic objectives and shareholder value.	Provide market competitive remuneration to attract and retain quality global talent.	Support merit-based remuneration achievement across a diverse and inclusive workforce.	Implement remuneration policies that are simple, transparent and well understood.	Support appropriate risk culture and employee conduct aligned to our standards.	Reward sustainable outperformance.

2.2 Board Policy for Setting Remuneration

The Company recognises that to deliver on business strategy it must attract top talent in a competitive market. The Board considers the following factors in setting Executive remuneration packages:

- Remuneration paid by Australian and US comparators who compete for talent with Zip;
- Australian comparators:
 - Primary reference: a group of ASX listed entities from the Finance and Information Technology sectors with a market capitalisation of approximately half to double that of Zip, as these companies face similar operational challenges to Zip.
 - Secondary reference: ASX listed companies (excluding any foreign domiciled companies), which are comparable with Zip in terms of business type, under the assumption that they face similar operational and market competition challenges to Zip.
- US comparators: relevant US-based entities from the Fintech and Software sectors with a similar level of revenue.
- The Executive's contribution to the delivery of key strategic goals; and
- The Executive's contribution to long-term revenue and cash EBTDA outcomes.

The RPCC recommends Executive remuneration to the Board considering the above factors, along with market conditions and sentiment, the Company's growth trajectory, strategic objectives, competencies and the skill sets of individuals, talent scarcity, changes in role complexities and geographic location. In addition, the RPCC has been mindful of the significant variation in Zip's market capitalisation when it has assessed remuneration.

Remuneration Report continued

When assessing remuneration, the RPCC seeks to position KMP remuneration competitively with reference to the median and 75th percentile of market comparators, with 'at-risk' STVR and 'at-risk' LTVR supporting decision making and performance aligned to Shareholders' long-term interests. Specific adjustments made in FY25 are detailed in section 2.6 – Key Issues Considered by the Board in FY25.

The Board's approach is to build a strong alignment between pay outcomes and performance and is intended to drive performance and value creation for Shareholders.

2.3 Remuneration Framework

The Board seeks to create a simple and transparent design for remuneration. During FY25, the remuneration framework for Executive KMP was made up of four components: Fixed Pay, Fixed LTE, 'at-risk' STVR and 'at-risk' LTVR. The Tables below summarise each of these components for FY25 for the Executive KMP:

Table 2.1 Fixed Remuneration – Fixed Pay – Key Terms

Participants	All Executives.
Purpose	Attract and retain capable Executives, considering the size and complexity of the role, individual responsibilities, experience and skills in the context of the external market.
Delivery	Fixed Pay comprises cash base salary, salary sacrifice items (where applicable), statutory superannuation contributions and other benefits.
FY25 Approach	<p>Fixed Pay is positioned with reference to the remuneration paid by comparable companies with whom Zip competes for talent. The Board references the market median and the 75th percentile, with judgement applied to recognise individual factors.</p> <p>An annual review process assesses adjustments to Fixed Remuneration for changes in role or promotion, internal equity and significant market changes.</p> <p>Any increase to KMP remuneration requires RPCC endorsement and Board approval.</p> <p>Following a comprehensive market benchmarking exercise, the Fixed Pay of the Group CEO and Managing Director was increased by 24% and the Group CFO's Fixed Pay was increased by 28%. For further detail refer to section 2.6 – Key Issues Considered by the Board in FY25.</p>

Table 2.2 Fixed Remuneration – LTE – Key Terms

Participants	Executives with high demand skills, especially in the US.
Purpose	<p>Provides Zip with a means to attract and retain high quality talent by supplementing Fixed Pay with equity that provides skin in the game, particularly in the US where the use of LTE is common.</p> <p>The LTE plan rewards retention and is based upon service rather than performance (which is covered in the STVR and LTVR).</p>
FY25 Approach	During FY25 awards to Executive KMP were limited to hire-on awards for Joseph Heck and Soraya Alali. Refer to section 5.2 – LTE Awards for more detail.
Delivery	<p>Awards are made under the Zip Equity Incentive Plan and are made in the form of rights with a nil exercise price, which upon vesting confer the entitlement to one ordinary share in Zip (or the cash equivalent value at the discretion of the Board).</p> <p>The rights vest in equal tranches over four years (i.e. 25% per year). There are no disposal restrictions on the shares Executives receive upon vesting of the rights other than trading in adherence to the Zip Securities Trading Policy and compliance with the Minimum Shareholding Policy.</p> <p>Rights vest subject to continued employment over the vesting period.</p>

Remuneration Report continued

Allocation Method	<p>Rights are granted on a face value basis by dividing the participant's LTE dollar value opportunity in AUD by the 30-day Volume Weighted Average Price (VWAP) of Zip shares traded in the period leading up to and including the date of release of the Zip results released preceding the grant date.</p> <p>For new starters the Board may determine a different allocation method to address individual circumstances.</p>
Malus and Clawback	Malus and clawback provisions apply. Refer to section 3.2 – Risk Management for more detail.
Cessation of Employment	If the participant ceases employment, then all of their unvested rights automatically lapse unless the Board determines otherwise.
Change of Control	Where a transaction or event is proposed that, in the opinion of the Board, may result in a person becoming entitled to control Zip, the Board retains the discretion (to be exercised consistently with the ASX Listing Rules) to determine that a particular treatment will apply to all unvested rights.

Table 2.3 Variable Remuneration – STVR – Key Terms

Participants	All Executives.
Purpose	Rewards performance against financial and non-financial objectives consistent with Zip's strategy over the short-term.
Opportunity	<p>Executive KMP can be awarded up to 100% of base salary if stretch performance is achieved. If cash EBTDA is achieved in excess of the stretch target, the Board may apply a multiplier and awards of up to 130% of base salary may be payable. If cash EBTDA is below the threshold target, the Board may determine that no STVR is payable regardless of scorecard outcomes.</p>
FY25 Approach	<p>STVR is measured against a scorecard with the following performance measures with weightings to drive profitability:</p> <ul style="list-style-type: none"> ■ Financial: cash EBTDA (40%), cash NTM (20%) and TTV (10%); ■ Customer: Monthly Transacting Users (10%); ■ Enterprise Risk: Risk Milestones (10%); and ■ People: Employee Engagement (10%). <p>Financial and Customer targets were set with reference to approved budgets and prior year outcomes. The people target was set with reference to external benchmarks and prior year outcomes.</p> <p>The performance measures and hurdles were reviewed and approved by the Board.</p> <p>The following payout scale applies for the STVR:</p> <ul style="list-style-type: none"> ■ below threshold performance, no STVR will be awarded; ■ at threshold performance, 50% of the stretch target opportunity will be awarded; ■ above threshold and below stretch target performance, a pro rata STVR will be awarded; and ■ at or above stretch target performance, the STVR stretch target opportunity may be awarded, with a multiplier of up to 130% if cash EBTDA exceeds stretch target performance.
Delivery	For the Executive KMP it is the Board's intention to deliver 50% of the STVR in cash and 50% in shares, or rights to ordinary Zip shares, that are deferred via a 12-month disposal restriction.

Remuneration Report continued

Allocation Method	The number of deferred shares or rights will be determined based on the STVR award value and the 30-day Volume Weighted Average Price (VWAP) of Zip shares traded in the period prior to the release of Zip's annual financial results immediately preceding the grant date.
Board Discretion	The Board retains absolute discretion in respect of STVR awards and final outcomes. As part of its overarching discretion, the Board may adjust final STVR awards having regard to affordability considerations and the Group's financial performance over the period. In addition to this overarching discretion, final STVR outcomes will be subject to a Board discretion modifier for "doing the right thing" whereby the Board may make downward adjustments (including to zero) for regulatory issues, conduct issues, brand and reputational issues, and non-financial and financial risk issues.
Malus and Clawback	Malus and clawback provisions apply to any STVR award subject to a disposal restriction. Refer to section 3.2 – Risk Management for more detail.
Cessation of Employment	If a participant leaves during the performance period, then they will forfeit their entitlement to an award unless the Board determines otherwise. If a participant leaves during the deferral period, then they will retain their shares or rights (subject to malus and clawback provisions).
Change of Control	Where a transaction or event is proposed that, in the opinion of the Board, may result in a person becoming entitled to control Zip, the Board retains the discretion (to be exercised consistently with the ASX Listing Rules) to determine that a particular treatment will apply to any award subject to a disposal restriction.

Table 2.4 Variable Remuneration – LTVR – Key Terms

Participants	All Executive KMPs and selected Executives.										
Purpose	The LTVR plan aligns Executive accountability and remuneration outcomes with the delivery of sustained group performance and shareholder interests over the long-term. The plan is designed to vary remuneration outcomes in line with the extent of longer-term (three year) performance achievement focused on shareholder returns.										
Opportunity	For FY25, the Group CEO and Managing Director received an LTVR award with a maximum (face value) of 150% of base salary. Other (eligible) Executive KMPs received LTVR awards with a maximum (face value) of 50% of base salary.										
FY25 Approach	<p>The LTVR performance hurdle is Zip TSR compared to movement in the ASX 300 Accumulation Index. Zip's TSR must be positive, and vesting commences upon Zip's TSR exceeding the Index by 5% compound annual growth over the performance period.</p> <p>The measurement period for assessing TSR performance is three years and is aligned with the release of results to ensure that the share price, upon which the TSR is determined, reflects an informed market.</p> <p>Performance hurdles for the FY25 LTVR are:</p> <table> <tr> <th>Zip's TSR (on a Compounding Annual Growth Basis) Compared to Movement in the ASX 300 Accumulation Index</th><th>% Vesting</th></tr> <tr> <td>· index movement + 10%</td><td>100%</td></tr> <tr> <td>> index movement + 5% and < index movement + 10%</td><td>Pro-rata</td></tr> <tr> <td>= index movement + 5%</td><td>50%</td></tr> <tr> <td>< index movement + 5%</td><td>0%</td></tr> </table> <p>In addition, Zip's TSR must be positive over the performance period unless the Board determines otherwise.</p>	Zip's TSR (on a Compounding Annual Growth Basis) Compared to Movement in the ASX 300 Accumulation Index	% Vesting	· index movement + 10%	100%	> index movement + 5% and < index movement + 10%	Pro-rata	= index movement + 5%	50%	< index movement + 5%	0%
Zip's TSR (on a Compounding Annual Growth Basis) Compared to Movement in the ASX 300 Accumulation Index	% Vesting										
· index movement + 10%	100%										
> index movement + 5% and < index movement + 10%	Pro-rata										
= index movement + 5%	50%										
< index movement + 5%	0%										

Remuneration Report continued

Delivery	Awards are made under the Zip Equity Incentive Plan and are made in the form of performance rights with a nil exercise price, vesting after approximately three years, subject to achieving performance hurdles.
Allocation Method	Rights are granted on a face value basis by dividing the participants LTVR dollar value opportunity in AUD by the 30-day Volume Weighted Average Price (VWAP) of Zip shares traded in the period prior to the release of Zip's annual financial results immediately preceding the grant date.
Vesting Conditions	A participant must remain employed for the rights to vest (subject to good leaver treatment outlined below). Vesting is based on the level of achievement against the performance hurdle. There is no retesting.
Malus and Clawback	Malus and clawback provisions apply. Refer to section 3.2 – Risk Management for more detail.
Cessation of Employment	Subject to Board discretion if a participant ceases to be employed: <ul style="list-style-type: none"> ■ In “bad leaver” circumstances (e.g. termination for cause) during the performance period, all of the unvested LTVR rights will lapse (unless the Board determines otherwise); and ■ In “good leaver” circumstances (i.e. other than a bad leaver), the treatment of unvested LTVR rights will be at the discretion of the Board (subject to applicable laws). The Board's intention is that the LTVR rights will be pro-rated to time served during the performance period and left to be tested and vest in the ordinary course subject to achievement of the performance hurdle.
Change of Control	Where a transaction or event is proposed that, in the opinion of the Board, may result in a person becoming entitled to control Zip, the Board retains the discretion (to be exercised consistently with the ASX Listing Rules) to determine that a particular treatment will apply to the LTVR Plan.

2.4 Remuneration Delivery Profile

Remuneration at Zip is delivered in cash and equity vesting over a number of years. The Table below outlines when the different components of remuneration are awarded and the time period over which they are paid or vest:

Table 3 – Executive KMP Remuneration Delivery Profile

Type	Component	Instrument	Year 1	Year 2	Year 3	Year 4
Total Fixed Remuneration	Fixed Pay	Base salary and Superannuation	Paid			
	LTE	Rights subject to continued employment	▲ Grant 25% vest	● 25% vest	● 25% vest	● 25% vest
Variable At-Risk	STVR	Ordinary shares and cash subject to performance against scorecard	Cash paid and Shares granted	▲ Shares vest	●	
	LTVR	Performance Rights subject to achievement of TSR performance hurdle	▲ Grant		Vest	●

▲ Grant ● End of deferral/performance period

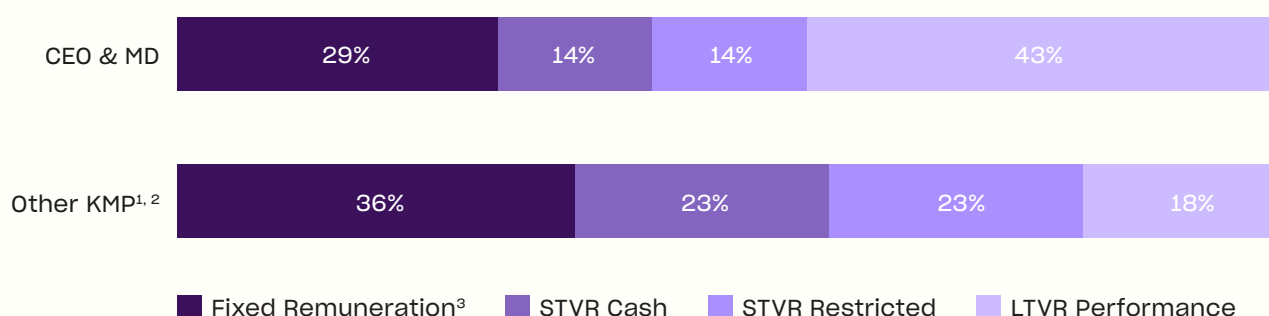
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2.5 Remuneration Mix

The Executive KMP Remuneration mix refers to the proportion of remuneration that Executives can receive as fixed remuneration and any variable remuneration.

The Figure below features the FY25 remuneration mix for the Executive KMP relative to the 'Maximum' level of performance.

Figure 1 – FY25 Maximum Remuneration Opportunity



1. Excludes hire-on LTE awards for Joseph Heck and Soraya Alali. More information on the LTE awards can be found at Table 7.
2. Maximum STVR is 130% of stretch target STVR (if cash EBTDA is achieved in excess of the stretch target, the Board may apply a multiplier such that awards of up to 130% of base salary may be payable).
3. Excludes Superannuation Guarantee and employer 401k contributions in the US.

2.6 Key Issues Considered by the Board in FY25

The Board undertakes regular reviews of the remuneration framework, ensuring alignment to business strategy while remaining alert to changes in the market. Market benchmarking is used to assess whether the remuneration framework remains fair, competitive, and effective in attracting, retaining, and motivating key talent.

During FY25, the Board made enhancements to the remuneration framework, alongside some substantial adjustments to the fixed remuneration for some Executive KMP.

The Board also completed a further review of market benchmarks in both the US and Australia and considered approaches to pay for FY26 to ensure a market competitive remuneration offering for Executives in both markets.

Executive Remuneration Adjustments and Market Positioning

A comprehensive market benchmarking review by Godfrey Remuneration Group identified a significant lag in remuneration for the CEO and Managing Director and Group CFO compared to market. Comparators used are described in section 2.2 – Board Policy for Setting Remuneration.

This relatively low position reflected the Company's founder-led origins and deliberate decisions in previous periods to restrain remuneration while undertaking the crucial task of restoring shareholder value and de-risking the business.

Remuneration Report continued

To address this market gap, the Board approved the adjustments below, effective 1 October 2024;

- Fixed Pay for the CEO and Managing Director which was positioned below the 25th percentile of the market, was increased by 24%, as the first 'step change' in a two-year plan to reach a more competitive position (subject to performance and noting that a further market review would be required);
- Fixed Pay for the Group CFO, which was positioned below the 50th percentile, was increased by 28% resulting in Fixed Pay positioning closer to the 50th percentile.

While significant, these increases were required to align remuneration with market peers, reflect the roles' scale and complexity, and ensure retention of high-performing talent critical to our future success as the business continues to scale. Importantly, the Board has continued to weight remuneration towards variable "at-risk" pay to reinforce shareholder alignment.

Enhancements to Variable Remuneration Framework and Other Considerations

In addition to the remuneration adjustments outlined above, the Board also focused on refining other aspects of the remuneration framework during FY25:

- Amending Zip's STVR plan to include both a performance gate and multiplier linked to cash EBTDA. The Board may determine that no STVR is payable if cash EBTDA is below the threshold target approved by the Board, however, a multiplier of up to 130% may be applied if cash EBTDA is above the stretch target approved by the Board. This change did not apply to the Group CEO and Managing Director in FY25, however, the Board intends to review the remuneration of the Group CEO and Managing Director in FY26. When setting the multiplier the Board assessed the additional cost of increased STVR payments compared to the increase in cash earnings if the stretch target was exceeded.
- Reviewing Zip's LTVR plan and further considering the introduction of a second LTVR measure for future grants to enhance the long-term alignment of Executive KMP reward with shareholder value creation.
- The Board also completed a market review of NED remuneration and has adjusted fees payable for FY26 in line with the market review, ensuring NED fees remain competitive.

3. Governance and Risk Management

3.1 Governance Framework

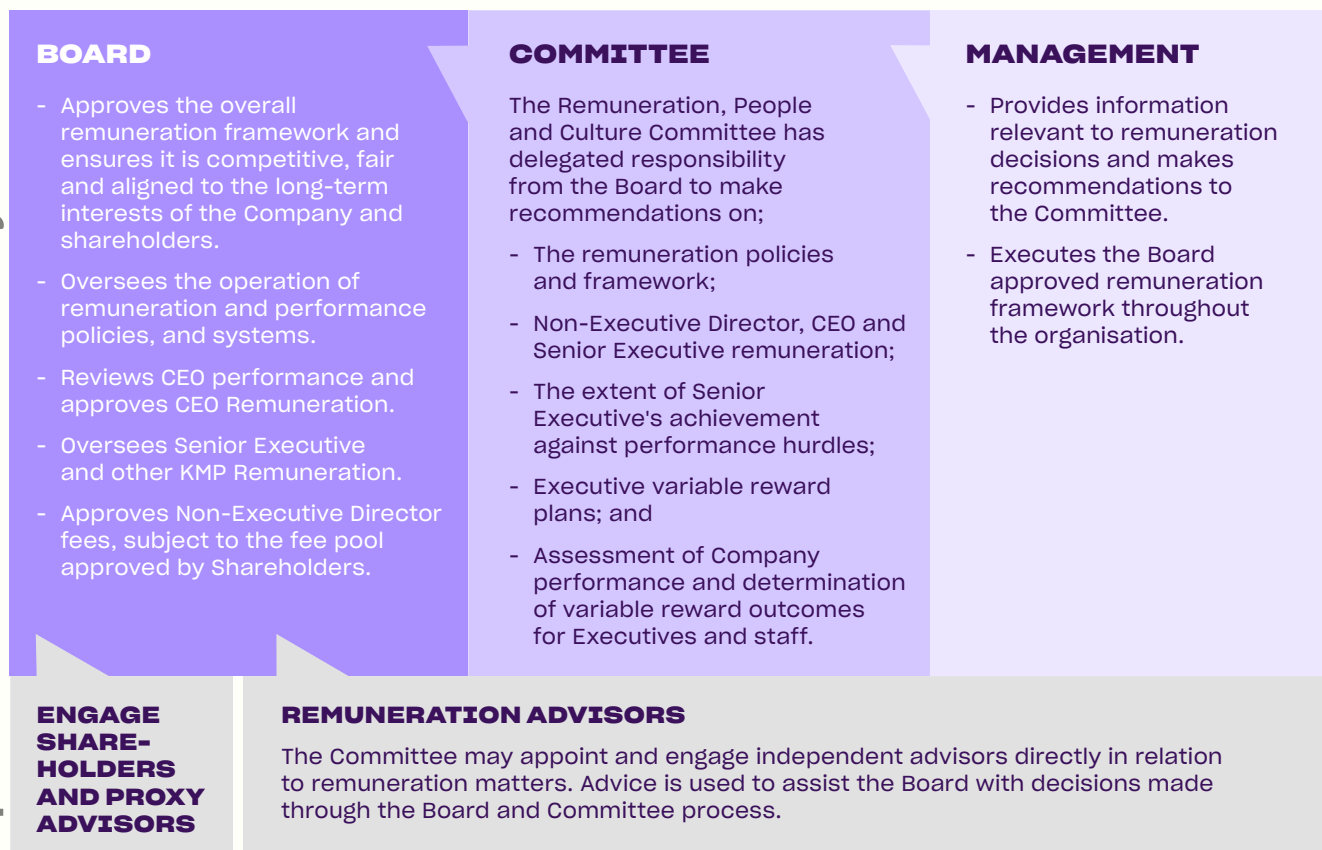
Zip's Remuneration Governance Framework is led and approved by the Board with input from shareholders, Proxy Advisors and Remuneration Advisors. It is designed to attract and retain high-performance talent to deliver sustainable shareholder returns, meet regulatory requirements, and encourage behaviours that align with Zip's code of conduct, values, risk appetite and risk management framework. The Board delegates responsibility for remuneration and people policies and frameworks to the RPCC.

The RPCC is the governing body for developing, monitoring and assessing the remuneration framework, policies and practices across the Company on behalf of the Board. The role of the RPCC is to review, challenge, assess and as appropriate, endorse the recommendations made by management for Board approval. It oversees the Company's remuneration framework and assists the Board to implement a remuneration strategy and policy that is fair, responsible, effective and competitive. The RPCC refers to the remuneration framework and policies when developing Board recommendations about Executive KMP remuneration outcomes and reviews any variations to maintain framework integrity.

Remuneration Report continued

The Figure below outlines the Zip Remuneration Governance Framework:

Figure 2 – Remuneration Governance Framework



The RPCC Charter sets out the Committee's role, responsibilities, composition and membership requirements. The RPCC is independent of Management when making recommendations affecting employee remuneration. Where appropriate, the Group CEO and Managing Director, Group CFO and Chief People Officer attend RPCC meetings as invitees, however, they do not participate in formal decision making or in discussions relating to their own remuneration.

3.2 Risk Management

A sound risk management culture is important to Zip and performance is assessed by the Board with reference to Company risk management policies. The Board retains the ultimate discretion to adjust remuneration outcomes and/or unvested variable rewards (including to zero) to address poor behaviours or risk taking that is outside of the Board approved risk appetite.

The Company's STVR and LTVR Plans have been designed to protect the Company from the risk of unintended or unjustified pay outcomes by allowing risk factors to be considered over long periods and by way of a variety of measures that are considered key to the Company's success. For example:

- basing the STVR on five financial, customer and people performance and risk management measures, including threshold performance hurdles before any STVR on a measure is able to be paid;
- implementing an STVR gate and multiplier linked to cash EBTDA, so that STVR awards are directly linked to Zip's capacity to pay;

Remuneration Report continued

- applying a Board discretion modifier to STVR outcomes for “doing the right thing” whereby the Board may make downward adjustments (including to zero) for regulatory issues, conduct issues, brand and reputational issues, and non-financial and financial risk issues;
- deferring a component (50%) of STVR for Executive KMP which is subject to malus, which aligns reward with shareholder value; and
- distributing remuneration components across both long and short-term performance-based components to encourage prudent risk-taking in line with the overall objectives of the Company.

Malus and Clawback

In addition to considering risk in the design of variable pay plans, the following malus and clawback provisions apply to the LTE, deferred STVR and LTVR plans.

Amongst other things, the Board may elect to forfeit any unvested awards (i.e. malus) or recoup any vested and paid awards (i.e. clawback) in the following circumstances:

- a participant has engaged in serious misconduct (including but not limited to fraud, dishonesty, gross negligence or a breach of employment conditions);
- a material misstatement in, or omission from the Group's financial statements or a misstatement of an applicable vesting condition;
- a participant has acted or failed to act in a way that has contributed to material reputational damage to the Group; or
- in the opinion of the Board, acting in good faith, all or part of the initial award is no longer justified having regard to the circumstances or information which has subsequently come to light.

3.3 Minimum Shareholding Policy

The Minimum Shareholding Policy is designed to strengthen alignment with shareholders by encouraging a focus on prudent risk taking and the creation of long-term shareholder value. A Minimum Shareholding Policy has been in place for Non-Executive Directors since October 2021 and for Executive KMP since April 2024. Key requirements are as follows:

Directors and Executive KMP are required to achieve a minimum holding of Zip shares within five years:

- for Non-Executive Directors, from the later of October 2021 or their date of commencement; and
- for Executive Directors and other Executive KMP, from the later of five years from April 2024 or their appointment as an Executive Director or Executive KMP.

The minimum shareholding requirements are:

- for Non-Executive Directors, a shareholding with a monetary value (at acquisition) equal to their annual Board fee;
- for the Group CEO and Managing Director and other Executive Directors, a shareholding with a monetary value (at acquisition) of 100% of base salary; and
- for other Executive KMP, a shareholding with a monetary value (at acquisition) of 50% of base salary.

3.4 Retention of LTVR and LTE Awards

In connection with Larry Diamond ceasing employment on 3 December 2024, Larry retained some of his outstanding awards on a pro-rata basis, which remain subject to performance hurdles where applicable.

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4. Alignment Between Performance and Remuneration

4.1 Performance on Key Measures

The Board remains focused on linking variable remuneration outcomes for Executive KMPs with Company performance and Shareholders' experience, whilst balancing the need to attract and retain key talent to deliver on the Company's strategic goals.

During FY25 our US business delivered an outstanding performance while the ANZ business returned to growth. This progress is reflected in a substantial increase in shareholder value with TSR of 110.3% in FY25. These outcomes are reflected in Executive KMP STVR awards.

4.2 Performance Indicators Over Last Five Years

The Board remains committed to continuing to build shareholder value over the long-term and has continued to take actions to position the Company to continue to deliver profitable growth. The Table below outlines the key performance measures over the last five years:

Table 4 – Performance Indicators Over Last 5 Years*

Year ending 30 June	FY25	FY24	FY23	FY22	FY21
Total Transaction Volume (\$ billions)	13.1	10.1	8.9	8.3	5.8
Active Customer Accounts (millions)	6.3	6.0	6.2	6.4	5.7
Gross Receivables (\$ billions)	2.9	2.6	2.8	2.7	2.1
Revenue (\$ millions from continuing operations excluding Other Income)	1,071.6	868.0	677.2	596.9	392.1
Cash Net Transaction Margin (%)	3.9%	3.8%	2.8%	2.5%	3.1%
Cash EBTDA (\$ millions)	170.3	69.0	(48.2)	(151.4)	(37.2)
Share Price High (\$)	3.56	1.60	1.72	8.78	14.53
Share Price Low (\$)	1.09	0.26	0.40	0.44	4.96
Share Price Close (\$)	3.07	1.46	0.41	0.44	7.57
Market Capitalisation (\$ billions)	4.0	1.6	0.3	0.2	5.2
Dividends paid in year	–	–	–	–	–

* Comparative information has been restated, where appropriate, to remove operations deemed discontinued by 30 June 2025.

Remuneration Report continued

4.3 FY25 Achieved Total Remuneration

The following table outlines the 'Achieved' Total Remuneration (what became payable or vested for the FY25 measurement period for fixed and variable remuneration). The figures in this table differ from the Statutory Remuneration Table, which has been prepared in accordance with the accounting standards and therefore includes accounting values for unvested equity under the LTE and LTVR Plans. This table is designed to show what Executives actually received for performance in FY25.

Table 5 – FY25 Achieved Total Remuneration

Executive KMP	Fixed Pay		Value of Fixed LTE Vested During FY25 ¹		STVR Awarded Following Completion of FY25 ²		Value of LTVR Vested Following Completion of the Measurement Period		Total Remuneration
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	
Cynthia Scott Group CEO and Managing Director	896,850	48%	80,328	4%	897,066	48%	–	–%	1,874,244
Gordon Bell Group CFO	654,349	46%	–	–%	778,619	54%	–	–%	1,432,968
Joseph Heck ³ US CEO	740,201	46%	–	–%	880,274	54%	–	–%	1,620,475
Soraya Alali ⁴ ANZ CEO	90,560	57%	–	–%	69,074	43%	–	–%	159,634
Peter Gray ⁵ ANZ CEO	536,000	51%	81,185	8%	431,182	41%	–	–%	1,048,367
Larry Diamond ⁶ US Chairman and Executive Director	229,492	86%	36,789	14%	–	–%	–	–%	266,281

1. This is the grant value of the LTE that vested during the reporting period.
2. This is the value of the total STVR award calculated following the end of FY25.
3. Commenced 15 July 2024.
4. Commenced 12 May 2025.
5. Amounts shown are for time served as an employee of Zip during the year (amounts are not prorated for the period Peter Gray was determined to be a KMP).
6. Does not include the value of relocation assistance provided to Larry Diamond to support his secondment to the US (see note below).

Note on US Secondment for Larry Diamond

Larry Diamond's secondment to the US concluded in April 2024, however, some relocation support related to this secondment was not reimbursed until FY25 (relating to school fees, repatriation flights, US tax compliance fees and associated taxes). The value of this relocation support is included in the Statutory Disclosures in this report (FY25: \$418,278). The costs associated with Larry Diamond's secondment in FY24 and FY25 were elevated as a number of significant tax concessions were no longer available after 12 months of residence in the US.

While Larry Diamond's secondment to the US has represented a significant cost to the Company, the Board is satisfied that the secondment was justified given the strong results achieved under Larry Diamond's leadership, successful leadership transition to Joseph Heck and continuing momentum in the US business.

Remuneration Report continued

5. Executive KMP Remuneration

5.1 Fixed Remuneration Outcomes

The Table below outlines Fixed Remuneration (Salary and Superannuation) at the end of FY25.

Table 6 — Fixed Pay for FY25

Executive KMP	Fixed Pay at the End of FY24 ⁴	Fixed Pay at the End of FY25	Change
Cynthia Scott Group CEO and Managing Director	765,399	950,000	24%
Gordon Bell Group CFO	545,399	700,000	28%
Joseph Heck ¹ US CEO	–	769,231	–
Soraya Alali ANZ CEO	–	629,932	–
Peter Gray ² ANZ CEO	543,000	–	–
Larry Diamond ³ US Chairman and Executive Director	535,600	–	–

1. Joseph Heck Fixed Remuneration at the end of FY25 of 500,000 USD, converted at 12 month average foreign exchange rate (0.65).
2. Peter Gray ceased as KMP on 11 May 2025.
3. Larry Diamond ceased as KMP and as an employee on 3 December 2024. Does not include the value of relocation assistance provided to Larry Diamond to support his secondment to the US (for more information refer to Table 5 and Table 16).
4. Adjusted to include value of car parking benefit provided and not previously defined as “Fixed Pay” in the FY24 Remuneration Report.

5.2 LTE Awards

LTE grants were made to two Executive KMP, the ANZ CEO and US CEO, during FY25. Grants were made as part of their employment offers. Details of LTE awards made in prior years are set out in Table 17.

Table 7 – LTE Granted During FY25

Executive KMP	LTE Opportunity \$	Number of Rights Granted	Vesting Dates
Joseph Heck ¹ US CEO	892,326	626,942	September 6, 2025 September 6, 2026 September 6, 2027 September 6, 2028
Soraya Alali NZ CEO	320,000	186,047	June 6, 2026 June 6, 2027 June 6, 2028 June 6, 2029

1. Joseph Heck's LTE opportunity of USD 600,0000 was converted to AUD using an exchange rate of 0.6724.

Remuneration Report continued

5.3 STVR Outcomes

For FY25, threshold and stretch performance targets were established for each measure in the STVR Plan scorecard. Meeting the stretch performance hurdle will earn 100% of the award whilst meeting the threshold performance hurdle will attract a 50% outcome. Any result above the threshold, but below the stretch, is rewarded on a pro-rata basis. Any result below the threshold will not qualify for any award on that performance measure. The table below shows the outcome against the FY25 Company scorecard measures:

Table 8 – Company Scorecard Outcomes for FY25

Strategic Alignment	Measure	Weighting %	Reason Chosen	Threshold and Stretch Target	Outcome	Vesting %	Award %
Financial	Earnings Before Taxes Depreciation Amortisation (cash EBTDA)	40%	Cash EBTDA was selected as a measure of profitability.	Set with reference to budget and FY24 Actual: 69.0 million.	FY25 Actual: 170.3 million Performance above stretch was achieved driven by strong volumes in the US and margin expansion in both core markets ¹ .	100%	40%
	<div> <div>Threshold</div> <div>Stretch Target</div> <div>0%50%100%</div> </div>						
	Cash Net Transaction Margin (NTM)	20%	Cash NTM was selected in line with strategy to improve the unit economics of the business.	Set with reference to budget and FY24 Actual: 3.8%.	FY25 Actual: 3.9% Cash NTM was above the stretch hurdle due to higher revenue margin and disciplined credit performance in both core markets.	100%	20%
Financial	<div> <div>Threshold</div> <div>Stretch Target</div> <div>0%50%100%</div> </div>						
	Total Transaction Volume (TTV)	10%	TTV was selected to measure use of the Company's products in terms of the value of customer transactions in core markets. Increased weighting (was 5% in FY24).	Set with reference to budget and FY24 Actual: 10.1 billion.	FY25 Actual: 13.1 billion. TTV was between threshold and stretch driven by strong volumes in the US.	90.8%	9.1%
	<div> <div>Threshold</div> <div>Stretch Target</div> <div>0%50%100%</div> </div>						

1. As cash EBTDA was achieved above the stretch target, the Board applied a multiplier to US Executives, Group Executives and staff in the US.

Remuneration Report continued

Strategic Alignment	Measure	Weighting %	Reason Chosen	Threshold and Stretch Target	Outcome	Vesting %	Award %
Customer	Monthly Transacting User's	10%	To ensure a focus on customers and growth in customers throughout the year.	Set with reference to budget.	FY25 Actual: 6.3 million.	88.4%	8.8%
<div> <div>Threshold</div> <div>Stretch Target</div> <div>88.4%</div> <div>0%50%100%</div> </div>							
Enterprise Risk	Risk Milestones	10%	To ensure alignment of Zip financial Targets with appropriate risk management.	First year Target was qualitative in design and set by the Audit and Risk Board sub committee (ARC).	Significant uplift in Enterprise Risk management. ARC assessed outcome slightly below stretch target.	95.8%	9.6%
<div> <div>Threshold</div> <div>Stretch Target</div> <div>95.8%</div> <div>0%50%100%</div> </div>							
People	Employee Engagement	10%	Employee Engagement reflects employee satisfaction and willingness to apply discretionary effort to drive performance.	Set with reference to external benchmarks and FY24 Actual: 80%. The stretch target was set above industry benchmarks.	FY25 Actual: 81%.	100%	10%
<div> <div>Threshold</div> <div>Stretch Target</div> <div>100%</div> <div>0%50%100%</div> </div>							
STVR Outcome for FY25							97.5%

The Board has taken into account the impact of foreign exchange movements when assessing Award outcomes.

STVR outcomes are aligned with the very strong results achieved and positive outcomes for shareholders. Scorecard results and STVR outcomes are significantly higher than those achieved in FY23 (Company scorecard: 13.7%) and similar to FY24 (Company scorecard: 97.8%), showing a continuation of the substantial turnaround in the business in recent years.

The Group and US businesses achieved cash EBTDA results above the stretch target. As a result a multiplier has been applied to the Group and US scorecard outcomes. No multiplier has been applied to the ANZ scorecard.

Remuneration Report continued

The Board's intention is to deliver STVR awards to Executive KMP as 50% cash and 50% as shares or rights that are deferred for one year. STVR awards are outlined in the table below:

Table 9 – STVR Outcomes in FY25

Executive KMP	Stretch Target STVR \$ Opportunity	Maximum STVR \$ Opportunity ¹	STVR Outcome % of Maximum ^{2,5}	Value STVR Awarded \$	Maximum STVR Foregone \$
Cynthia Scott Group CEO and Managing Director	\$920,068	\$920,068	97.50%	\$897,066	\$23,002
Gordon Bell Group CFO	\$670,068	\$871,088	89.38%	\$778,619	\$92,469
Joseph Heck ³ US CEO	\$739,726	\$961,644	91.54%	\$880,274	\$81,370
Soraya Alali ³ ANZ CEO	\$82,192	\$106,850	64.65%	\$69,074	\$37,776
Peter Gray ⁴ ANZ CEO	\$513,068	\$666,988	64.65%	\$431,182	\$235,806
Total				\$3,056,215	

- For Gordon Bell, Joseph Heck, Soraya Alali and Peter Gray, Maximum STVR is 130% of the stretch target opportunity (if Cash EBTDA is achieved in excess of the stretch target, the Board may apply a multiplier such that awards of up to 130% of base salary may be payable).
- STVR outcomes for Cynthia Scott and Gordon Bell are assessed against Company scorecard outcomes. STVR outcomes for Joseph Heck, Soraya Alali and Peter Gray are assessed against Company scorecard outcomes and the relevant region scorecard outcomes.
- Joseph Heck and Soraya Alali's STVR Opportunities are pro-rata based on their period of service as Executive KMP during FY25.
- Peter Gray's STVR award reflects time served as an employee of Zip during the year (amount is not pro-rated for the period Peter Gray was determined to be a KMP).
- The multiplier was not applied to the Group CEO and Managing Director, however, the Board's intention is to review the Group CEO and Managing Director's remuneration in FY26.

5.4 LTVR Awards

Awards were issued to Executive KMP under the LTVR Plan during FY25. The LTVR grant for the Group CEO and Managing Director has a maximum award opportunity of 150% of base salary, for other Executive KMP, their maximum award opportunity is 50% of base salary. In line with ASX Listing Rule 10.14, the grant for Cynthia Scott was approved by Shareholders at the AGM held on 7 November 2024. The Total Shareholder Return performance hurdle will be assessed in September 2027.

Table 10 – LTVR Granted in FY25

Executive KMP ^{1,2}	LTVR Opportunity \$	Maximum LTVR Opportunity as a % of Base Salary	Number of Rights Granted	Vesting Dates
Cynthia Scott Group CEO and Managing Director	\$1,380,102	150%	736,329	September 2027
Gordon Bell Group CFO	\$335,034	50%	178,751	September 2027
Joseph Heck US CEO	\$368,351	50%	196,527	September 2027
Peter Gray ANZ CEO	\$256,534	50%	136,869	September 2027

- Soraya Alali is not eligible to participate until FY26.
- Larry Diamond did not receive an LTVR grant in FY25.

Remuneration Report continued

Table 11 – LTVR Vesting Outcomes in FY25 (Awards Granted in FY22)

The Executive KMP were granted a three-year upfront LTVR in November 2021. The starting point for the program was a share price of \$7.28 being the 10-day VWAP before the release of the Appendix 4E for the year to 30 June 2021. During FY25, this LTVR award was eligible to be assessed. Based on the performance assessment against the TSR hurdles the LTVR did not vest. The table below sets out the maximum number of rights that could have vested and outcome of the performance assessment:

Executive KMP	Rights Eligible to Vest	Maximum Performance Target	Actual Performance Outcome	% of Maximum Vested	Rights Vested	Rights Forfeited
Peter Gray ANZ CEO	101,260	12.58	2.18	–%	–	101,260
Larry Diamond US Chairman and Executive Director	105,504	12.58	2.18	–%	–	105,504

The performance assessment for the FY23 LTVR award is due in September 2025. Zip's TSR performance is expected to meet the hurdle and it is likely that some or all outstanding LTVR rights from the FY23 LTVR award will vest.

5.5 Executive Service Agreements

Remuneration and other terms of employment for Executive KMP are formalised in service agreements which are ongoing, with no fixed term. Termination provisions are outlined in the table below:

Table 12 – Executive KMP Service Agreements

Periods of notice required to terminate Executive KMP	Either party may terminate the employment agreement on six months' notice.
Termination payments	The Company may make a payment in lieu of notice at the discretion of the Board where termination occurs other than for cause.

For Non-Executive Directors there are no service agreements, however letters of appointment do apply; tenure and retirement/resignation as a director is governed by the *Corporations Act 2001* and the Company's constitution. Non-Executive Directors are not entitled to any termination payments.

6. Non-Executive Director Remuneration

6.1 NED Remuneration Policy

The remuneration policy for NEDs seeks to deliver market competitive fees to attract and retain talented, qualified directors, preserve independence, and align director and shareholder interests. The Board policy is to remunerate NEDs at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the NEDs and reviews their remuneration annually, based on market practice, duties and accountability. Fees are paid for service on the Board and for membership and/or chairing of the Audit and Risk, and Remuneration, People and Culture Committee. No additional fees are paid for membership of the Nomination Committee and the Board chair receives no additional fees for serving on Committees.

Once appointed all NEDs enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation relevant to the office of Director. All current NEDs were appointed for an initial term of three years (subject to election by shareholders). The service agreements for the NEDs do not carry notice period provisions, nor do they provide for any termination benefits. All Directors must retire from office at the third annual general meeting after the Director was last elected and will then be eligible for re-election.

Remuneration Report continued

Board Composition

On 7 October 2024 Matthew W. Schuyler, independent NED was appointed to the Board. Matthew W. Schuyler is based in the US and brings a deep understanding of the US market and broad commercial expertise in brand-building, business transformation, human resources and cultural strategy.

On 17 April 2025 Andrew Stevens, independent NED was appointed to the Board. Andrew Stevens is based in Australia and is an experienced NED and business leader with deep expertise in business transformation, technology, growth strategy, governance and risk.

The appointment of Andrew Stevens increased the Zip Board from four to five independent NEDs. Following the retirement of Larry Diamond the Zip Board now has one Executive Director (being the Group CEO and Managing Director).

The Board regularly reviews the collective skills, knowledge, experience and diversity required to support its ongoing performance and governance duties, with a view to identifying skills, capacity and market knowledge to support Zip's continued growth and long-term success.

6.2 NED Fees

To maintain independence and impartiality, NEDs do not receive performance-related remuneration such as share options or rights with a performance condition.

Following a review against relevant market comparators, recognising the substantial turnaround that had been achieved, and the ongoing significant workload of NEDs, the Board restored total remuneration paid to NEDs to the amounts that were paid before NEDs implemented a voluntary fee reduction in FY23 and increased the NED fees in FY25 to reflect market benchmarks.

The Table below sets out the FY24 and FY25 Board and Committee fee structure (all fees are inclusive of superannuation):

Table 13 – NED Fees

Role	Chairperson Fee ²	Director/ Member Fee
FY24 NED Fees^{1,3} (Effective 1st July 2023)		
Main Board	300,000	130,000
Audit and Risk Committee	20,000	10,000
Remuneration, People and Culture Committee	10,000	10,000
Nominations Committee ⁵	–	–
FY25 NED Fees^{1,4} (Effective 1st July 2024)		
Main Board	340,000	170,000
Audit and Risk Committee	25,000	12,500
Remuneration, People and Culture Committee	20,000	10,000
Nominations Committee ⁵	–	–

1. Fees are inclusive of superannuation (if applicable).

2. The Board Chairperson does not receive fees for serving on Committees.

3. A portion of FY24 NED Fees for Diane Smith-Gander, Meredith Scott and John Batistich was delivered as restricted rights under the NED Equity Plan.

4. A portion of FY25 NED Fees for both Diane Smith-Gander and Meredith Scott was delivered as restricted rights under the NED Equity Plan approved by Shareholders at the 2024 AGM.

5. NEDs do not receive fees for serving on the Nominations Committee.

Remuneration Report continued

NEDs are also entitled to be reimbursed for all reasonable business related expenses as may be reasonably incurred in the discharge of their duties.

Aggregate Fee Pool

Non-Executive Director fees are determined within an aggregate fee pool limit. The current fee pool is \$1,500,000 (inclusive of superannuation) and was approved by shareholders at the AGM held on 4 November 2021. The fee pool is designed to provide flexibility to the Board to accommodate changes in its size and composition.

6.3 NED Equity Plan

The Company has a NED Equity Plan to assist in the motivation, retention and reward of NEDs and to provide an opportunity for the NEDs to acquire shareholdings in the Company through the delivery of a portion of fees as equity. In line with ASX Listing Rule 10.14, the Company obtained shareholder approval at the 2023 AGM before implementing the NED Equity Plan.

During FY25 the NED Equity Plan was amended to operate on a voluntary basis, providing NEDs with the flexibility to nominate the amount of their main board fee to be allocated as restricted rights under the NED Equity Plan and the amount paid in cash. This was approved by shareholders at the 2024 AGM, and the issue of restricted rights to eligible NEDs under the NED Equity Plan approved for the next three years.

In designing the NED Equity Plan, the Directors were conscious that NED remuneration should not conflict with their obligations to bring independent judgement to their roles. Consistent with Principle 8 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the grants of securities will better align the interests of the NEDs with the interests of shareholders.

In accordance with these governance recommendations, the securities issued under the NED Equity Plan are not subject to performance-based vesting conditions or vesting conditions of any kind.

Remuneration Report continued

Key terms of the NED Equity Plan are outlined below:

Table 14 – FY25 NED Equity Plan – Key Terms

Purpose	The purpose of the Zip NED Equity Plan is to facilitate long-term holding of equity interests and assist NEDs in reaching the minimum shareholding requirement.
Opportunity	Prior to commencement of the financial year, NEDs are invited to nominate the amount of their Main Board Fee that they wish to receive in the form of restricted rights.
Delivery	Each NED was invited to apply for restricted rights under the Plan, with a nil exercise price. Restricted rights have been selected so as not to compromise NED's independence.
Allocation Method	<p>The number of restricted rights is calculated as follows:</p> <ul style="list-style-type: none"> ■ Number of restricted rights = dollar value participation ÷ right value; and ■ Where the right value is the 10-day volume-weighted average price (VWAP) following the release of FY24 financial results.
Term	Each right has a term ending 15 years after the grant date, and if not exercised before the end of the term the restricted rights will lapse.
Vesting and Exercise Conditions	To ensure NED independence is not compromised, and to recognise that the instruments are an alternative to cash remuneration, the rights are not subject to any vesting conditions. Rights may not be exercised within 90 days of the Grant Date.
Dealing and Disposal Restrictions	<p>Rights may not be sold, transferred, mortgaged, charged or otherwise dealt with or encumbered, except by force of law.</p> <p>Shares acquired from the exercise of vested rights may be subject to disposal restrictions due to:</p> <ul style="list-style-type: none"> ■ the Company's Securities Trading Policy; ■ the insider trading provisions of the Corporations Act; ■ 12-month on-sale restrictions under the Corporations Act; and ■ specified disposal restrictions included in the invitation. <p>Zip will ensure that such restrictions are enforced via CHESS holding locks or alternatively by any trustee of an Employee Share Trust that may be engaged in connection with the Plan.</p>
Corporate Actions	In the event of a change of control or delisting, exercise restrictions will cease on the date determined by the Board.

6.4 NED Shareholding Policy

NEDs are subject to the Minimum Shareholding Policy. Refer to section 3.3 – Minimum Shareholding Policy for more detail.

Remuneration Report continued

7. FY26 Remuneration Changes

Senior Executives

In FY26, KMP Executive remuneration will continue to focus on the delivery of profitable growth and be weighted towards performance based pay. In summary:

- The Board has completed a market review covering both the US and Australian markets, and discussed a range of proposed changes with shareholders and Proxy Advisers. Changes for FY26 are expected to include adjustments to fixed pay and pay mix based on market benchmarks, to ensure pay remains competitive as Zip continues to scale and the Executive team remains focussed on delivering long-term shareholder value.
- The Board is also considering the inclusion of a second performance hurdle into the LTVR plan and is reviewing the peer group used to assess Zip's relative TSR performance.

Further detail about these changes will be provided in the FY26 Remuneration Report.

Independent Non-Executive Directors

Based upon a review of market data, the Board has implemented a modest increase in Board fees and an increase in Board Committee fees to align closer to market benchmarks.

The increase in NED remuneration for FY26 will apply from 1 July 2025 and adjusted fees are set out in the table below:

Table 15 – FY26 NED Fees (Effective 1 July 2025)^{1,2}

Role	Chair Fee ³	Director/ Member Fee
Main Board	360,000	180,000
Audit and Risk Committee	35,000	17,500
Remuneration, People and Culture Committee	25,000	15,000
Nominations Committee ⁴		

1. Fees are inclusive of superannuation, if applicable.
2. A portion of NED Fees may be delivered as restricted rights under the NED Equity Plan. The mix of cash and restricted rights for FY26 is yet to be confirmed.
3. The Board Chairperson does not receive fees for serving on Committees.
4. NEDs do not receive fees for serving on the Nominations Committee.

8. Statutory Disclosures

8.1 Remuneration Tables

Details of the remuneration of KMP of the consolidated entity are set out in the following table which has been prepared in accordance with the accounting standards.

Table 16 – Statutory Remuneration Table

FY25 and FY24 (\$)	Total Fixed Remuneration				Other Benefits	At Risk Remuneration				Total ⁷	
	Salary and Fees ¹	NED Equity	Superannuation	Annual and Long Service Leave ²		Long Term Equity ³	Other ^{4,5}	Short Term Variable Reward	Other Short Term Awards		Long Term Variable Reward ⁶
Non-Executive Directors:											
Diane Smith-Gander AO	FY25	251,121	60,000	28,879	-	-	-	-	-	-	340,000
	FY24	234,234	40,000	25,766	-	-	-	-	-	-	300,000
Meredith Scott	FY25	156,951	30,000	18,049	-	-	-	-	-	-	205,000
	FY24	126,126	20,000	13,874	-	-	-	-	-	-	160,000
Kevin Moss	FY25	192,497	-	-	-	-	-	-	-	-	192,497
	FY24	17,391	-	-	-	-	-	-	-	-	17,391
Matthew W. Schuyler (part year FY25)	FY25	148,690	-	-	-	-	-	-	-	-	148,690
	FY24	-	-	-	-	-	-	-	-	-	-
Andrew Stevens (part year FY25)	FY25	33,021	-	3,797	-	-	-	-	-	-	36,818
	FY24	-	-	-	-	-	-	-	-	-	-
John Batistich (part year FY25)	FY25	64,141	-	7,376	-	-	-	-	-	-	71,518
	FY24	117,117	20,000	12,883	-	-	-	-	-	-	150,000
Executive Directors:											
Cynthia Scott	FY25	866,918	-	29,932	79,705	25,876	80,328	897,066	-	815,669	2,795,494
	FY24	632,826	-	20,691	9,177	25,937	157,905	618,334	-	259,143	1,724,013
Larry Diamond (part year FY25)	FY25	214,526	-	14,966	(378,969)	763,958	73,413	-	-	18,919	706,813
	FY24	508,201	-	27,399	(24,616)	1,281,222	181,283	477,708	150,000	183,799	2,784,996
Executive Managers:											
Gordon Bell	FY25	624,417	-	29,932	31,400	25,577	-	778,619	-	121,220	1,611,166
	FY24	367,500	-	20,549	22,609	21,832	-	356,720	150,000	31,900	971,110
Joseph Heck ^a (part year FY25)	FY25	740,201	-	-	-	15,877	512,143	880,274	-	89,133	2,237,628
	FY24	-	-	-	-	-	-	-	-	-	-
Soraya Alali (part year FY25)	FY25	83,077	-	7,483	6,450	3,353	17,740	69,074	-	-	187,176
	FY24	-	-	-	-	-	-	-	-	-	-
Peter Gray (part year FY25)	FY25	435,028	-	29,030	23,306	22,513	69,842	372,116	-	133,085	1,084,920
	FY24	487,601	-	27,399	(7,727)	28,417	173,972	477,360	-	176,741	1,363,763
Total FY25		3,810,588	90,000	169,444	(238,108)	857,154	753,466	2,997,149	-	1,178,026	9,617,720
Total FY24		2,490,996	80,000	148,031	(557)	1,357,408	513,160	1,930,122	300,000	651,583	7,470,743

- Salary sacrifice for contribution to the cost of an office car parking is included in FY25 Salary for Executive KMP.
- Annual Leave and Long Service Leave represents the movement in the associated provisions during the year.
- Long-Term Equity is expensed over the vesting period. The value disclosed is the portion recognised as an expense in FY25.
- For Cynthia Scott, Gordon Bell, Soraya Alali and Peter Gray other benefits include a Company contribution to the cost of car parking. For Cynthia Scott, Larry Diamond and Peter Gray other benefits include a \$299 well-being allowance. For Joseph Heck, other benefits includes employer 401k and various health insurances. For Larry Diamond other benefits includes Annual Leave and Long Service Leave Termination Payment of \$345,381.
- Includes relocation support for Larry Diamond's US secondment, which concluded in April 2024 but was reimbursed in FY25 (\$418,278) for school fees, repatriation flights, US tax compliance and associated taxes. See Table 5 for more information.
- The value of LTVR performance rights is calculated at the date of grant using a Monte Carlo simulation pricing model and is expensed over the vesting period. The value disclosed is the portion recognised as an expense in FY25.
- Total Remuneration disclosures in this table are reflective of time spent in the role of KMP only (amounts disclosed have been apportioned accordingly for Peter Gray).
- FY25 remuneration for Joseph Heck is reported in AUD based on the 12 month average foreign exchange rates for FY25: USD 0.65 (rounded to 2 decimal places)
- Larry Diamond's LTE and LTVR reflects the accelerated expense for the equity he still retains.

Remuneration Report continued

8.2 KMP Equity Interests and Changes

(a) Issue of Shares

Other than set out in this report, there were no shares issued to Directors and other KMP as part of compensation during the financial year ended 30 June 2025.

(b) Performance Rights Holding

The number of performance rights in the Company held during the financial year by each Director and other members of KMP of the consolidated entity, including their personally related parties, affecting remuneration of Directors and other KMP in the current or future financial years is set out below:

Table 17 – Fixed Long-Term Equity Rights

Executive KMP	Balance at the Start of the Year	Granted	Conversion to Ordinary Shares	Lapsed	Balance at the End of the Year
Cynthia Scott	347,616	–	(119,245)	–	228,371
Gordon Bell ¹	–	–	–	–	–
Joseph Heck ²	–	626,942	–	–	626,942
Soraya Alali ³	–	186,047	–	–	186,047
Peter Gray ⁴	332,930	–	(121,265)	–	–
Larry Diamond ⁵	346,927	–	–	(119,692)	–
Total	1,027,473	812,989	(240,510)	(119,692)	1,041,360

Issue Date	Vesting Date	Expiry Date	\$ Fair Value at Grant Date	Number of Rights Issued
8 March 2021	8 March 2025 ⁶	8 March 2027	8.92	9,922
6 December 2021	6 December 2024 ⁶	6 December 2027	4.18	10,118
6 December 2021	6 December 2025	6 December 2027	4.18	10,118
8 March 2022	8 March 2025 ⁶	8 March 2028	0.93	43,180
8 March 2022	8 March 2026	8 March 2028	0.93	43,180
8 March 2023	8 March 2025 ⁶	8 March 2029	0.52	303,652
8 March 2023	8 March 2026	8 March 2029	0.52	303,652
8 March 2023	8 March 2027	8 March 2029	0.52	303,651
6 September 2024	6 September 2025	6 September 2030	2.12	156,736
6 September 2024	6 September 2026	6 September 2030	2.12	156,736
6 September 2024	6 September 2027	6 September 2030	2.12	156,735
6 September 2024	6 September 2028	6 September 2030	2.12	156,735
6 June 2025	6 June 2026	6 June 2031	2.95	46,512
6 June 2025	6 June 2027	6 June 2031	2.95	46,512
6 June 2025	6 June 2028	6 June 2031	2.95	46,512
6 June 2025	6 June 2029	6 June 2031	2.95	46,511
Total				1,840,462

- Gordon Bell has not received any grants under the Long-Term Equity Plan.
- Joseph Heck's opening balance is as at 15 July 2024 when he commenced as a KMP.
- Soraya Alali's opening balance is as at 12 May 2025 when she commenced as a KMP.
- Peter Gray ceased as a KMP on 11 May 2025. His closing balance as at this date was 211,665.
- Larry Diamond ceased as a KMP on 3 December 2024. 119,692 rights were lapsed following Larry's cessation of employment on 3 December 2024. His closing balance as at this date was 227,235.
- Rights vested and converted to ordinary shares during FY25.

Remuneration Report continued

Table 18 – Long-Term Variable Reward Rights

Executive KMP	Balance at the Start of the Year	Granted	Conversion to Ordinary Shares	Lapsed	Balance at the End of the Year
Cynthia Scott	3,562,924	736,329	–	–	4,299,253
Gordon Bell	590,931	178,751	–	–	769,682
Joseph Heck ¹	–	196,527	–	–	196,527
Soraya Alali ²	–	–	–	–	–
Peter Gray ³	1,111,739	136,869	(203,333)	(101,260)	–
Larry Diamond ⁴	1,150,043	–	–	(706,366)	–
Total	6,415,637	1,248,476	(203,333)	(807,626)	5,265,462

Issue Date	Vesting Date	Expiry Date	\$ Fair Value at Grant Date	Number of Rights Issued
15 February 2019	15 February 2022	15 February 2025	0.29	406,666
30 November 2021	15 September 2024	30 November 2027	2.99	206,764
13 March 2023	15 September 2025	13 March 2029	0.27	1,441,618
15 September 2023 ⁵	15 September 2026	15 September 2029	0.26	2,568,741
15 September 2023	15 September 2026	15 September 2029	0.20	1,791,848
15 September 2024 ⁵	15 September 2027	15 September 2030	2.61	736,329
15 September 2024	15 September 2027	15 September 2030	1.72	512,147
Total				7,664,113

1. Joseph Heck's opening balance is as at 15 July 2024 when he commenced as a KMP.
2. Soraya Alali's opening balance is as at 12 May 2025 when she commenced as a KMP.
3. Peter Gray ceased as a KMP on 11 May 2025. His closing balance as at this date was 944,015.
4. Larry Diamond ceased as a KMP on 3 December 2024. 600,862 performance rights were lapsed following Larry's cessation of employment on 3 December 2024. His closing balance as at this date was 443,677.
5. LTVR granted to the Group CEO and Managing Director.

(c) NED Equity Plan Restricted Rights Holding

Table 19 – NED Equity Plan Restricted Rights

Non-Executive Director	Balance at the Start of the Year	Granted	Conversion to Ordinary Shares	Balance at the End of the Year
Diane Smith–Gander AO	171,355	26,981	–	198,336
Meredith Scott	81,864	13,490	–	95,354
Kevin Moss ¹	–	–	–	–
Matthew W. Schuyler ²	–	–	–	–
Andrew Stevens ³	–	–	–	–
John Batistich ⁴	85,677	–	(85,677)	–
Total	338,896	40,471	(85,677)	293,690

1. Kevin Moss did not participate in the NED Equity Plan.
2. Matthew W. Schuyler was appointed to the Board on 7 October 2024 and did not participate in the NED Equity Plan.
3. Andrew Stephens was appointed to the Board on 17 April 2025 and did not participate in the NED Equity Plan.
4. John Batistich ceased as a NED on 7 November 2024. He exercised and converted his rights to ordinary shares on 30 October 2024. Following cessation his balance of restricted rights was nil.

Remuneration Report continued

(d) Options Holding

No options were granted during FY25 and none of the KMP currently hold options for shares in Zip.

(e) Shareholding**Table 20 – KMP Shareholding (Ordinary Shares)**

Non-Executive Director or Executive KMP	Balance at the Start of the Year	Granted and/or Received on Conversion of Rights	Net Additions/ (Disposals)	Balance at the End of the Year
Diane Smith–Gander AO	178,322	–	19,152	197,474
Cynthia Scott	283,423	357,523	18,349	659,295
Meredith Scott	51,432	–	3,712	55,144
Kevin Moss	–	–	19,250	19,250
Matthew W. Schuyler ¹	–	–	–	–
Andrew Stevens ²	–	–	47,000	47,000
Gordon Bell	400,000	180,530	100,000	680,530
Joseph Heck ³	–	–	–	–
Soraya Alali ⁴	–	–	–	–
Peter Gray ⁵	18,623,882	488,741	(7,863,000)	–
Larry Diamond ⁶	55,318,982	164,263	(30,000,000)	–
John Batistich ⁷	381,208	85,677	(250,000)	–

1. Matthew W. Schuyler's opening balance is as at 7 October 2024 when he commenced as a NED.
2. Andrew Stephen's opening balance is as at 17 April 2025 when he commenced as a NED.
3. Joseph Heck's opening balance is as at 15 July 2024 when he commenced as a KMP.
4. Soraya Alali's opening balance is as at 12 May 2025 when she commenced as a KMP.
5. Peter Gray ceased as a KMP on 11 May 2025. His closing balance as at this date was 11,249,623.
6. Larry Diamond ceased as a KMP on 3 December 2024. His closing balance as at this date was 25,483,245.
7. John Batistich ceased as a NED on 7 November 2024. His closing balance as at this date was 216,885.

8.3 Other Statutory Disclosures**(a) Securities Trading Policy**

The Zip Securities Trading Policy is available in the Corporate Governance section on our website.

(b) Other Transactions to KMP and their Related Parties

There were no loans to/from and no other transactions in the financial year ended 30 June 2025 and to the date of this report between the Company and:

- the Directors; and
- other members of KMP of the consolidated entity, including their personally related parties.

Remuneration Report continued

(c) Use of Remuneration Consultants

The RPCC may seek and consider advice from external and independent advisers from time to time to assist the RPCC discharge its duties, including periodically testing the market competitiveness of the remuneration policy and framework by benchmarking against comparable companies.

The RPCC has procedures in place to ensure that all engagements with independent external remuneration consultants, and recommendations (if any) or advice is free from undue influence. At times, remuneration consultants may be required to interact with management to obtain the relevant information needed to form any remuneration recommendations. In these instances, a Non-Executive Director will always have oversight of interactions between independent consultants and management.

The Board confirms that all remuneration advice received during FY25 was free from undue influence because these procedures were adhered to.

During FY25, the Godfrey Remuneration Group (GRG) were engaged by the RPCC to provide benchmarking services and advice regarding KMP remuneration quantum and structure. GRG was paid \$22,000 (including GST) for these services.

In addition, PricewaterhouseCoopers (PwC) provided assistance with Zip's equity plans (including tax and legal advice) and Executive remuneration benchmarking. No remuneration recommendations (as defined in section 9B of the *Corporations Act 2001*) were obtained from PwC in FY25.

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

This concludes the Remuneration Report, which has been audited.

Directors' Report continued

Indemnity and Insurance of Officers

The Company has indemnified the Directors and Executives of the Company for costs incurred, in their capacity as a Director or Executive, for which they may be held personally liable, except where there is a lack of good faith. During the financial year, the Company paid a premium in respect of a contract to insure the Directors and Executives of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and Insurance of Auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. During the financial year, the Group has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on Behalf of the Company

No person has applied to the Company under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-Audit Services

Details of the amounts paid or payable to the auditor during the financial year by the auditors are outlined in Note 21 to the financial statements.

The Board, in accordance with the advice of the Audit & Risk Committee has determined that the provision of non-audit services by Deloitte Touche Tohmatsu during the financial year is consistent with the general standard of auditor independence and did not compromise the auditor independence requirements of the *Corporations Act 2001* (Cth).

The Directors are satisfied with this conclusion based on the Audit & Risk Committee's assessment that considered the auditor independence requirements set forth in applicable laws, rules, and regulations. The conclusion of this review was that each service, or type of service, provided would not compromise the independence of Deloitte Touche Tohmatsu.

Officers of the Company who are Former Partners of Deloitte Touche Tohmatsu

There are no officers of the Company who are former partners of Deloitte Touche Tohmatsu.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 307C of the *Corporations Act 2001*.

Directors' Report continued

Auditor

Deloitte Touche Tohmatsu continues in office in accordance with section 327 of the *Corporations Act 2001*.

Post Balance Date Events

Apart from as otherwise disclosed in this report there were no further material items, transactions or events subsequent to 30 June 2025 which relate to conditions existing at that date and which require comment or adjustment to the figures dealt with in this report.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Cynthia Scott

Group Chief Executive Officer and Managing Director

22 August 2025

Auditor's Independence Declaration

Deloitte.

Deloitte Touche Tohmatsu
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Australia

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22 August 2025

The Board of Directors
Zip Co Limited
Level 7, 180 George Street
Sydney NSW 2000

Dear Directors

Auditor's Independence Declaration to Zip Co Limited.

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Board of Directors of ZIP Co Limited.

As lead audit partner for the audit of the financial report of ZIP Co Limited for the financial year ended 30 June 2025, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Jason Thorne
Partner
Chartered Accountants

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the period ended 30 June 2025

	Note	Consolidated	
		30 June 2025 \$'000	30 June 2024 \$'000
Continuing operations			
Portfolio interest income		857,191	717,232
Transactional income	3	214,404	150,746
Revenue		1,071,595	867,978
Other income		9,497	7,092
Expected credit loss expenses	9	(245,200)	(164,392)
Bank fees and data costs		(158,960)	(128,941)
Interest expense	3	(248,948)	(227,131)
Salaries and employee benefits expenses		(190,891)	(160,976)
Marketing expenses		(48,081)	(38,221)
Information technology expenses		(49,793)	(41,087)
Depreciation and amortisation expenses	3	(65,388)	(64,419)
Share-based payments		(13,289)	(6,620)
Corporate financing costs	3	(1,368)	(44,178)
Other operating expenses	3	(31,010)	(38,643)
Share of loss of associates		–	(2,248)
Fair value loss on financial instruments	3	–	(15,020)
Gain on extinguishment of pre-existing Senior Convertible Notes		–	139,689
Unrealised loss – financial liability		(2,400)	(61,489)
Other loss/(gains)		(428)	3,710
Profit before income tax from continuing operations		25,336	25,104
Income tax benefit/(expense) from continuing operations	5	54,559	(19,446)
Profit after income tax from continuing operations		79,895	5,658
Loss after income tax from discontinued operations	15	–	(2,001)
Profit for the period after income tax attributable to the Members of Zip Co Limited		79,895	3,657
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign exchange differences on translation		(13,854)	(4,106)
Other comprehensive loss for the period, net of tax		(13,854)	(4,106)
Total comprehensive income/(loss) for the period attributable to the Members of Zip Co Limited		66,041	(449)
		Cents	Cents
Earnings per share from continuing operations			
Basic earnings per share	6	6.20	0.58
Diluted earnings per share	6	6.10	0.57
Earnings per share from continuing and discontinued operations			
Basic earnings per share	6	6.20	0.38
Diluted earnings per share	6	6.10	0.37

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2025

	Note	Consolidated	
		30 June 2025 \$'000	30 June 2024 \$'000
Assets			
Cash and cash equivalents	7	148,964	121,346
Restricted cash	7	242,657	231,660
Other receivables	8	108,116	100,825
Term deposit	7	4,612	4,510
Customer receivables	9	2,657,141	2,398,592
Property, plant and equipment		2,635	2,857
Right-of-use assets		12,712	16,907
Intangible assets	10	55,343	96,087
Goodwill	11	212,294	209,476
Deferred tax assets	5	60,194	–
Total assets		3,504,668	3,182,260
Liabilities			
Trade and other payables	12	346,611	258,465
Employee provisions		24,540	18,539
Lease liabilities		13,368	17,094
Borrowings	13	2,410,629	2,403,140
Other financial liabilities		–	86,489
Total liabilities		2,795,148	2,783,727
Net assets		709,520	398,533
Equity			
Issued capital	14	2,591,515	2,339,769
Treasury shares		(5,482)	(33)
Reserves		303,972	319,177
Accumulated losses		(2,180,485)	(2,260,380)
Total equity		709,520	398,533

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

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Consolidated Statement of Changes in Equity

As at 30 June 2025

Consolidated	Issued capital \$'000	Treasury Shares \$'000	Share-based payments reserve \$'000	Foreign currency translation reserve \$'000	Convertible notes reserve \$'000	Accumulated losses \$'000	Total Equity \$'000
Balance at 1 July 2024	2,339,769	(33)	76,268	79,061	163,848	(2,260,380)	398,533
Profit after income tax benefit for the period	–	–	–	–	–	79,895	79,895
Other comprehensive loss for the period, net of tax	–	–	–	(13,854)	–	–	(13,854)
Total comprehensive income for the period	–	–	–	(13,854)	–	79,895	66,041
Recognition of share-based payments	–	–	13,474	–	–	–	13,474
Issue of shares to Zip Employee Share Trust	17,864	(17,864)	–	–	–	–	–
Issue of treasury shares to Zip Employees & NEDs	(1,521)	16,346	(14,825)	–	–	–	–
Exercise of options	29	–	–	–	–	–	29
Issue of shares – capital raising	267,122	–	–	–	–	–	267,122
Cost of issuing of shares	(5,883)	–	–	–	–	–	(5,883)
Share buy-back	(25,865)	(3,931)	–	–	–	–	(29,796)
Balance at 30 June 2025	2,591,515	(5,482)	74,917	65,207	163,848	(2,180,485)	709,520

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

As at 30 June 2025

Consolidated	Issued capital \$'000	Treasury Shares \$'000	Share-based payments reserve \$'000	Foreign currency translation reserve \$'000	Convertible notes reserve \$'000	Accumulated losses \$'000	Total Equity \$'000
Balance at 1 July 2023	2,121,541	(1,246)	76,630	83,167	114,466	(2,160,218)	234,340
Profit after income tax expense for the period	–	–	–	–	–	3,657	3,657
Other comprehensive loss for the period, net of tax	–	–	–	(4,106)	–	–	(4,106)
Total comprehensive loss for the period	–	–	–	(4,106)	–	3,657	(449)
Recognition of share-based payments	–	–	6,620	–	–	–	6,620
Issue of treasury shares to Zip Employee Share Trust	3,936	(3,936)	–	–	–	–	–
Issue of treasury shares to Zip Employees & NEDs	–	5,149	(5,149)	–	–	–	–
Exercise of options	52	–	(1,833)	–	–	–	(1,781)
Issue of shares – CVI convertible Notes conversion	13,338	–	–	–	–	26,997	40,335
Issue of shares – Senior Convertible Notes conversion	200,963	–	–	–	–	(130,816)	70,147
Cost of issuing of shares	(61)	–	–	–	–	–	(61)
Derecognition of pre-existing and recognition of new convertible notes	–	–	–	–	49,382	–	49,382
Balance at 30 June 2024	2,339,769	(33)	76,268	79,061	163,848	(2,260,380)	398,533

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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Consolidated Statement of Cash Flows

As at 30 June 2025

	Note	Consolidated	
		30 June 2025 \$'000	30 June 2024 \$'000
Cash flows (used in)/from operating activities			
Receipts from customers – portfolio interest income		857,191	717,232
Receipts from customers – transactional and other income		227,132	154,531
Payments to suppliers and employees		(478,762)	(443,546)
Net increase in merchant payables		80,820	80,543
Net increase in receivables		(525,409)	(6,597)
Borrowing transaction costs		(2,388)	(6,606)
Interest received from financial institutions		9,426	6,219
Interest paid		(214,064)	(229,428)
Income tax paid		(6,097)	(3,008)
Proceeds from disposal of receivables		2,342	3,197
Net cash flow (used in)/from operating activities		(49,809)	272,537
Cash flows (used in)/from investing activities			
Payments for plant and equipment		(1,545)	(1,015)
Payments for software development		(17,948)	(16,467)
Disposal of discontinued operations, net of cash disposed of	15	–	27,264
Deferred consideration paid		–	(2,028)
Proceeds from sale of investments in associates	4	–	3,132
Payments for investments at FVTPL		–	(1,544)
Decrease in term deposits		–	2,686
Net cash flow (used in)/from investing activities		(19,493)	12,028
Cash flows from/(used in) financing activities			
Proceeds from borrowings		1,334,125	1,589,237
Repayment of borrowings		(1,361,723)	(1,741,239)
Repayment of convertible notes		–	(10,752)
Payment for incentive in relation to the convertible notes conversion		–	(31,496)
Repayment of principal of lease liabilities		(5,115)	(3,045)
Proceeds from issue of shares		267,151	52
Cost of share issues		(5,883)	(3,693)
Transaction costs related to restructuring of loans and borrowings		(91,158)	(7,398)
Payments for share buy-back program		(29,136)	–
Net cash flow from/(used in) financing activities		108,261	(208,334)
Net increase in cash and cash equivalents		38,959	76,231
Cash, cash equivalents, restricted cash at the beginning of the period		353,006	275,910
Foreign exchange effect		(344)	865
Cash, cash equivalents, restricted cash at the end of the period	7	391,621	353,006

1. The Group has elected to present a statement of cash flows that analyses all cash flows in total – i.e., including both continuing and discontinued operations.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Condensed Consolidated Financial Statements

30 June 2025

Note 1. Material Accounting Policies

A. Business

Zip is a player in the digital retail finance, personal finance and payments industry. Established in 2013, the Group is headquartered in Sydney, Australia with operations currently providing services in Australia, New Zealand (together ANZ) and the United States of America (USA).

Zip offers access to point-of-sale credit and digital payment services, connecting customers with its network of merchants. Zip also offers personal loans in Australia.

Zip's ordinary shares have been listed on the Australian Securities Exchange (ASX code: ZIP) since 2015. Zip Co Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity', the 'Group' or 'Zip'.

B. Statement of Compliance

The full-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations, and complies with other requirements of the law.

Compliance with Australian Accounting Standards ensures that the financial statements and notes of the consolidated entity comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Consequently, this financial report has been prepared in accordance with and complies with IFRS as issued by the IASB.

The consolidated entity is a for-profit entity and the financial statements comprise the consolidated financial statements of the consolidated entity.

The financial statements were approved by the Board of Directors and authorised for issue on 22 August 2025.

C. Basis of Preparation

The Report has been prepared on the basis of historical cost, except for the revaluation of certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars and Zip is an entity of the kind referred to in ASIC Corporations (*Rounding in Financial/Directors' Reports*) Instrument 2016/191, and in accordance with that Corporations Instrument amounts in the financial report are rounded off to the nearest thousand dollars (\$'000), unless otherwise indicated. The accounting policies and methods of computation adopted in the preparation of the financial report are consistent with those adopted and disclosed in Zip's financial report for the year ended 30 June 2024 except as discussed in Note 1(e) Adoption of New and Revised Accounting Standards.

Comparative Figures

Discontinued operations

The financial results of businesses classified as discontinued operations are excluded from the results of the continuing operations and are presented as a single line item profit or loss after income tax expense from discontinued operations in the statement of profit or loss and other comprehensive income. During the financial year ended 30 June 2024, the Group discontinued its Zip Business operations. For the year ended 30 June 2024, financial results of Zip Business were classified as discontinued operations including revenue of \$5.2 million, expenditure of \$7.5 million and loss after tax of \$2.0 million (refer to Note 15).

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Notes to the Condensed Consolidated Financial Statements continued

D. Going Concern

The Directors have prepared the consolidated financial statements on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The process of assessing going concern requires significant judgment, specifically in consideration of whether significant doubts or material uncertainties exist, and the identification and assessment of any relevant mitigating factors to these uncertainties.

The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group will continue normal business activities, realise assets and settle liabilities in the normal course of business. The Group actively engages with funders in the normal course of business to extend existing facilities and set-up new arrangements and has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

E. Adoption of New and Revised Accounting Standards

The consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current financial year and that have a significant impact on the consolidated entity's financial statements. There were no new or revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that have materially impacted the consolidated entity's financial statements for the financial year ended 30 June 2025.

The consolidated entity has not adopted any accounting standards that are issued but not yet effective. The consolidated entity has considered the applicability and impact of all recently issued accounting pronouncements and has determined that they were either not applicable or were not expected to have a material impact on the financial statements.

In June 2024, the AASB issued a new standard AASB 18 *Presentation and Disclosure in Financial Statements*, which will be effective for the Group from 1 July 2027 and is required to be applied retrospectively. AASB 18 will replace AASB 101 *Presentation of Financial Statements*. The standard introduces new requirements for the presentation and disclosure of information financial statements with a focus on financial performance in the statement of profit or loss. The Group is continuing to assess the impact of adopting AASB 18.

F. Critical Accounting Estimates and Judgements

In preparing this Report, the consolidated entity has been required to make certain estimates and assumptions concerning future occurrences. There is an inherent risk that the resulting accounting estimates will not equate exactly with actual events and results in the future.

Provision for Expected Credit Loss

Customer receivables are initially recognised at fair value. Subsequently, they are classified and measured at amortised cost.

An expected credit loss model is used for the assessment of impairment of customer receivables under AASB 9 *Financial Instruments* (AASB 9). Expected credit losses (ECL) are based on the difference between the contractual cash flows due in accordance with the terms of the consolidated entity's products and all the cash flows that the consolidated entity expects to receive from its customers. The expected credit losses are calculated based on either twelve months or the lifetime of the customer receivables.

Notes to the Condensed Consolidated Financial Statements continued

ECL is the product of Probability of default (PD), Exposure at default (EAD), and Loss given default (LGD). LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, if any. PD constitutes a key input in measuring ECL and it is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

When measuring expected credit losses the consolidated entity uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Management consider that the key source of estimation uncertainty relates to the formulation and incorporation of forward-looking economic inputs into the ECL estimates to meet the measurement objective of AASB 9.

Judgement has been applied in the calculation of expected credit losses, including in the assessment of the macroeconomic overlay in the financial year ended 30 June 2025. Refer to Note 9 for further details.

Impairment of Non-Financial Assets

Goodwill and other indefinite life intangible assets are tested for impairment annually or more frequently if there are indications that goodwill and indefinite life intangible assets might be impaired. If an intangible asset was recognised during the current annual period, that intangible asset is tested for impairment before or at the end of the current annual period.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a discount rate specific to the asset or cash-generating unit (CGU) to which the asset belongs.

CGUs are defined as the smallest group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination.

Intangible assets such as customer relationships and trademarks used by the consolidated entity for its own activities are unlikely to generate largely independent cash inflows and are therefore tested at a CGU level. Please refer to Note 10 and 11 for detailed assumptions and assessment of impairment for intangible assets and goodwill respectively.

Fair Value Measurements and Valuation Processes

The consolidated entity measures certain assets and liabilities at fair value for financial reporting purposes. In estimating the fair value of these assets and liabilities, the consolidated entity uses market observable data to the extent it is available. Where market observable data is not available, the consolidated entity engages qualified third party valuers to assist with the valuation and work closely with management to establish the appropriate valuation techniques and inputs to the valuation model. Key inputs to the valuation model for valuation of derivatives embedded in the corporate facility recognised as financial liability include Zip's share price, volatility and the risk-free rate. Refer to Note 17.

Notes to the Condensed Consolidated Financial Statements continued

G. Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Zip Co Limited ('parent entity') as at 30 June 2024 and 30 June 2025 as well as the results of all subsidiaries for the twelve months then ended.

H. Revenue Recognition

Portfolio Interest Income

The consolidated entity recognises portfolio interest income on customer receivables using the effective interest rate method (in accordance with AASB 9 *Financial Instruments*), based on estimated future cash receipts over the expected life of the financial asset. In making their judgement of the estimated future cash flows and the expected life of the customer receivables balance, the Group has considered the historical repayment pattern of the customer receivables on a portfolio basis for each type of its products.

These estimates require significant judgment and will be reviewed on an ongoing basis and where required, appropriate adjustments to the recognition of revenue will be made.

The Group consider that revenue from merchant fees, service fees, monthly fees, interest and establishment fees on personal loans are akin to financial or portfolio interest income which should be accrued on a time proportionate basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Transactional Income

Transactional income includes establishment fees on Zip Money, transaction processing fees, affiliate fees and Interchange fees which are recognised in accordance with AASB 15 *Revenue from Contracts with Customers* and not considered portfolio interest income.

The Group considers each of these items to be attached to separate performance obligations.

- Establishment fees – Zip Money – The Group considers these fees as being part of establishing the ongoing involvement in the customer receivable. As such the performance obligation is satisfied over the life of the initial loan and the fees are therefore recognised over this period.
- Transaction processing fees – The Group receives various payment processing fees on its products and considers the performance obligation, being the processing of the payment, to be earned as charged to the customer.
- Affiliate fees – The Group receives fees from merchant marketing placements in its own ecosystem. The Group considers this revenue to be earned on successful completion of its performance obligations, being either the underlying sales occur between the customer and merchant from the associated Zip marketing or the provision of affiliate marketing services is complete.
- Interchange fees – The Group receives an allocation of the merchant service fees a customer pays directly to merchants for processing payments. Similar to transaction fees, considers the performance obligation, being the processing of the payment, to be earned as charged to the customer.

I. Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Restricted cash is held by the securitisation warehouses and special purpose vehicles and is not available to pay creditors of the consolidated entity.

Notes to the Condensed Consolidated Financial Statements continued

J. Goodwill

Goodwill arising on the acquisition of a business is carried at cost as established at the date of the acquisition of the business, less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the consolidated entity's CGUs (or groups of CGUs) that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is so allocated is (a) representing the lowest level within the entity for internal management purposes; and (b) not be larger than an operating segment determined in accordance with AASB 8 *Operating Segments*.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to acquired intangibles, and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit if further impairment is needed. Any impairment loss for goodwill is recognised directly in profit or loss.

K. Financial Instruments

Initial Recognition and Subsequent Measurement of Financial Instruments

Financial assets and financial liabilities are recognised when the consolidated entity becomes a party to the contractual provisions of the instrument.

Financial Assets

Financial assets are initially measured at fair value. Financial assets are subsequently measured at amortised cost and include term deposits, other receivables (excluding prepayments) and customer receivables. Customer receivables are non-derivative financial assets which are measured at amortised cost using the effective interest method, less any impairment. Financial assets that do not meet the criteria for being measured at amortised cost or Fair Value Through Other Comprehensive Income (FVTOCI) are measured at Fair Value Through Profit and Loss (FVTPL). The consolidated entity did not have any financial assets measured at FVTOCI at 30 June 2025 and 30 June 2024.

Financial assets at FVTPL are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. There is no requirement to recognise an impairment loss.

Financial Liabilities

Financial liabilities are initially measured at fair value.

Financial liabilities including trade and other payables, loans and borrowings, deferred contingent considerations and the debt component of convertible notes are measured subsequently at amortised cost. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period.

Financial liabilities at FVTPL are initially measured at fair value and subsequently measured at fair value at each reporting date. Any gains or losses arise on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

Notes to the Condensed Consolidated Financial Statements continued

Derecognition of Financial Assets and Liabilities

The consolidated entity derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the consolidated entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the consolidated entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the consolidated entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the consolidated entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The consolidated entity derecognises financial liabilities when, and only when, the consolidated entity's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

L. Income Tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and any adjustment recognised for prior periods, where applicable.

Where uncertainty exists over the income tax treatments of certain tax positions, an assessment of each uncertain tax position is made based on whether it is considered probable that the relevant taxation authority will accept the position. Where it is not probable, the effect of the uncertainty is reflected in determining the relevant taxable profit or loss, tax bases, unused tax losses and unused tax credits or tax rates. The consolidated entity has assessed the impact of the interpretation and does not believe that there are any uncertain tax positions for which the consolidated entity is required to reflect a different tax treatment in determining both current and deferred taxes.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets is reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Notes to the Condensed Consolidated Financial Statements continued

Tax Consolidation Legislation

Zip Co Limited and its wholly-owned Australian controlled subsidiaries are members of a tax-consolidated group under Australian tax law. Zip Co Limited is the head entity within the tax-consolidated group.

In addition to its own current and deferred tax amounts, the head entity may also recognise the current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group.

Amounts payable or receivable under the tax-funding arrangement between the head entity and the entities in the tax consolidated group are determined using a 'separate taxpayer within group' approach to determine the tax contribution amounts payable or receivable by each member of the tax-consolidated group. This approach results in the tax effect of transactions being recognised in the legal entity where that transaction occurred and does not tax effect transactions that have no tax consequences to the Group. The same basis is used for tax allocation within the tax-consolidated group.

M. Earnings Per Share

Basic Earnings Per Share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Zip Co Limited, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted Earnings Per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

N. Foreign Currencies

In preparing the consolidated financial statements of the consolidated entity, the results and financial position of each group entity are expressed in Australian dollars, which is the functional currency of the parent entity and the presentation currency for the consolidated financial statements.

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the consolidated entity's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve and may be subsequently reclassified to profit and loss in future reporting period.

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Notes to the Condensed Consolidated Financial Statements continued

O. Discontinued Operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the consolidated statement of profit or loss and other comprehensive income.

Note 2. Segment Information

Operating segments are a component of the Group engaging in core business activities from which it may earn revenue and incur expenses, whose operating results are reviewed and used by the Chief Operating Decision Makers (CODM) in assessing performance and in determining the allocation of resources. Intersegment loans are eliminated on consolidation and there is no aggregation of operating segments.

The consolidated entity had two operating segments being ANZ and USA (Americas changed to USA with operations in Canada ceasing) in the year ended 30 June 2025 and three in the year ended 30 June 2024, with Zip Business discontinued in the financial year ending 30 June 2024.

These segments are based on the location of the Company's operations and customers. The Chief Operating Decision Maker (CODM), the Group Chief Executive Officer and Managing Director, reviews financial performance by segments of ANZ, USA and Corporate.

Primary measures include:

- Revenue (Total income as a % of TTV)
- Cash NTM (% of TTV)
- Operating margin (Cash EBTDA as a % of total income)
- Cash EBTDA (% of TTV)

The operating segments may change in the future as the consolidated entity continues to re-assess its operating model, reporting systems, and the financial information presented to the CODM for decision-making purposes. The details of the operating segments are set out below and the results of each segment are reported in the table that follows:

ANZ	Offers retail line of credit products ² and personal loans to consumers in Australia and retail installment products to consumers in New Zealand ¹ .
USA	Offers Buy Now Pay Later (BNPL) instalment products ¹ to customers in the USA.

1. For instalment products, a customer makes the first instalment when the transactions happens and then repays the remaining instalments typically over 6-8 weeks depending on the product. These instalments are of equal value for each order and are interest-free.
2. Line of credit products offer customers a flexible customer loan that consists of a defined amount of money that customer can access as needed and repay either immediately or over time.

Notes to the Condensed Consolidated Financial Statements continued

Financial Year Ended 30 June 2025	ANZ \$'000	USA \$'000	Total Operating Segments \$'000	Corporate and other \$'000	Group Total \$'000
Portfolio interest income	397,726	459,465	857,191	–	857,191
Transactional income	16,009	198,395	214,404	–	214,404
Total revenue	413,735	657,860	1,071,595	–	1,071,595
Other income	4,865	4,240	9,105	392	9,497
Bad debts and expected credit losses	(109,007)	(136,317)	(245,324)	124	(245,200)
Bank fees, data costs and other	(23,500)	(135,461)	(158,961)	1	(158,960)
Interest expense	(150,100)	(70,562)	(220,662)	(28,286)	(248,948)
Salaries and employee benefits expenses	(77,205)	(97,454)	(174,659)	(16,232)	(190,891)
Marketing expenses	(7,417)	(40,565)	(47,982)	(99)	(48,081)
Information technology expenses	(22,821)	(25,909)	(48,730)	(1,063)	(49,793)
Depreciation and amortisation	(13,474)	(51,444)	(64,918)	(470)	(65,388)
Share-based payments	(5,718)	(4,582)	(10,300)	(2,989)	(13,289)
Corporate financing costs	(274)	–	(274)	(1,094)	(1,368)
Other operating expenses	(11,905)	(20,087)	(31,992)	982	(31,010)
Net other (losses)/gains	23	–	23	(2,851)	(2,828)
Intergroup recharges ¹	(3,600)	(5,000)	(8,600)	8,600	–
Profit/(loss) before income tax	(6,398)	74,719	68,321	(42,985)	25,336

1. Intergroup recharges consists of various corporate staff costs and corporate staff on-costs recharged to the ANZ and USA operating segments.

Notes to the Condensed Consolidated Financial Statements continued

Financial Year Ended 30 June 2024	ANZ \$'000	USA \$'000	Total Operating Segments \$'000	Corporate and other \$'000	Group Total \$'000
Portfolio interest income	405,817	311,415	717,232	–	717,232
Transactional income	11,622	139,124	150,746	–	150,746
Total revenue	417,439	450,539	867,978	–	867,978
Other income	5,563	761	6,324	768	7,092
Bad debts and expected credit losses	(96,142)	(68,127)	(164,269)	(123)	(164,392)
Bank fees, data costs and other	(23,112)	(105,726)	(128,838)	(103)	(128,941)
Interest expense	(158,898)	(47,005)	(205,903)	(21,228)	(227,131)
Salaries and employee benefits expenses	(67,769)	(81,021)	(148,790)	(12,186)	(160,976)
Marketing expenses	(3,926)	(33,465)	(37,391)	(830)	(38,221)
Information technology expenses	(20,988)	(19,847)	(40,835)	(252)	(41,087)
Depreciation and amortisation	(14,734)	(49,078)	(63,812)	(607)	(64,419)
Share-based payments	(1,809)	(2,690)	(4,499)	(2,121)	(6,620)
Corporate financing costs	(407)	–	(407)	(43,771)	(44,178)
Other operating expenses	(14,180)	(20,427)	(34,607)	(4,036)	(38,643)
Share of loss of associates	–	–	–	(2,248)	(2,248)
Fair value loss on financial instruments	–	–	–	(15,020)	(15,020)
Net other (losses)/gains	14	–	14	81,896	81,910
Intergroup recharges ¹	(3,400)	(3,600)	(7,000)	7,000	–
Profit/(loss) before income tax	17,651	20,314	37,965	(12,861)	25,104

1. Intergroup recharges consists of various corporate staff costs and corporate staff on-costs recharged to the ANZ and USA operating segments.

Notes to the Condensed Consolidated Financial Statements continued

Note 3. Income and Expenses

	Consolidated	
	30 June 2025 \$'000	30 June 2024 \$'000
Profit/Loss before income tax from continuing operations includes the following income recognised in accordance with AASB 15:		
Transactional income:		
Revenue recognised over a period of time	2,838	4,150
Revenue recognised at a point in time	211,566	146,596
Total transactional income	214,404	150,746
Profit/Loss before income tax from continuing operations includes the following specific expenses:		
Interest expense:		
Interest expense related to customer receivables	219,746	204,928
Interest expense related to funding for operations ¹	29,202	22,203
Total interest expense	248,948	227,131
Depreciation and amortisation expenses:		
Depreciation of property, plant and equipment	1,766	2,020
Depreciation of right-of-use assets	4,766	4,167
Amortisation of acquired intangibles	42,436	38,617
Amortisation of internally generated IT development and software	16,420	19,615
Total depreciation and amortisation expenses	65,388	64,419
Corporate financing costs:		
Effective interest charged on convertible notes (normal course)	–	9,586
Interest on leasing liabilities	889	976
Incentivised conversion – incentive payments	–	31,496
Other corporate financing costs	479	2,120
Total corporate financing costs	1,368	44,178
Other operating expenses:		
Occupancy expense	2,529	2,219
Loss on derecognition of financial liabilities	–	1,048
Professional services fees	23,035	24,098
Other operating expenses	5,446	11,278
Total other operating expenses	31,010	38,643
Fair value loss on financial instruments:		
Fair value gain on embedded derivative and warrants	–	(370)
Fair value loss on investment at FVTPL	–	15,390
Fair value loss	–	15,020

1. Relates to interest on corporate facility. Includes \$28.1 million of amortisation of corporate funding costs due to the repayment of the corporate funding facility in financial year ended 30 June 2025.

Notes to the Condensed Consolidated Financial Statements continued

Note 4. Investments in Associates

As at 30 June 2025 the consolidated entity had no investments in associates.

TendoPay

During the period TendoPay was wound up and deregistered from the Companies House Singapore in May 2025. The consolidated entity held a 35% interest in TendoPay at the time being struck off with a carrying value of the investment being Nil.

Associates	Location of Incorporation of Holding Company	Location of Principal of Business	% of Ownership Interest	
			30 June 2025 %	30 June 2024 %
TendoPay	Singapore	Philippines	–	35.00%

Note 5. Taxation

Income Tax (Benefit)/Expense

	Consolidated	
	30 June 2025 \$'000	30 June 2024 \$'000
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Profit before income tax benefit from continuing operations	25,336	25,104
Tax at the statutory tax rate of 30%	7,600	7,532
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
– Share-based payments	1,228	446
– Non-assessable amounts	(3,521)	(90)
– Assessable TOFA gain on financial instruments	–	6,466
– Non-deductible fair value loss	–	4,617
– Impairment losses	109	676
– Effect of different tax rates of subsidiaries operating in other jurisdictions	(2,152)	(775)
	3,264	18,872
Prior year tax losses (utilised)/current year tax losses not recognised	(2,262)	(11,112)
Initial recognition of deferred tax asset on timing differences and tax losses	(60,720)	–
Movement in temporary differences not recognised	(5,013)	23,216
Movement in temporary differences recognised	10,172	(11,530)
Income tax (benefit)/expense from continuing operations	(54,559)	19,446
Loss before income tax from discontinued operations	–	2,267
Income tax benefit from discontinued operations	–	(266)

In the year ended 30 June 2025 current income tax expense is \$6.2 million (FY24: nil) and deferred income tax benefit is \$60.7 million (FY24 expense of \$19.4 million).

Notes to the Condensed Consolidated Financial Statements continued

Deferred Tax

Deferred tax assets arising from timing differences and deferred tax liabilities have been offset in the consolidated statement of financial position at the current and the prior year end, to the extent they are levied by the same taxing authority on the same entity or different entities within a tax-consolidated group.

	Consolidated	
	30 June 2025 \$'000	30 June 2024 \$'000
Deferred tax assets comprise temporary differences attributable to:		
Timing differences		
– Provision for expected credit losses	54,257	45,029
– Other provisions and payables	45,507	38,735
– Fair value movements on financial instruments	–	25,573
– Tax losses	80,794	67,322
Less: Deferred tax assets not brought to account	(114,059)	(153,776)
Deferred tax assets (recognised from temporary difference) before set off	66,499	22,883
Set off deferred tax liabilities pursuant to set-off provisions	(6,305)	(22,883)
Net deferred tax assets	60,194	–
Deferred tax liabilities comprise temporary differences attributable to:		
– Acquired intangibles and other	6,305	16,477
– Financial Instruments	–	6,406
Deferred tax liabilities before set off	6,305	22,883
Set off deferred tax assets pursuant to set-off provisions	(6,305)	(22,883)
Net deferred tax liabilities	–	–

The Group has recognised a deferred tax asset of \$60.72 million (USD\$39.32 million) for the USA income tax group. The recognition has met the requirements set out in the AASB 112 *Income Tax*. Included in the \$60.72 million (USD\$39.32 million) deferred tax asset booked, \$17.23 million (USD\$11.16 million) represents the deferred tax asset on USA tax losses, and the remaining \$43.49 million (USD\$28.16 million) is for the deferred tax asset on the USA timing differences.

Based on the calculation of the Group's tax position, the Group had \$283.5 million of tax losses at 30 June 2025 and \$263.0 million of tax losses at 30 June 2024. Included in this number are tax losses not recognised on balance sheet of \$219.4 million (DTA \$63.0 million). The net movement during the period was \$20.5 million (this represents prior year tax loss increase of \$39.2 million, current year tax losses increase of \$77.2 million, FX movement increase of \$5.5 million, less \$101.4 million tax losses utilised).

Total Group tax losses not brought to account at 30 June 2025 amounted to \$166.53 million (\$49.71 million deferred tax assets).

Group tax losses do not expire under current legislation in each applicable jurisdiction.

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Notes to the Condensed Consolidated Financial Statements continued

Note 6. Earnings Per Share

A. Reconciliation of Earnings Used in Calculating Earnings Per Share

	Consolidated	
	30 June 2025 \$'000	30 June 2024 \$'000
Profit attributable to the Members of the Zip Co Limited used in calculating basic and diluted earnings per share		
Continuing operations	79,895	5,658
Discontinued operations	–	(2,001)
	79,895	3,657

B. Weighted Average Number of Shares Used as the Denominator

	30 June 2025 '000	30 June 2024 '000
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	1,289,635	972,940
Effect of dilutive potential ordinary shares:		
Share options	11,789	14,893
Warrants	7,308	9,134
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	1,308,731	996,967

C. Earnings Per Share from Continuing Operations

	30 June 2025 Cents	30 June 2024 Cents
Basic earnings per share	6.20	0.58
Diluted earnings per share	6.10	0.57

D. Earnings Per Share from Continuing Operations and Discontinued Operation

	30 June 2025 Cents	30 June 2024 Cents
Basic earnings per share	6.20	0.38
Diluted earnings per share	6.10	0.37

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Notes to the Condensed Consolidated Financial Statements continued

Note 7. Cash and Cash Equivalents

	Consolidated	
	30 June 2025 \$'000	30 June 2024 \$'000
Cash and cash equivalents	148,964	121,346
Restricted cash	242,657	231,660
	391,621	353,006

At 30 June 2025 the consolidated entity had cash of \$391.6 million of which \$242.7 million was restricted cash (30 June 2024: cash of \$353.0 million of which \$231.7 million was restricted cash). Restricted cash is held by the securitisation warehouses and special purpose vehicles and is not available to pay creditors of the consolidated entity.

The consolidated entity holds balances (30 June 2025: \$29.6 million, 30 June 2024: \$43.9 million) that are reported as cash and cash equivalents and are held on Zip's balance sheet to either provide initial funding for transactions on Zip's virtual card or physical card products or provide a float to support such transactions. Zip considers both of these amounts as unavailable, and together with the restricted cash are not included in the balances Zip considers as available cash to fund operations.

Zip invests funds in its securitisation warehouses and when required withdraws funds in excess of those required to meet subordination requirements to fund its operations, drawing a corresponding amount from funding providers (30 June 2025: \$18.5 million, 30 June 2024: \$2.9 million). Zip considers this amount to be available cash to fund operations.

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Notes to the Condensed Consolidated Financial Statements continued

Reconciliation of Profit/(Loss) After Income Tax to Net Cash from Operating Activities¹

	Consolidated	
	30 June 2025 \$'000	30 June 2024 \$'000
Profit after income tax for the year	79,895	3,657
Depreciation and amortisation expenses	65,388	64,419
Share-based payments	13,289	6,620
Loss on derecognition of financial liabilities	–	1,048
Share of loss of associates	–	2,248
Fair value movements on financial instruments	–	15,020
Non-cash effective interest charged on convertible notes	–	3,529
Incentivised conversion – incentive payments	–	31,496
Loss on disposal of financial assets	–	4,443
Gain on extinguishment of pre-existing senior convertible notes	–	(139,689)
Unrealised (gains)/losses ²	(13,091)	61,489
Amortisation of borrowing costs on early repayment of corporate facility	28,080	–
Other	8,516	(5,497)
Change in operating assets and liabilities:		
Movement in customer receivables	(258,549)	167,702
Movement in other assets and receivables	(7,291)	(13,665)
Movement in other liabilities and payables	88,147	44,829
Movement in employee provisions	6,001	9,731
Movement in deferred tax balances, net of deferred tax recognised in equity	(60,194)	15,157
	(49,809)	272,537

1. The consolidated entity has elected to present the reconciliation to operating activities in total – i.e. including both continuing and discontinued operations.
2. Unrealised gains and losses include unrealised losses on financial liabilities and unrealised foreign exchange gains/losses.

Term Deposits

Zip holds term deposits amounting to \$4.6 million which are pledged as collateral against bank guarantees issued by financial institutions. Due to their nature as collateral, these term deposits are not available for general use by the entity and are restricted from withdrawal until the associated bank guarantees are released or expire.

Note 8. Other Receivables

	Consolidated	
	30 June 2025 \$'000	30 June 2024 \$'000
Amounts due from payment platform providers	49,601	59,245
Prepayments	10,316	9,712
Accrued income ¹	29,250	21,020
Other receivables	18,949	10,848
Total	108,116	100,825

1. Accrued income consists of rebates from payment partners and affiliate revenue recognised and settled in the following months.

Notes to the Condensed Consolidated Financial Statements continued

Note 9. Customer Receivables

Financial Instruments

Customer receivables are initially recognised at fair value. Subsequently, they are classified and measured at amortised cost as:

- The consolidated entity provides accounts with lines of credit and instalment products to customers, and the business model is to hold such accounts and collect contractual cash flows until the account is closed or written off; and
- The contractual terms of the accounts give rise on specified dates to cash flows that are solely payments of principal and “effective interest” and when providing lines of credit, permit customers to vary the dates and frequency of payments.

Impairment

Expected credit losses are recognised based on unbiased forward-looking information and is applicable to all financial assets at amortised cost and loan commitments. The Group classifies assets into the following three stages:

- Stage 1: instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, twelve-month ECL's are recognised and “effective interest” revenue is calculated on the gross carrying amount of the asset. 12-month ECL are the expected credit losses that result from default events that are expected within 12 months after the reporting date.
- Stage 2: instruments that have experienced a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised, but “effective interest” revenue is still calculated on the gross carrying amount of the asset. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument.
- Stage 3: includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised and “effective interest” revenue is calculated on the net carrying amount.

Expected Credit Losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted based on forward-looking information as described in this note. The exposure at default is estimated on gross customer receivables at the reporting date, adjusted for expected repayments and future drawdowns up to the point the exposure is expected to be in default.

Significant Increase in Credit Risk Since Initial Recognition

The provisioning model utilises customer receivables 30 days past due for its line of credit products or 14 days past due for its instalment products as criteria to identify significant increases in credit risk.

Definition of Default and Credit – Impaired Assets

Where there has been objective evidence of impairment for a customer receivable, the allowance will be based on lifetime expected credit losses. A customer receivable will be considered in default at 90 days past due for its line of credit products or 42 days and 98 days past due for its Pi4 and Pi8 instalment products respectively, and/or when the consolidated entity is unlikely to receive the outstanding contractual amount in full based on internal or external indicators.

Notes to the Condensed Consolidated Financial Statements continued

Write Off Policy

The consolidated entity's policy is to write off balances that are outstanding for over 180 days for its line of credit products or 84 days for its instalment products, in accordance with historical experience and industry practice.

Provisioning Model

In determining the appropriate level of provision for expected credit losses, the consolidated entity has considered receivables attributable to each of its product offerings separately and also aggregated by segment in this note.

In the assessment of the provision for expected credit losses at 30 June 2025, management took into consideration all available information relevant to the assessment, including information about past events, current economic conditions and reasonable and supportable information about future events and economic conditions at the report date.

USA and NZ

For each classification of receivable, the consolidated entity has applied historic roll rates (the percentage of receivables that move into the next ageing bucket), averaged over the period the entity is contractually exposed to the credit risk of that product.

Accordingly, a provision has been recognised for performing customer receivables to the extent that expected lifetime losses emerge by applying historical roll rates to the credit facility limits. For customers overdue, historical roll rates are applied to the overdue balances over the expected life of the credit facility to determine an amount of expected credit losses.

Australia

For each product, the consolidated entity classifies customer receivables into various segments of stage 1,2 and 3 receivables and then reviews historical account data and performance together with assumptions (if applicable) to calculate probability of default, exposure at default and loss given default.

Discounting is also applied, where applicable, to account for the time value of money and overlays to account for forward economic conditions and any other applicable items is then added.

Provision Overlay

An allowance for debt recoveries is applied to the resulting estimated exposure at default and an economic overlay is added to include forward-looking macro economic and regulatory factors (including gross domestic product (GDP), unemployment rate, and inflation rate) and modelling risks.

Forward-looking information considered in assessing macroeconomic scenarios included economic reports published by financial analysts, governmental bodies, or other similar organisations, including assessments of the outlook for the Australian, New Zealand and USA economies that the consolidated entity operates in.

In the assessment of expected credit losses at 30 June 2025 and at 30 June 2024, management considered base, good and bad scenarios, applying a weighted probability when determining the reported ECL. The base scenario was assessed by applying the actual performance of the customer receivable book. The good and bad scenarios were assessed by applying upside/downside movements to key variables which could have a significant impact on the credit risk. These variables include the probability of default, loss given default, the rate of customer repayments, the customer repayment lifecycle and the bad debts recovery rate. The movement in these variables was supported by modelling macroeconomic scenarios based on forward-looking information.

Notes to the Condensed Consolidated Financial Statements continued

Provision Overview

The provision for expected credit losses as a percentage of receivables increased to 6.6% at 30 June 2025 (5.5% at 30 June 2024). This is predominantly driven by volume increasing receivables in the USA and overlays applied in ANZ.

The consolidated entity believes that the provision for expected credit losses, is sufficient to address any potential write offs arising from the current economic environments the business operates within.

The following table summarises customer receivables as at the reporting dates:

	ANZ \$'000	USA \$'000	Consolidated \$'000
Customer receivables ¹	2,123,765	757,880	2,881,645
Unearned future income	(6,512)	(28,920)	(35,432)
Provision for expected credit losses	(135,040)	(54,032)	(189,072)
Balance at 30 June 2025	1,982,213	674,928	2,657,141

1. The customer receivables information is presented in line with the classification of the consolidated entity's operating segments. Refer to Note 2 for description of the consolidated entity's instalments and line of credit products.

	ANZ \$'000	USA \$'000	Consolidated \$'000
Customer receivables	2,143,205	421,017	2,564,222
Unearned future income	(6,274)	(17,121)	(23,395)
Provision for expected credit losses	(114,353)	(27,882)	(142,235)
Balance at 30 June 2024	2,022,578	376,014	2,398,592

The following table summarises reconciliations of provision for expected credit losses in the reporting periods:

	ANZ \$'000	USA \$'000	ZIP Business \$'000	Consolidated \$'000
Balance at 30 June 2023	120,475	23,159	8,431	152,065
Provided in the period	96,142	68,250	–	164,392
Receivables written-off during the period	(129,309)	(81,607)	(6,645)	(217,561)
Recoveries during the period	27,020	17,097	1,119	45,236
Foreign exchange movements	25	983	(2,905)	(1,897)
Balance at 30 June 2024	114,353	27,882	–	142,235
Provided in the period	108,883	136,317	–	245,200
Receivables written-off during the period	(118,382)	(135,578)	–	(253,960)
Recoveries during the period	30,062	24,852	–	54,914
Foreign exchange movements	124	559	–	683
Balance at 30 June 2025	135,040	54,032	–	189,072

The consolidated entity's customer receivable balances are predominately high volume low value advances to individual customers. The following tables provides information about customer receivables classified into Stage 1 to Stage 3 and the provision provided for expected credit losses for each stage.

Notes to the Condensed Consolidated Financial Statements continued

As the consolidated entity's customer receivables are short-term in nature, the staging transfer disclosures have not been provided.

	ANZ \$'000	USA \$'000	Consolidated \$'000
Gross Customer Receivables			
Stage 1	1,950,423	675,993	2,626,416
Stage 2	110,008	57,954	167,962
Stage 3	63,334	23,933	87,267
Balance at 30 June 2025	2,123,765	757,880	2,881,645
Provision for Expected Credit Losses			
Stage 1	(45,700)	(5,835)	(51,535)
Stage 2	(45,386)	(28,054)	(73,440)
Stage 3	(43,954)	(20,143)	(64,097)
Balance at 30 June 2025	(135,040)	(54,032)	(189,072)

	ANZ \$'000	USA \$'000	Consolidated \$'000
Gross Customer Receivables			
Stage 1	1,980,042	384,687	2,364,729
Stage 2	118,700	24,800	143,500
Stage 3	44,463	11,530	55,993
Balance at 30 June 2024	2,143,205	421,017	2,564,222
Provision for Expected Credit Losses			
Stage 1	(32,581)	(7,622)	(40,203)
Stage 2	(52,500)	(14,109)	(66,609)
Stage 3	(29,272)	(6,151)	(35,423)
Balance at 30 June 2024	(114,353)	(27,882)	(142,235)

The following table provides information about customer receivables by payment past due status. Figures presented in the table differ from the staging table as the staging table is based on the assessment of credit risk which includes, but is not limited to, past due status.

	Consolidated			
	30 June 2025 \$'000	% of Customer Receivables %	30 June 2024 \$'000	% of Customer Receivables %
Past due under 30 days	70,571	2%	84,210	3%
Past due 31 days to under 60 days	43,622	2%	40,335	2%
Past due 61 to under 90 days	32,056	1%	30,749	1%
Past due 91 under 180 days	41,155	1%	44,201	2%

Notes to the Condensed Consolidated Financial Statements continued

The following table shows customer receivables and provision for expected losses presented based on the location of origination:

Customer Receivables	30 June 2025 \$'000	30 June 2024 \$'000
Australia	2,111,934	2,130,960
New Zealand	11,831	12,245
USA	757,880	421,017
Balance	2,881,645	2,564,222

Provision for Expected Credit Losses	30 June 2025 \$'000	30 June 2024 \$'000
Australia	(134,654)	(113,956)
New Zealand	(386)	(397)
USA	(54,032)	(27,882)
Balance	(189,072)	(142,235)

Maturity profile

The gross customer receivables maturity profile is calculated based on the scheduled repayments at an account level for all products.

Gross Customer Receivables	30 June 2025 \$'000	30 June 2024 \$'000
Current	2,622,310	2,386,971
Non-current	259,335	177,251
Balance	2,881,645	2,564,222

Note 10. Identifiable Intangible Assets

	Consolidated	
	30 June 2025 \$'000	30 June 2024 \$'000
Carrying amounts		
Trademarks	62	62
Customer database	–	43
Transacting partner database	3,176	21,929
IT development and software	52,105	74,053
	55,343	96,087

Notes to the Condensed Consolidated Financial Statements continued

Consolidated	Trademarks \$'000	Customer Database \$'000	Transacting Partner Database \$'000	IT Development and Software \$'000	Total \$'000
Cost					
Balance at 30 June 2023	62	654	94,423	216,640	311,779
Additions	–	–	–	16,469	16,469
Effect of movements in foreign exchange rates	–	–	85	208	293
Balance at 30 June 2024	62	654	94,508	233,317	328,541
Additions	–	–	–	17,948	17,948
Written-off	–	(654)	(524)	(33,681)	(34,859)
Effect of movements in foreign exchange rates	–	–	1,320	2,245	3,565
Balance at 30 June 2025	62	–	95,304	219,829	315,195

Consolidated	Trademarks \$'000	Customer Database \$'000	Transacting Partner Database \$'000	IT Development and Software \$'000	Total \$'000
Accumulated amortisation and impairment losses					
Balance at 30 June 2023	–	(480)	(53,690)	(115,972)	(170,142)
Amortisation	–	(131)	(16,975)	(41,126)	(58,232)
Effect of movements in foreign exchange rates	–	–	(1,914)	(2,166)	(4,080)
Balance at 30 June 2024	–	(611)	(72,579)	(159,264)	(232,454)
Amortisation	–	(43)	(18,695)	(40,118)	(58,856)
Written-off	–	654	3,389	32,808	36,851
Effect of movements in foreign exchange rates	–	–	(4,243)	(1,150)	(5,393)
Balance at 30 June 2025	–	–	(92,128)	(167,724)	(259,852)

The following useful lives are used in the calculation of amortisation:

Internally generated intangibles:

- IT development and software 2.5 years.

Acquired intangibles:

- Trademarks indefinite;
- Customer database 5 years;
- Transacting partner database 4 to 5 years; and
- IT development and software 6 years.

Notes to the Condensed Consolidated Financial Statements continued

At each reporting date, the group reviews the carrying amounts of intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the CGU to which the asset belongs.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired. The impairment assessment of intangible assets is detailed in Note 11.

Note 11. Goodwill

The consolidated entity has three cash-generating units (CGUs) at 30 June 2025 as set out in the following table. Goodwill has been allocated to these CGUs.

Consolidated	ZIP AU \$'000	ZIP US \$'000	ZIP NZ \$'000	Consolidated \$'000
Balance at 30 June 2023	4,548	203,430	1,257	209,235
Effect of movements in foreign exchange rates	–	246	(5)	241
Balance at 30 June 2024	4,548	203,676	1,252	209,476
Effect of movements in foreign exchange rates	–	2,813	5	2,818
Balance at 30 June 2025	4,548	206,489	1,257	212,294

Impairment Assessment for Intangible Assets

A CGU to which goodwill and intangible assets has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. For the purpose of impairment testing, goodwill and intangible assets are allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination.

During the year ended 30 June 2025, for each of the remaining consolidated entity's CGU, the recoverable amount has been calculated based on value-in-use using free cash flow to equity (FCFE) projections covering a five-year period, including tax expense where relevant and financing costs, and then applying a discount rate comprising a cost of equity. Cash flow projections during the forecast period are based on the forecast revenue and transaction volume growth. Cash flows beyond the five-year period have been extrapolated using a steady long-term annual growth rate which did not exceed the long-term average for the sectors and economies in which the CGUs operate. The steady long-term growth rate was estimated by the Group based on past performance of each cash-generating unit and the growth expectations for the markets in which they operate. Key rates included in the current financial year impairment assessment are set out in the following table:

	ZIP AU %	Zip US %	Zip NZ %
Discount rate – post tax ¹	12.40 %	12.10%	12.40%
Long-term annual growth rate ²	4.00%	4.00%	4.00%

1. Zip has used a post-tax discount rate applied to post-tax cash flows to be aligned with how valuation practitioners would ordinarily undertake such an exercise. This method is used to approximate the requirement of the accounting standards to apply a pre-tax discount rate to pre-tax cashflows. Post-tax rates used in the prior financial year impairment assessment were 13.2% for Zip AU CGU, 13.5% for Zip US CGU and 13.2% for Zip NZ CGU.
2. Long-term growth rates used in the prior financial year impairment assessment were 4.0% for Zip AU CGU, 4.0% for Zip US CGU and 4.0% for Zip NZ CGU.

Notes to the Condensed Consolidated Financial Statements continued

Sensitivity to Changes in Assumptions

For CGUs that are not assessed to be impaired, Zip has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for each of the group of CGUs to which goodwill and intangible assets are allocated. Forecast transaction volumes are the key drivers in determining the cash flow projections for each CGU. In the event that transaction volumes do not reach the levels forecast there is a risk that the forecast cash flows are not sufficient to support the carrying value and an impairment charge may be reported in a future accounting period.

For Zip AU CGU, Zip US CGU and Zip NZ CGU, reducing the forecast compound annual growth rate (CAGR) of transaction volumes or long-term annual growth rate for the terminal value calculation to zero would not result in an impairment charge. Further testing included increasing the discount rate beyond 40%, would not result in an impairment charge.

Note 12. Trade and Other Payables

	Consolidated	
	30 June 2025 \$'000	30 June 2024 \$'000
Trade payables	51,713	45,319
Amounts due to merchants and other partners	292,167	210,018
Other	2,731	3,128
Total	346,611	258,465

The increase in amounts due to merchants and other partners reflects an increase in volumes in the USA and the increase in pre-funding of transaction volumes by partners to cover trading days prior to 30 June 2025.

Note 13. Borrowings

Borrowings and Securitisation Warehouse

	Consolidated	
	30 June 2025 \$'000	30 June 2024 \$'000
Secured Consumer facilities	2,407,217	2,300,288
Corporate debt facility	–	130,000
	2,407,217	2,430,288
Add: accrued interest	10,040	9,272
Less: unamortised costs	(6,628)	(36,420)
	2,410,629	2,403,140

Notes to the Condensed Consolidated Financial Statements continued

Of the \$2,410.6 million at 30 June 2025, \$618.4 million is expected to be current. Refer below for individual maturities.

The consolidated entity sells customer receivables to securitisation warehouses and special purpose vehicles through its asset-backed financing program. The securitisation warehouses and special purpose vehicles are consolidated as the consolidated entity is exposed to, or has rights to, variable equity returns, and has the ability to affect its returns through its power over the securitisation warehouses and special purpose vehicles. The secured facilities are directly secured by receivables in the consolidated entity's securitisation warehouses and special purpose vehicles. In the event the consolidated entity does not extend a secured facility, or renew a secured facility with a new financier, the secured facility amortises under the terms of the respective secured facility agreement and customer repayments are used to repay the respective financier.

Corporate Facility

In July 2024, Zip repaid the remaining corporate debt facility of \$130.0 million (30 June 2024: \$130.0 million) and associated exit fee. The early repayment of the corporate debt facility accelerated the amortisation of the borrowing costs associated with the corporate debt facility (\$28.1 million).

Assets Pledged as Security

The table below presents the assets and underlying borrowings as a result of the securitisation warehouses and special purpose vehicles through the consolidated entity's asset-backed financing program:

	Consolidated	
	30 June 2025 \$'000	30 June 2024 \$'000
Customer receivables ¹	2,376,055	2,271,979
Cash held through asset-backed financing program (Note 7)	242,657	231,660
	2,618,712	2,503,639
Borrowings related to receivables ²	2,579,033	2,473,193

1. The amount recognised above represents the carrying value of the customer receivables held by securitisation warehouses and special purpose vehicles and is net of the provision for expected credit losses and unearned future income. This excludes customer receivables totalling \$281.1 million held by entities that do not have asset-backed financing programs in place at 30 June 2025 (\$129.0 million at 30 June 2024).
2. Including \$171.8 million junior and seller notes held by Zip's corporate entities (\$172.9 million at 30 June 2024).

Notes to the Condensed Consolidated Financial Statements continued

Term of Facilities Financing Arrangements

Consumer Receivables	Facility Limit \$'000	Drawn at 30 June 2025 \$'000	Maturity	Facility Type
Zip Master Trust ⁴				
– Rated Note Series				
– 2023-2	285,000	267,000	October 2026	BBSW + Margin
– 2024-1	284,980	284,980	October 2025	BBSW + Margin
– 2024-2 ³	332,500	332,500	September 2027	BBSW + Margin
– Variable Funding Note ⁹	468,290	325,050	March 2026	BBSW + Margin
– Variable Funding Note 3 ⁷	285,000	199,500	June 2027	BBSW + Margin
– Variable Funding Note 4	285,000	190,000	March 2027	BBSW + Margin
– Variable Funding Note 5 ¹⁰	380,000	213,750	March 2030	BBSW + Margin
ZipMoney 2017-1 Trust ⁵	155,490	136,340	July 2026	BBSW + Margin
Zip NZ Trust 2021-1 ⁶	18,545	6,490	July 2026	BKBM + Margin
AR3LLC ^{2,8}	459,261	451,607	December 2026	SOFR + Margin
Total	2,954,066	2,407,217		

1. Facility limit of NZ\$20.0 million translated to AUD at exchange rate of 1.0785.

2. Facility limit of US\$300.0 million translated to AUD at exchange rate of 0.6532.

During the year ended 30 June 2025, Zip executed the following:

- A \$350.0 million rated note issuance for three years within the Master Trust (2024-2) with a weighted-average margin of 2.13% and the senior notes being AAA-rated, Zip retained 5.0% of the facility. The proceeds were used to repay the \$698.4 million Master Trust (2021-2) that matured on 10 September 2024.
- Established a new \$300.0 million warehouse facility for two and half years within the Zip Master Trust, Zip retained 5.0% of the facility. The proceeds were used to repay the \$698.4 million Master Trust (2021-2) that matured on 10 September 2024.
- Extended the 2017-1 facility for two years with existing senior financiers and a new mezzanine investor. This facility is a smaller trust separate to Zip's Master Trust funding vehicle. The revised facility limit increased to \$155.5 million.
- Extended the Zip NZ facility for two years with its existing senior financier.
- Renegotiated terms on VFN3 in December 2024, extending maturity from April 2026 to June 2027.
- In October 2024, Zip renegotiated the increase to the USA funding facility (AR3LLC) from US\$225.0 million to US\$300.0 million, improving the capital efficiency of the facility and providing additional funding flexibility to support USA growth over the medium term.
- Refinanced the VFN1 to March 2026 with existing financiers at a reduced margin.
- Settled a new Variable Funding Note 5 facility settled on 12 May 2025. This \$400.0 million facility with new lenders matures in March 2030, extending the duration of Zip's funding profile. Zip retained 5.0% of the facility. The Proceeds amounting to \$225.0 million were used to partly repay 2023-1 that matured on 10 June 2025.

Immediately subsequent to the year ended 30 June 2025, Zip executed the following:

- Issued a new public bond (2025-1) for \$300.0 million with a weighted average margin of 1.79%; and
- Enhanced its short term financing arrangements in the USA with an existing bank funding partner, to enable additional funding capacity for FY26.

Notes to the Condensed Consolidated Financial Statements continued

Reconciliation of Borrowing

At 30 June 2025	30 June 2024 \$'000	Cash Movement \$'000	Non-Cash Movement \$'000	30 June 2025 \$'000
Gross borrowings	2,430,287	(23,070)	–	2,407,217
Accrued interests	9,272	(2,139)	2,907	10,040
Unamortised costs	(36,420)	(2,388)	32,180	(6,628)
Total	2,403,139	(27,597)	35,087	2,410,629

	30 June 2023 \$'000	Cash Movement \$'000	Non-Cash Movement \$'000	30 June 2024 \$'000
Gross borrowings	2,582,200	(151,913)	–	2,430,287
Accrued interests	11,878	6,680	(9,286)	9,272
Unamortised costs	(2,871)	(6,606)	(26,943)	(36,420)
Total	2,591,207	(151,839)	(36,229)	2,403,139

Note 14. Issued Capital

Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the consolidated entity in proportion to the number of, and amounts paid when initially issued, on the shares held. The fully paid ordinary shares have no par value and the consolidated entity does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

	30 June 2025 Shares '000	30 June 2025 \$'000	30 June 2024 Shares '000	30 June 2024 \$'000
Ordinary shares – fully paid	1,292,156	2,591,515	1,126,660	2,339,769
	1,292,156	2,591,515	1,126,660	2,339,769

Notes to the Condensed Consolidated Financial Statements continued

Movements in Ordinary Share Capital

Details	Shares '000	Shares \$'000
Balance at 30 June 2023	824,647	2,121,541
Issue of shares – employee & NED	13,421	3,936
Issue of shares – exercise of options	279	52
Issue of shares – convertible notes	288,313	214,301
Cost of issuing shares	–	(61)
Balance at 30 June 2024	1,126,660	2,339,769
Issue of shares – employee & NED	7,632	16,343
Issue of shares – exercise of options	68	29
Issue of shares – capital raising	171,231	267,122
Cost of issuing shares	–	(5,883)
Share buy-back ¹	(13,435)	(25,865)
Balance at 30 June 2025	1,292,156	2,591,515

1. Zip acquired 14.8 million shares during the financial year. 1.4 million shares were subsequently cancelled post 30 June 2025 relating to the share buy-back.

Movements in Options

Employee Options

Details	'000
Balance at 30 June 2023	502
Expired during the period	(67)
Exercised during the year	(279)
Balance at 30 June 2024	156
Expired during the period	(11)
Exercised during the year	(68)
Balance at 30 June 2025	77

Movements in Performance Rights

Details	Rights '000
Balance at 30 June 2023	18,499
Issued during the period	6,528
Lapsed during the period	(5,644)
Vested during the year	(4,984)
Balance at 30 June 2024	14,399
Issued during the period	3,677
Lapsed during the period	(4,252)
Vested during the year	(2,407)
Balance at 30 June 2025	11,417

Notes to the Condensed Consolidated Financial Statements continued

Shares Under Performance Rights

Shares Under at Risk Long-Term Incentives (LVTR):

At Risk Long-Term incentives were issued for no consideration under the Employee Incentive Plan, and have a nil exercise price and vest based on the achievement of Total Shareholder Return hurdles and time-based hurdles as set out previously in the Remuneration Report.

Issue Date	Vesting Date	Expiry Date	Number of Rights Issued	Fair Value at Grant Date \$
7 June 2021	7 June 2023	7 June 2027	99,904	\$6.880
7 June 2021	7 June 2024	7 June 2027	66,542	\$6.880
13 March 2023	13 March 2026	13 March 2029	1,467,340	\$0.265
15 September 2023	15 September 2026	15 September 2029	2,855,119	\$0.258
15 September 2023	15 September 2026	15 September 2029	964,135	\$0.204
15 September 2024	15 September 2027	15 September 2030	789,341	\$2.410
15 September 2024	15 September 2027	15 September 2030	736,329	\$3.110
Total at 30 June 2025			6,978,710	

Issued in the Year Ended 30 June 2025:

Issue Date	Vesting Date	Expiry Date	Number of Rights Issued	Fair Value at Grant Date \$
15 September 2024	15 September 2027	15 September 2030	789,341	\$2.410
15 September 2024	15 September 2027	15 September 2030	736,329	\$3.110
Total issued in the financial year			1,525,670	

Vested in the Year Ended 30 June 2025:

Issue Date	Vesting Date	Expiry Date	Number Issued
15 February 2019	15 September 2021	15 February 2025	(116,667)
15 February 2019	15 February 2022	15 February 2025	(203,333)
15 February 2019	15 February 2022	15 February 2025	(203,333)
Total vested in the financial year			(523,333)

Notes to the Condensed Consolidated Financial Statements continued

Lapsed in the Year Ended 30 June 2025:

Issue Date	Vesting Date	Expiry Date	Number Issued
15 November 2021	15 September 2024	30 November 2027	(11,127)
15 November 2021	15 September 2024	30 November 2027	(34,188)
18 November 2021	15 September 2024	30 November 2027	(101,260)
19 November 2021	15 September 2024	30 November 2027	(105,504)
24 November 2021	15 September 2024	30 November 2027	(25,070)
29 November 2021	15 September 2024	30 November 2027	(12,776)
13 March 2023	13 March 2026	13 March 2029	(1,035,080)
15 September 2023	15 September 2026	15 September 2029	(914,539)
15 September 2023	15 September 2026	15 September 2029	(541,335)
Total lapsed in the financial year			(2,780,879)

Shares Under Long-Term Equity (LTE):

LTE issued provide Zip with the best opportunity to retain senior leaders and attract high-quality talent. LTE were issued with equal vesting over one to four years. LTE is not subject to any performance hurdles and only requires the Executive to remain employed for the rights to vest. Details of LTE outstanding during the period are as follows:

	Weighted Average Fair Value (\$)	Number of LTE Issued
Balance at 30 June 2023		13,051,840
Issued during the year	0.27	1,001,498
Lapsed during the year	2.13	(3,427,752)
Vested during the year	1.74	(4,984,150)
Balance at 30 June 2024		5,641,436
Issued during the year	2.45	2,151,660
Lapsed during the year	0.84	(1,471,018)
Vested during the year	1.52	(1,883,301)
Balance at 30 June 2025		4,438,777

Notes to the Condensed Consolidated Financial Statements continued

Restricted Rights to Non-Executive Directors (NEDs) for FY25

The Company established the NED Equity Plan to assist in the motivation, retention and reward of NEDs and to provide an opportunity for the NEDs to acquire shareholdings in the Company through the sacrifice of fees into equity. Following approval by shareholders at the 2024 AGM, the rights under the NED Equity Plan were granted on 2 June 2025 and vested immediately, not subject to performance-based vesting conditions or vesting conditions of any kind. Each right under the NED Equity Plan ends 15 years after the grant date, and if not exercised before the end of the Term the rights under the NED Equity Plan will lapse. Details of rights grant under the NED Equity Plan movement are as follows:

	Weighted Average Fair Value (\$)	Number of NED Equity Issued
Balance at 30 June 2023		87,719
Issued during the year	0.32	251,177
Balance at 30 June 2024		338,896
Issued during the year	Note 1	40,471
Vested during the year	0.44	(85,677)
Balance at 30 June 2025		293,690

Note 1: Amounts salary sacrificed using the 10 day VWAP post FY24 results release of \$2.22 per share, share price at AGM approval was \$3.11.

Movements In Warrants

Details	Warrants '000
Balance at 30 June 2023	30,326
Lapsed	(23,018)
Balance at 30 June 2024	7,308
Balance at 30 June 2025	7,308

The following table shows details of warrants issued outstanding at 30 June 2025:

Issue Date	Expiry Date	Exercise Price	Number Issued
6 November 2019	6 November 2026	\$4.70	7,307,500
Balance at 30 June 2025			7,307,500

On 7 November 2019, Zip entered a strategic agreement with Amazon Commercial Services Pty Limited (Amazon Australia) whereby Zip was offered as a payment choice on Amazon Australia. Zip issued Amazon Australia warrants to acquire 14,615,000 ordinary shares in Zip at an exercise price of \$4.70 exercisable based on achievement of certain performance hurdles (Amazon Warrants).

The Amazon Warrants were independently valued by an external valuer using a custom-built Monte Carlo model which simulates share price paths over the duration of the warrants' life. As a result, each Amazon Warrant has been valued at \$1.65 which approximates the value of the service received. Of the warrants issued, 3,653,750 warrants (25% of the total) vested concurrently with Zip's entry into the strategic agreement, and the remainder of the warrants vest based on performance milestones relating to transaction volumes being achieved over the seven years from issue date. On vesting, the warrants may be exercised any time up to seven years from the issue date. Unvested Amazon Warrants are subject to early expiration in certain circumstances, including in the event that the applicable vesting milestones are not met by specified dates. Assessments are made at each future reporting date and adjustments made to the amounts recognised in expenses based on this assessment.

Notes to the Condensed Consolidated Financial Statements continued

Share issuance

As announced to the ASX on 17 July 2024, Zip successfully completed a fully underwritten placement, raising \$217.0 million (before costs) and a non-underwritten Share Purchase Plan ("SPP") raising \$50.1 million.

On-Market Share Buy-Back Program

On the 8 April 2025, Zip announced an on-market share buy-back program of up to \$50.0 million of ordinary shares for a period of 12 months. This reflects the strength of the Zip balance sheet, the continued delivery of operating cash flows and Zip's outlook for future profitable growth. The establishment of the Buy-Back program is consistent with Zip's capital management framework. This framework is designed to maximise shareholder returns, whilst preserving balance sheet strength and ensuring Zip maintains the ability to pursue strategic growth opportunities.

As at 30 June 2025, Zip had acquired 14.8 million of ordinary shares with the value of shares being \$29.8 million excluding transaction costs. This represents 1.1% of the total shareholding on the date of the announcement.

Note 15. Discontinued Operations

During the financial year ended 30 June 2024, as part of its strategic review process the consolidated entity ceased operations in the operating segment Zip Business. During that period, Zip Business sold all outstanding receivable loans in Australia and New Zealand to third parties. Zip fully repaid all external Zip Business funders under its facilities in Australia and New Zealand.

In accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, the consolidated entity disclosed these operations under discontinued operations as one line on the face of the consolidated statement of profit or loss and other comprehensive income.

Results of Discontinued Operations

	Consolidated	
	30 June 2025 \$'000	30 June 2024 \$'000
Revenue	–	5,187
Expenses	–	(7,454)
Loss before income tax	–	(2,267)
Income tax expense	–	266
Loss after income tax from discontinued operations	–	(2,001)

Cashflows from/(used in) Discontinued Operations

	Consolidated	
	30 June 2025 \$'000	30 June 2024 \$'000
Net cash flow from/(used in) operating activities	–	18,444
Net cash flow from investing activities	–	27,264
Net cash flow (used in)/from financing activities	–	(52,194)
Net decrease in cash and cash equivalents from discontinued operations	–	(6,486)

Notes to the Condensed Consolidated Financial Statements continued

Note 16. Dividends

There were no dividends paid, recommended or declared during the current or previous financial period.

Note 17. Financial Risk Management

Financial Risk Management Objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The management's approach include sensitivity analysis in the case of interest rate and other price risks, and ageing analysis for credit risk.

Market Risk

Foreign Currency Risk

Foreign currency risk arises on financial instruments that are denominated in a foreign currency, that is in a currency other than the functional currency in which they are measured. Foreign currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

The consolidated entity undertakes transactions denominated in its subsidiaries' functional currencies to reduce exposure.

The consolidated entity did not hedge any foreign currency risks during the financial year ended 30 June 2025 or 30 June 2024.

Translation exposures arise from financial and non-financial items held by an entity with a functional currency different from the consolidated entity's presentation currency. The consolidated entity's exposure to translation-related risk mainly arises from its investments in subsidiaries in the United States and New Zealand businesses. The foreign exchange gain or loss on translating the consolidated entity's investment in foreign subsidiaries to Australian dollars at the end of the financial year is recognised in Other Comprehensive Income and accumulated in the foreign currency translation reserve.

Price Risk

The consolidated entity had been exposed to the equity price risk arising from its embedded derivative in the corporate debt facility, which had been recorded as a financial liability at 30 June 2024. In July 2024 the Company repaid the corporate debt facility and the associated exit fee in full using funds received by the issuance of ordinary equity.

The consolidated entity had no exposure to the equity price at 30 June 2025.

Interest Rate Risk

The consolidated entity's main interest rate risk arises from its cash and cash equivalents and borrowings. Secured borrowings to fund the customer receivables are floating-rate borrowings where the rates are set as a fixed margin plus 1-month BBSW/BKBM/SOFR.

The consolidated entity also earns interest from its customer receivables on fixed rates. In the event of a movement in interest rates the consolidated entity would review its pricing framework in accordance with its risk management policy.

Notes to the Condensed Consolidated Financial Statements continued

At the end of the reporting period, the consolidated entity had the following variable rate borrowing outstanding:

	Weighted Average Interest Rate	30 June 2025 \$'000	Weighted Average Interest Rate	30 June 2024 \$'000
Floating rate secured borrowing	7.26%	(2,407,217)	7.56%	(2,300,288)

At the end of reporting periods, the consolidated entity had the following financial assets and liabilities exposed to variable interest rate risk:

	30 June 2025 \$'000	30 June 2024 \$'000
Cash and cash equivalents	148,964	121,346
Restricted cash	242,657	231,660
Floating rate secured borrowing	(2,407,217)	(2,300,288)

In the event of a +/- 100 basis points movement in the BBSW/BKBM/SOFR, based on reasonable possible judgement, and with all other variables held constant, the consolidated entity's:

- Profit after tax for the year ended 30 June 2025 would increase/decrease by \$14.1 million (2024: increase/decrease by \$13.6 million). This is mainly attributable to the consolidated entity's exposure to interest rates on its floating rate borrowings; and
- Equity at 30 June 2025 would increase/decrease by \$14.1 million (2024: increase/decrease by \$13.6 million).

Credit Risk

- Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming application details and setting appropriate credit limits prior to customers joining the Zip platform.
- The consolidated entity regularly reviews customer collections, and collections past due. If there are uncollectable customer receivables, the consolidated entity will write off these receivables but will continue to work on their recovery.
- The consolidated entity regularly reviews the level of provision for expected credit loss to ensure that the level of provision is sufficient to mitigate the credit risk exposure in terms of financial reporting. The provision raised represents management's expectation for credit losses in the receivables portfolio at the reporting date measured in accordance with AASB 9.
- The collective provision is estimated on the basis of historical loss experience for assets with similar credit characteristics by the consolidated entity and other companies with similar portfolios. The maximum exposure to credit risk at the reporting date for recognised financial assets is the carrying amount, net of any provisions for expected credit losses of those assets, as disclosed in the Consolidated Statement of Financial Position and notes to the consolidated financial statements. Refer to Note 9 for detailed assessment of expected credit losses.
- The consolidated entity does not hold any collateral or other credit enhancements.

Notes to the Condensed Consolidated Financial Statements continued

Liquidity Risk

Liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable. The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities, by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Each of the securitisation warehouses in place has loan covenants that are in line with standard market practice given the nature of the warehouse facilities. There were no breaches of any of the covenants in place during the financial period.

Financing Arrangements

Unused borrowing facilities at the reporting date are disclosed in Note 13.

Remaining Contractual Maturities

The financial assets of the consolidated entity predominantly comprise customer receivables that have:

- An average repayment profile of five months for Zip Pay receivables and eight months for Zip Money, Zip Plus and Zip Personal Loan receivables;
- Customer repayments for Zip's Instalment products have a short-term duration. Instalment products are offered by Zip Americas and Zip New Zealand and are typically 42 days for Pay-in-4 (Pi4) and 98 days for Pay-in-8 (Pi8);
- The following table represents the estimated cash inflows from customer receivables:

Consolidated 30 June 2025	1 Year or Less \$'000	Between 1 and 2 Years \$'000	Between 2 and 5 Years \$'000	Over 5 Years \$'000	Total \$'000
Customer receivables	2,622,310	216,294	41,944	1,096	2,881,645

Consolidated 30 June 2024	1 Year or Less \$'000	Between 1 and 2 Years \$'000	Between 2 and 5 Years \$'000	Over 5 Years \$'000	Total \$'000
Customer receivables	2,386,971	162,920	13,778	554	2,564,222

The following tables detail the consolidated entity's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the consolidated statement of financial position.

Consolidated 30 June 2025	Weighted Average Interest Rate %	1 Year or Less \$'000	Between 1 and 2 Years \$'000	Between 2 and 5 Years \$'000	Over 5 Years \$'000	Remaining Contractual Maturities \$'000
Non-interest-bearing						
Trade and other payables	–	346,611	–	–	–	346,611
Lease liabilities	–	5,147	5,133	4,266	–	14,546
Interest-bearing						
Borrowings						
– Floating rate	7.26%	610,030	1,250,936	546,250	–	2,407,216
		961,788	1,256,069	550,516	–	2,768,373

Notes to the Condensed Consolidated Financial Statements continued

Consolidated 30 June 2024	Weighted Average Interest Rate %	1 Year or Less \$'000	Between 1 and 2 Years \$'000	Between 2 and 5 Years \$'000	Over 5 Years \$'000	Remaining Contractual Maturities \$'000
Non-interest-bearing						
Trade and other payables		258,465	–	–	–	258,465
Corporate debt facility – exit fee		–	–	86,489	–	86,489
Lease liabilities		4,867	4,923	8,981	–	18,771
Interest-bearing						
Borrowings						
– Floating rate	7.56%	1,249,714	685,630	565,030	–	2,500,374
– Fixed rate	15.00%	19,314	19,314	158,971	–	197,599
		1,532,360	709,867	819,471	–	3,061,698

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the consolidated entity. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Fair Value Hierarchy

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level in the fair value measurement hierarchy as follows:

- Level 1 – the instrument has quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – a valuation technique is used using inputs other than quoted prices within level 1 that are observable for the financial instrument, either directly (i.e. as prices), or indirectly (i.e. derived from prices).
- Level 3 – a valuation technique is used using inputs that are not observable based on observable market data (unobservable inputs).

The Group consider that the carrying amount of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

Notes to the Condensed Consolidated Financial Statements continued

Fair Value Hierarchy at 30 June 2025	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Cash and cash equivalents	148,964	–	–	148,964
Restricted cash	242,657	–	–	242,657
Total	391,621	–	–	391,621

Fair Value Hierarchy at 30 June 2024	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Cash and cash equivalents	121,346	–	–	121,346
Restricted cash	231,660	–	–	231,660
Total	353,006	–	–	353,006

Note 18. Contingencies

On 24 June 2019, Zip announced to the ASX that Firstmac Limited had commenced proceedings in the Federal Court against Zip Co Limited and its subsidiary ZipMoney Payments Pty Ltd alleging infringement of Firstmac's "ZIP" trade mark, which is registered in respect of financial affairs (loans).

In June 2023, Zip announced that it had successfully defended the trade mark infringement claim, and that Zip was also successful in its non-use application, and cross-claim for removal or cancellation of Firstmac's trademark. Firstmac lodged an appeal in response to both its failed trade mark infringement claim against Zip, and Zip's success in its non-use claim and the consequential cancellation or removal of Firstmac's mark. The appeal was heard in November 2023.

In March 2025, the Full Court of the Federal Court of Australia handed down its judgment in the appeal lodged by Firstmac, finding in Firstmac's favour, and determining that Zip had infringed Firstmac's "ZIP" trade mark and Zip's cross-claim and non-use application should be dismissed. The Full Court then made orders giving effect to its judgment, with orders related to Zip's future use of the "Zip" trade mark in relation to credit and payment services in Australia being 'stayed' (i.e. suspended) pending the outcome of Zip's application for special leave to appeal the Federal Court's decision to the High Court. Zip's application for special leave was submitted in June 2025. At this stage it is impractical to determine the potential impact.

In July 2024, Zip Co US Inc. (Zip US), a subsidiary of Zip, received a letter from the Consumer Financial Protection Bureau (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. 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. Zip US responded to the NORA, and is in discussions with the CFPB regarding 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.

There were no other contingent liabilities or contingent assets as at 30 June 2025.

Notes to the Condensed Consolidated Financial Statements continued

Note 19. Key Management Personnel (KMP) Disclosures

Directors

The following persons were Directors of Zip Co Limited (Zip or the Company) during the financial year ended 30 June 2025:

- Diane Smith-Gander AO
- Cynthia Scott
- Meredith Scott
- Kevin Moss
- Matthew W. Schuyler (appointed as Director on 7 October 2024)
- Andrew Stevens (appointed as Director on 17 April 2025)
- Larry Diamond (resigned as Director on 3 December 2024)
- John Batistich (resigned as Director on 7 November 2024)

Other KMP

- Gordon Bell – Group Chief Financial Officer
- Joseph Heck (appointed as USA CEO 15 July 2024)
- Soraya Alali (appointed as ANZ CEO on 12 May 2025)
- Peter Gray (ceased as ANZ CEO on 11 May 2025)

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	30 June 2025 \$'000	30 June 2024 \$'000
Short-term employee benefits	6,166	5,198
Post-employment benefits	94	187
Long-term benefits	(163)	(23)
Share-based payments	3,520	2,545
Total	9,617	7,907

Notes to the Condensed Consolidated Financial Statements continued

Note 20. Related Party Transactions

Balances and transactions between entities in the group have been eliminated on consolidation and are not disclosed in this note.

Parent Entity

Zip Co Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in Note 23.

Key Management Personnel

Disclosures relating to key management personnel are set out in Note 19 and the remuneration report included in the Directors' report.

Transactions with Related Parties

Other than reported in this note and in Note 19, there were no other transactions with related parties during the current and previous financial year.

Receivable from and Payable to Related Parties

There were no trade receivables due from, or trade payables due to related parties at the current and previous reporting date.

Loans to/from Related Parties

There were no other loans to/from related parties at the current and previous reporting date.

Note 21. Remuneration of Auditors

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu (the auditor of the consolidated entity) and other auditors:

	Consolidated	
	30 June 2025 \$'000	30 June 2024 \$'000
Deloitte		
– Group	1,521	1,450
– Controlled entities	848	743
Other Assurance services	69	106
Total	2,438	2,299
Other Auditors		
Audit and review of financial statements	87	26
Total	87	26

Notes to the Condensed Consolidated Financial Statements continued

Note 22. Parent Entity Information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements except as set out below.

Intercompany Payables & Receivables

There were intercompany receivables due from and payables due to at the current and previous reporting date.

Investments in Subsidiaries, Associates and Joint Ventures

Investments in subsidiaries, associates and joint ventures are accounted for at cost. Dividends (if any) received from subsidiaries, associates and joint ventures are recognised in profit or loss when a right to receive the dividend is established (provided that it is probable that the economic benefits will flow to the Parent and the amount of income can be measured reliably).

Tax Consolidation

The Company and its wholly-owned Australian resident entities are members of a tax-consolidated group under Australian tax law. The Company is the head entity within the tax-consolidated group.

See Note 1 for a summary of the significant accounting policies relating to the consolidated entity. Set out below is the supplementary information about the parent entity.

Set out below is the supplementary information about the parent entity.

Statement of Profit or Loss and Other Comprehensive Income

	Parent	
	30 June 2025 \$'000	30 June 2024 \$'000
Profit after income tax	26,014	102,466
Total comprehensive profit	26,014	102,466

Statement of Financial Position

	Parent	
	30 June 2025 \$'000	30 June 2024 \$'000
Total current assets	12,267	11,210
Total non-current assets	1,915,068	1,643,011
Total assets	1,927,335	1,654,221
Total current liabilities	3,552	1,251
Net assets	1,923,783	1,652,970
Issued capital	2,591,515	2,339,769
Reserves	233,669	240,616
Accumulated losses	(901,401)	(927,415)
Total equity	1,923,783	1,652,970

Notes to the Condensed Consolidated Financial Statements continued

Guarantees Entered into by the Parent Entity in Relation to the Debts of its Subsidiaries

During the financial year ended 30 June 2025 and financial year 30 June 2024, the parent entity and certain subsidiaries had a deed of cross guarantee in place under which each company guarantees the debts of the others.

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and a Directors' Report under Corporations Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The effect of the Deed is that the parent entity guarantees to each creditor payment in full of any debt in the event of winding up of the subsidiaries included in the Deed under certain provisions of the *Corporations Act 2001*.

The subsidiaries as identified in Note 23 as parties to a deed of cross guarantee are party to guarantees at the debts of the others. These controlled entities have been relieved of the requirement to prepare a financial report and Directors' Report under ASIC Corporations (Wholly-owned Companies) Instruments 2016/785. These controlled entities and the Company form a closed group. Included in the closed group are receivables on ZipMoney Payments Pty Ltd's balance sheet which are transferred to the Trusts (which are not parties to the deed of cross guarantee) but failed derecognition due to ZipMoney Payments Pty Ltd retaining substantially all the risks and rewards of ownership.

The effects of transactions between entities to the deed are eliminated in full in the Consolidated Statement of Financial Position and Consolidated Statement of Profit or Loss and Other Comprehensive Income as set out in the following tables.

The Consolidated Statement of Financial Position of the Closed Group is set out in the following table:

	30 June 2025 \$'000	30 June 2024 \$'000
Assets		
Cash and cash equivalents	84,412	53,176
Restricted cash	29,347	83,495
Other receivables	46,590	58,952
Customer receivables	1,968,655	2,008,449
Property, plant and equipment	1,593	2,052
Right-of-use assets	11,021	14,270
Intangible assets	11,518	12,180
Investments and intercompany balances	1,238,390	1,216,729
Total assets	3,391,526	3,449,303
Liabilities		
Trade and other payables	30,196	43,878
Employee provisions	14,778	11,749
Lease liabilities	11,452	14,157
Borrowings	1,956,937	2,111,679
Other financial liabilities	–	86,489
Total liabilities	2,013,363	2,267,952
Net assets	1,378,163	1,181,351
Issued capital	2,591,515	2,339,769
Reserves	233,136	240,139
Accumulated losses	(1,446,488)	(1,398,556)
Total equity	1,378,163	1,181,351

Notes to the Condensed Consolidated Financial Statements continued

The Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Closed Group is set out in the following table:

	30 June 2025 \$'000	30 June 2024 \$'000
Portfolio interest income	386,734	392,864
Transactional income	15,910	16,335
Revenue	402,644	409,199
Other income	4,835	6,043
Bad debts and expected credit losses	(107,499)	(96,582)
Bank fees and data costs	(21,567)	(21,569)
Interest expense	(152,861)	(158,025)
Salaries and employee benefits expenses	(88,850)	(74,829)
Marketing expenses	(7,327)	(4,290)
Information technology expenses	(23,199)	(20,611)
Depreciation and amortisation expenses	(13,643)	(14,984)
Share-based payments	(8,435)	(3,421)
Corporate financing costs	(29,330)	(49,205)
Other operating expenses	(300)	(15,445)
Net other (losses)/gains	(2,400)	78,570
Loss before income tax	(47,932)	34,851
Income tax expense	–	(15,155)
Loss after income tax	(47,932)	19,696
Total comprehensive loss	(47,932)	19,696

Contingencies

Other than reported in Note 18, the parent entity had no contingencies as at 30 June 2025 and 30 June 2024.

Capital Commitments – Property, Plant and Equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2025 and 30 June 2024.

Notes to the Condensed Consolidated Financial Statements continued

Note 23. Interest in Subsidiaries

Ultimate Parent

Zip Co Limited is the ultimate parent entity and the parent entity of the consolidated entity.

Corporate Structure

The legal corporate structure of the consolidated entity is set out below:

Legal parent	Principal place of business/ Country of incorporation	Ownership Interest	
		30 June 2025 %	30 June 2024 %
Zip Co Limited ¹	Australia	–	–
Legal subsidiaries			
ZipMoney Payments Pty Ltd ¹	Australia	100%	100%
ZipMoney Trust 2017-1 ²	Australia	100%	100%
Zip Master Trust ²	Australia	100%	100%
ZipMoney Holdings Pty Ltd ¹	Australia	100%	100%
ZipMoney Securities Ltd	Australia	100%	100%
Pocketbook Holdings Pty Ltd	Australia	100%	100%
Pocketbook Australia Pty Ltd	Australia	100%	100%
Pocketbook Technologies Pty Ltd	Australia	100%	100%
Zip Domestic Holdings Pty Limited	Australia	100%	100%
Zip International Holdings Pty Limited	Australia	100%	100%
Zip International India Pty Ltd	Australia	100%	100%
Zip Business Australia Pty Ltd	Australia	100%	100%
Funding Box 3 (Australia) Pty Ltd	Australia	100%	100%
Zip Business Trust 2022-1 ³	Australia	–%	100%
Urge Holdings Pty Ltd	Australia	100%	100%
Urge Technologies Pty Ltd	Australia	100%	100%
Shnap Pty Ltd	Australia	100%	100%
ZipMoney Payments (NZ) Limited	New Zealand	100%	100%
Zip Business New Zealand Pty Ltd	New Zealand	100%	100%
Funding Box NZ Limited	New Zealand	100%	100%
Zip Co NZ Limited	New Zealand	100%	100%
Zip Co NZ Finance Limited	New Zealand	100%	100%
Zip NZ Trust 2021-1	New Zealand	100%	100%
Zip Co Payments UK Limited	United Kingdom	100%	100%
Zip Co UK Finance Limited	United Kingdom	100%	100%
Zip UK Holdings Limited	United Kingdom	100%	100%
QuadPay AR1 LLC ⁴	United States of America	–%	100%
Zip Co US Inc	United States of America	100%	100%
AR2 LLC ⁴	United States of America	–%	100%
AR2 Holdco LLC ⁴	United States of America	–%	100%
AR3 LLC	United States of America	100%	100%
AR3 Holdco LLC	United States of America	100%	100%
Zip Co Canada Holdings Inc	United States of America	100%	100%
Zip Co Payments Mexico. S.A.de C.V.	Mexico	100%	100%
Zip Co Payments Canada ULC ⁴	Canada	–%	100%

1. These entities have entered into a deed of cross guarantee.

2. Ownership is through ZipMoney Payments Pty Ltd, which is both the Participating Unitholder and Residual Unitholder of the ZipMoney Trust 2017-1 and the Zip Master Trust.

3. Zip Business Trust 2022-1 was deregistered on 17 September 2024.

4. AR2 LLC, AR2 Holdco LLC, QuadPay AR1 LLC and Zip Co Payments Canada ULC were deregistered on 30 June 2025.

Notes to the Condensed Consolidated Financial Statements continued

Note 24. Share-Based Payments

Movements in Share-Based Payments Reserve

Details	30 June 2025 \$'000	30 June 2024 \$'000
Opening balance	76,268	76,630
Recognised for the year		
– At Risk Short-Term Incentive	9,767	4,059
– At Risk Long-Term Incentive	1,324	(58)
– Fixed Long-Term Equity	2,160	2,503
– Recognition of replacement options issued to QuadPay at acquisition	–	112
– Recognition of NED equity plans	223	4
Total recognised for the year	13,474	6,620
Exercised for the year		
– Exercise of share-based payments	–	(1,833)
– Issue of shares to Zip Employee Share Trust	(14,825)	(5,149)
Total exercised for the year	(14,825)	(6,982)
Closing balance	74,917	76,268

Employee Short-Term Variable Reward (STVR)

Short-term incentives are granted to employees for their contribution to the performance of the consolidated entity and include annual share awards, sign-on bonuses and project specific incentives. Provision is made during the year for incentives that are to be issued during the year and in subsequent years.

Shares have been issued under the Employee STVR as follows:

- 4,582,019 ordinary shares issued in financial year 2025 with a weighted average share price of \$1.99; and
- 10,532,410 ordinary shares issued in financial year 2024 with a weighted average share price of \$0.29.

Shares issued vest immediately other than those issued to KMP as set out in Remuneration Report.

Shares issued under the Short-Term Incentive Plan are expensed as share-based payments as the obligation is incurred.

Employee Long-Term Incentive Plan

Performance rights include Long-Term Variable Reward (LTVR) and Fixed Long-Term Equity (LTE), which are subject to the consolidated entity's Remuneration Framework Structure as set out in Remuneration Report.

LTVR:

LTVRs have been issued under the consolidated entity's Employee Long-Term Incentive Plan as follows:

- 1,525,670 LTVRs issued in financial year 2025 to management; and
- 5,526,135 LTVRs issued in financial year 2024 to management.

Notes to the Condensed Consolidated Financial Statements continued

Details of LTVRs outstanding during the year are as follows:

	Weighted Average Fair Value \$	Number of LTVR Issued
Balance at 30 June 2023		5,448,361
Granted during the year	\$0.21	5,526,135
Lapsed during the year	\$2.03	(2,217,244)
Balance at 30 June 2024		8,757,252
Granted during the year	\$2.75	1,525,670
Exercised during the year	\$0.93	(523,333)
Lapsed during the year	\$0.53	(2,780,879)
Balance at 30 June 2025		6,978,710

The LTVRs have a nil exercise price and vest on the achievement of Total Shareholder Return or Transaction Volume hurdles and time based hurdles over the period from the date of grant to the assessment dates. The assessment dates are up to three years from the date of grant.

LTVRs granted were valued by an independent valuation expert using a custom-built Monte Carlo model which simulates multiple paths for the share price over the duration of the grant's life. The pay out of the rights is then calculated along each simulated path based on the realised performance of the share price along that path and discounted to the valuation date. The value of the rights is then averaged across all the simulations to obtain the fair value of the rights. This process is repeated for each volatility scenario. These benefits are amortised as share-based payments over the vesting period.

LTE:

LTEs were issued with equal vesting over one to four years. LTE is not subject to any performance hurdles and only requires the employees to remain employed for the vesting period for the rights to vest.

The movements in LTE balances during the year are as follows:

	Weighted Average Fair Value \$	Number of LTE Issued
Balance at 30 June 2023		13,051,840
Granted during the year	\$0.27	1,001,498
Exercised during the year	\$1.74	(4,984,150)
Lapsed during the year	\$2.13	(3,427,752)
Balance at 30 June 2024		5,641,436
Granted during the year	\$2.46	2,151,660
Exercised during the year	\$0.84	(1,471,018)
Lapsed during the year	\$1.52	(1,883,301)
Balance at 30 June 2025		4,438,777

All granted LTEs were valued under risk neutral principles, with the future expected value for each LTE being the grant date share price escalated at the risk-free rate. This future expected value is discounted back to the grant date using the risk-free rate, resulting in the fair value at the grant date being Zip's share price at the grant date.

Notes to the Condensed Consolidated Financial Statements continued

Restricted Rights to NEDs

The Company established the NED Equity Plan to assist in the motivation, retention and reward of NEDs and to provide an opportunity for the NEDs to acquire shareholdings in the Company through the sacrifice of fees into equity. Following approval by shareholders at the 2024 AGM, the rights under the NED Equity Plan were granted on 2 June 2025 and vested immediately, not subject to performance-based vesting conditions or vesting conditions of any kind.

Details of rights under the NED Equity Plan movement are as follows:

	Weighted Average Fair Value \$	Number of NED Equity Issued
Balance at 30 June 2023		87,719
Granted during the year	\$0.32	251,177
Balance at 30 June 2024		338,896
Granted during the year	Note 1	40,471
Exercised during the year	\$0.44	(85,677)
Balance at 30 June 2025		293,690

Note 1: Amounts salary sacrificed using the 10 day VWAP post FY24 results release of \$2.22 per share, share price at AGM approval was \$3.11.

All rights granted under the NED Equity Plan were valued under risk neutral principles, with the future expected value for each right under the NED Equity Plan being the grant date share price escalated at the risk-free rate. This future expected value is discounted back to the grant date using the risk-free rate, resulting in the fair value at the grant date being Zip's share price at the grant date. Each right under the NED Equity Plan ends 15 years after the grant date, and if not exercised before the end of the Term the rights under the NED Equity Plan will lapse.

Share Options Issued on Acquisition of Zip US (formally QuadPay)

Replacement awards were issued to employees and other option holders of QuadPay on the acquisition of QuadPay which occurred in 2020. The outstanding share options in QuadPay were replaced by options in Zip. There were 10,480,369 replacement options issued to employees and non-employees. No amounts were paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

Each option expires on the earlier of:

- The expiry dates of the options which varies between 28 May 2028 and 28 May 2030; and
- The date on which the options otherwise lapse in accordance with the terms of the Award Agreement between the Company and the relevant QuadPay option holder, and the terms of the QuadPay option Plan.

Notes to the Condensed Consolidated Financial Statements continued

Details of Employee Share Options outstanding during the year are as follows:

	Weighted Average Exercise Price \$	Number of Options
Balance at 30 June 2023		502,162
Exercised during the year	\$1.07	(278,836)
Forfeited during the year	\$0.33	(6,873)
Expired during the year	\$0.49	(59,788)
Balance at 30 June 2024		156,665
Exercised during the year	\$2.48	(68,466)
Expired during the year	\$3.11	(10,572)
Balance at 30 June 2025		77,627

Note 25. Subsequent Events

Apart from as otherwise disclosed in this report there were no further material items, transactions or events subsequent to 30 June 2025 which relate to conditions existing at that date and which require comment or adjustment to the figures dealt with in this report.

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Consolidated Entity Disclosure Statement

Set out below is relevant information relating to entities that are consolidated in the consolidated financial statements at the end of the financial year as required by section 295(3A)(a) of the *Corporations Act 2001*.

Name of Entity	Entity Type	Trustee, Partner or Participant in a JV	Country of Incorporation/ Formed	Percentage of Ownership %	Australian Resident/ Foreign Resident (Tax Purposes)	Foreign Tax Jurisdiction
Zip Co Limited*	Body Corporate	n/a	Australia	–	Australian	n/a
ZipMoney Payments Pty Ltd	Body Corporate	n/a	Australia	100%	Australian	n/a
ZipMoney Trust 2017-1	Trust	n/a	Australia	100%	Australian	n/a
Zip Master Trust	Trust	n/a	Australia	100%	Australian	n/a
ZipMoney Holdings Pty Ltd	Body Corporate	n/a	Australia	100%	Australian	n/a
ZipMoney Securities Ltd	Body Corporate	n/a	Australia	100%	Australian	n/a
Pocketbook Holdings Pty Ltd	Body Corporate	n/a	Australia	100%	Australian	n/a
Pocketbook Australia Pty Ltd	Body Corporate	n/a	Australia	100%	Australian	n/a
Pocketbook Technologies Pty Ltd	Body Corporate	n/a	Australia	100%	Australian	n/a
Zip Domestic Holdings Pty Limited	Body Corporate	n/a	Australia	100%	Australian	n/a
Zip International Holdings Pty Limited	Body Corporate	n/a	Australia	100%	Australian	n/a
Zip International India Pty Ltd	Body Corporate	n/a	Australia	100%	Australian	n/a
Zip Business Australia Pty Ltd	Body Corporate	n/a	Australia	100%	Australian	n/a
Funding Box 3 (Australia) Pty Ltd	Body Corporate	n/a	Australia	100%	Australian	n/a
Urge Holdings Pty Ltd	Body Corporate	n/a	Australia	100%	Australian	n/a
Urge Technologies Pty Ltd	Body Corporate	n/a	Australia	100%	Australian	n/a
Shnap Pty Ltd	Body Corporate	n/a	Australia	100%	Australian	n/a
Zip Business New Zealand Pty Ltd	Body Corporate	n/a	New Zealand	100%	Foreign	New Zealand
Funding Box NZ Limited	Body Corporate	n/a	New Zealand	100%	Foreign	New Zealand

Consolidated Entity Disclosure Statement continued

Name of Entity	Entity Type	Trustee, Partner or Participant in a JV	Country of Incorporation/ Formed	Percentage of Ownership %	Australian Resident/ Foreign Resident (Tax Purposes)	Foreign Tax Jurisdiction
ZipMoney Payments (NZ) Limited	Body Corporate	n/a	New Zealand	100%	Foreign	New Zealand
Zip Co NZ Limited	Body Corporate	n/a	New Zealand	100%	Foreign	New Zealand
Zip Co NZ Finance Limited	Body Corporate	n/a	New Zealand	100%	Foreign	New Zealand
Zip NZ Trust 2021-1	Trust	n/a	New Zealand	100%	Foreign	New Zealand
Zip Co Payments UK Limited	Body Corporate	n/a	United Kingdom	100%	Foreign	United Kingdom
Zip Co UK Finance Limited	Body Corporate	n/a	United Kingdom	100%	Foreign	United Kingdom
Zip UK Holdings Limited	Body Corporate	n/a	United Kingdom	100%	Foreign	United Kingdom
Zip Co US Inc	Body Corporate	n/a	United States	100%	Foreign	United States
AR3 Holdco LLC	Body Corporate	n/a	United States	100%	Foreign	United States
AR3 LLC	Body Corporate	n/a	United States	100%	Foreign	United States
Zip Co Canada Holdings Inc	Body Corporate	n/a	United States	100%	Foreign	United States
Zip Co Payments Mexico. S.A.de C.V.	Body Corporate	n/a	Mexico	100%	Foreign	Mexico

* Entities listed here are those that are part of the consolidated entity at the end of the financial year. Entities disposed of during the year, or where the entity has lost control by the reporting date, are not included here. This means that entities listed could be different to the 'Interests in subsidiaries' note contained in the notes to the financial statements.

Consolidated Entity Disclosure Statement continued

Consolidated Entity Disclosure Statement – Basis of Preparation

Basis of Preparation

This Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the *Corporations Act 2001* and includes required information for each entity that was part of the consolidated entity as at the end of the financial year.

Determination of Tax Residency

Section 295 (3A) of the *Corporations Act 2001* defines tax residency as having the meaning in the *Income Tax Assessment Act 1997*. The determination of tax residency involves judgment as there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

Australian Tax Residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance.

Foreign Tax Residency

Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.

Additional disclosures on the tax status of partnerships and trusts have been provided where relevant.

Directors' Declaration


For the year ended 30 June 2025

In the Directors' opinion:

- the attached consolidated financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached consolidated financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
- the attached consolidated financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2025 and of its performance for the financial period ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

This declaration is made in accordance with a resolution of the Directors.

On behalf of the Directors



Cynthia Scott

Group Chief Executive Officer and Managing Director

22 August 2025

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Independent Auditor's Report

to the members of Zip Co Limited



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Independent Auditor's Report to the Members of Zip Co Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Zip Co Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 30 June 2025 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Independent Auditor's Report continued



Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p>Expected credit loss provisioning</p> <p>As at 30 June 2025, the carrying value of customer receivables recorded was \$2,657.1m, which included a provision for expected credit losses of \$189.1m as disclosed in Note 9.</p> <p>The Group's models to measure the 'expected credit losses', that meet the measurement objective of AASB 9 <i>Financial Instruments</i>, involve the use of significant judgements and assumptions to:</p> <ul style="list-style-type: none"> Classify credit instruments into three credit risk stages based on assessment of increases in credit risk and objective evidence of impairment or write off; Determine the probability of default, exposure at default, loss given default and lifetime expected credit losses based on historical data adjusted for current economic conditions; and Formulate a forward-looking macroeconomic overlay based on management's expectations. <p>We consider this to be a key audit matter due to the significance of the Customer receivables balance to the consolidated financial statements, the level of judgement and subjectivity in the selection and application of the key assumptions and estimates used to determine expected credit losses, and the volume and complexity of data sets and provisioning models used to perform the calculations.</p>	<p>Our procedures were performed in conjunction with our credit risk specialists and included, but were not limited to:</p> <ul style="list-style-type: none"> Obtaining an understanding of the source of data inputs, the methodology used, and credit estimates and judgements made by management in the provisioning models; Assessing the provisioning methodology with reference to relevant Australian Accounting Standards; Understanding the key controls relating to the customer loan approval, collection, identification of overdue amounts, transaction data, impairment assumptions, judgement and modelling processes and calculations; Agreeing a sample of data inputs into the provisioning models used to calculate the probability of default, exposure at default, loss given default and lifetime expected credit losses, to the relevant source documentation and historical loan portfolio performance and recovery records; Conducting a recalculation of account level-based probability of default and loss given default on a same basis and the staging as at reporting date based on management's key assumptions and the rules applied to each stage; Considering the reasonableness of management's key assumptions used in determining probability of default, exposure at default, loss given default and lifetime expected credit losses; Developing an independent estimate of the provision and comparing it to management's model; Considering the reasonableness of macro overlays; and Assessing the adequacy of the disclosures in Note 1 (f), Note 9 and Note 17 to the financial statements.

Independent Auditor's Report continued



IT systems

The Group's operations and financial reporting processes are heavily dependent on IT systems for the processing and recording of a significant volume of transactions.

We consider the operation of financial reporting IT systems and controls to be a key audit matter.

Our procedures were performed in conjunction with our IT specialists and included, but were not limited to:

- Developing an understanding of the IT systems, IT application controls and IT dependent manual controls that were integral to the lending and financial reporting processes;
- Understanding and evaluating the design and operating effectiveness of the relevant controls over the relevant IT systems; and
- Where we identified design or operating effectiveness matters relating to IT systems relevant to our audit, we obtained an understanding of alternative manual controls and varied the nature, timing and extent of our substantive procedures.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2025, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors are responsible:

- For the preparation of the financial report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group in accordance with Australian Accounting Standards; and
- For such internal control as the directors determine is necessary to enable the preparation of the financial report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

Independent Auditor's Report continued



As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the Group financial report. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 51 to 79 of the Directors' Report for the year ended 30 June 2025.

Independent Auditor's Report continued



In our opinion, the Remuneration Report of Zip Co Limited, for the year ended 30 June 2025, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink, appearing to be "J Thorne", written over a faint, circular stamp.

Jason Thorne
Partner
Chartered Accountants
Sydney, 22 August 2025

Shareholder Information

The shareholder information set out below was applicable as at 31 July 2025.

Distribution of Equity Securities

Analysis of Number of Equity Security Holders by Size of Holding

Range	Number of Holders of Ordinary Shares	%	Number of Holders of Unlisted Warrants Exp 06.11.2026	%
1 to 1,000	9,370	0.34	–	–
1,001 to 5,000	13,813	2.98	–	–
5,001 to 10,000	4,819	2.82	–	–
10,001 to 100,000	5,199	10.97	–	–
100,001 and over	404	82.90	1	100.00
Total	33,605	100.00¹	1	100.00
Holding less than a marketable parcel	1,410		n/a	

1. Total has been rounded down by 0.01%.

Range	Number of Holders of Unquoted Performance Rights, Vesting 07.06.2023	%	Number of Holders of Unquoted Performance Rights, Vesting 07.06.2024	%
10,001 to 100,000	1	100.00	1	100.00
100,001 and over	–	–	–	–
Total	1	100.00	1	100.00

Range	Number of Holders of Unquoted Performance Rights, Vesting 13.03.2026	%	Number of Holders of Unquoted Performance Rights, Vesting 15.09.2026	%	Number of Holders of Unquoted Performance Rights, Vesting 15.09.2027	%
10,001 to 100,000	1	25.00	1	25.00	–	–
100,001 and over	3	75.00	3	75.00	6	100.00
Total	4	100.00	4	100.00	6	100.00

	QuadPay Employee Options	%	LTE Plan – Unlisted Performance Rights, Vesting Various Dates up to 06.06.2029	%	NED Equity Plan – Restricted Rights	%
1 to 1,000	2	50.00	33	24.81	–	–
1,001 to 5,000	–	–	39	29.32	–	–
5,001 to 10,000	–	–	20	15.04	–	–
10,001 to 100,000	2	50.00	27	20.30	1	50.00
100,001 and over	–	–	14	10.53	1	50.00
Total	4	100.00	133	100.00	2	100.00

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Shareholder Information continued

Equity Security Holders

Twenty Largest Quoted Equity Security Holders

The twenty largest holders of ordinary shares as at 31 July 2025 are listed below:¹

	Ordinary Shares	
	Number Held	% of Total Shares Issued
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	278,722,824	21.59
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	206,143,522	15.97
CITICORP NOMINEES PTY LIMITED	189,872,544	14.71
UBS NOMINEES PTY LTD	43,259,457	3.35
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	32,930,407	2.55
BNP PARIBAS NOMS PTY LTD	29,509,957	2.29
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	21,881,409	1.70
NATIONAL NOMINEES LIMITED	20,524,270	1.59
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING A/C>	19,872,609	1.54
BNP PARIBAS NOMS (NZ) LTD	16,264,117	1.26
SOLIUM NOMINEES (AUSTRALIA) PTY LTD <VSA A/C>	15,056,447	1.17
BUTTONWOOD NOMINEES PTY LTD	12,011,791	0.93
MR DESHUN SHI	11,661,600	0.90
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	8,770,945	0.68
MR PETER JOHN GRAY	8,199,474	0.64
ST LAWRENCE CORPORATION PTY LTD <ST LAWRENCE A/C>	8,000,836	0.62
PALM BEACH NOMINEES PTY LIMITED	7,425,154	0.58
NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	6,377,670	0.49
TOMANOVIC MULTIOWN PTY LTD <AFS SUPER FUND A/C>	6,300,000	0.49
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	5,081,464	0.39
Total	947,866,497	73.43

1. As recorded on the shareholder register.

Unquoted Equity Securities

	Number on Issue	Number of Holders
Unlisted Warrants, Expiry 06.11.2026	7,307,500	1
QuadPay Employee options	59,345	4
Unlisted Performance Rights Vesting 07.06.2023	99,904	1
Unlisted Performance Rights Vesting 07.06.2024	66,542	1
Unlisted Performance Rights Vesting 13.03.2026	1,467,340	4
Unlisted Performance Rights Vesting 15.09.2026	3,819,254	4
Unlisted Performance Rights Vesting 15.09.2027	1,525,670	6
Long Term Equity Plan – Unlisted Performance Rights, vesting various dates up to 06.06.2029	4,027,339	133
NED Equity Plan – Unlisted Restricted Rights	293,690	2

Shareholder Information continued

The following persons holds 20% or more of unquoted equity securities:

Name	Class	Number Held
AMAZON.COM NV INVESTMENT HOLDINGS LLC	Unlisted Warrants, Expiry 06.11.2026	7,307,500

Substantial Holders

The following shareholders have disclosed a substantial shareholding notice to ASX as at 31 July 2025:

	Ordinary shares	
	Number held	Percentage voting power %
The Vanguard Group, Inc. and its controlled entities ¹	67,128,660	5.142
State Street Corporation and its subsidiaries ²	74,921,130	5.74

1. Substantial shareholding as at 20 September 2024, as per notice dated 25 September 2024.
2. Substantial shareholding as at 12 May 2025, as per notice dated 14 May 2025.

Voting Rights

Voting rights are as set out below:

Ordinary shares:

On a show of hands every member present at a general meeting in person or by proxy shall have one vote and upon a poll, each fully paid share shall have one vote.

Options, performance rights and restricted rights:

All quoted and unquoted options, performance rights and restricted rights do not carry any voting rights.

On-market share buyback program

On 8 April 2025, Zip announced its intention to undertake an on-market share buy-back of up to \$50 million of ordinary shares.

ASX Listing Rule 4.10.3

The corporate governance statement that meets the requirements of this rule is located on the Company's website <https://zip.co/investors/corporate-governance>.

GRI Content Index

Statement of use: Zip Co Limited has reported the information cited in this GRI content index for the period 1 July 2024 to 30 June 2025 with reference to the GRI Standards.

GRI 1 Standard used: GRI 1: Foundation 2021.

GRI Standard	Disclosure	Page/Reference/Location
General Disclosures		
GRI 2: General Disclosures 2021	The organisation and its reporting practices	
	2-1: Organisation details	Financial Report – p 135-136, Corporate Directory – p 150
	2-2: Entities included in the organisation's sustainability reporting	Financial Report – p 135-136
	2-3: Reporting period, frequency, and contact point	About this report, Corporate Directory – p 150
	2-5: External assurance	Independent Auditors Report – p 139-143
	Activities and workers	
	2-6: Activities, value chain, and other business relationships	About Zip – p 4-5, Review of Operations – p 36-37
	Governance	
	2-9: Governance structure and composition	Corporate Governance – p 32-35
	2-10: Nomination and selection of the highest governance body	Corporate Governance Statement (CGS) – p 11
	2-11: Chair of the highest governance body	Board of Directors – p 35, CGS – p 4
	2-12: Role of the highest governance body in overseeing the management of impacts	Our Sustainability Approach – p 17, Board Priorities – p 33, CGS – p 18
	2-14: Role of the highest governance body in sustainability reporting	Our Sustainability Approach – p 17
	2-15: Conflicts of interest	CGS – p 12
	2-18: Evaluation of the performance of the highest governance body	CGS – p 8
	2-19: Remuneration policies	Remuneration Report – p 55-56
	2-20: Process to determine remuneration	Remuneration Report – p 55-79

GRI Content Index continued

GRI Standard	Disclosure	Page/Reference/Location
GRI 2: General Disclosures 2021 (continued)	Strategy, policies and practices	
	2-22: Statement on sustainable development strategy*	Our Sustainability Approach – p 16-19
	2-23: Policy commitments	CGS – p 19-20
	2-26: Mechanisms for seeking advice and raising concerns*	CGS – p 19
	Stakeholder engagement	
	2-29: Approach to stakeholder engagement	Our Sustainability Approach – p 16-19, CGS – p 21
GRI 3: Material Topics 2021	Material Topics	
	3-1: Process to determine material topics	Our Sustainability Approach – p 16, p 19
	3-2: List of material topics	Our Sustainability Approach – p 16, p 19
Financial Inclusion and Customer Wellbeing		
GRI 3: Material Topics 2021	3-3: Management of material topics	Financial Inclusion and Customer Wellbeing – p 20-23
GRI 203: Indirect Economic Impacts 2016	203-2: Significant indirect economic impacts	Financial Inclusion and Customer Wellbeing – p 20-23
Responsible Lending		
GRI 3: Material Topics 2021	3-3: Management of material topics	Financial Inclusion and Customer Wellbeing – p 21
GRI 203: Indirect Economic Impacts 2016	203-2: Significant indirect economic impacts	Financial Inclusion and Customer Wellbeing – p 21
Regulation		
GRI 3: Material Topics 2021	3-3: Management of material topics	Financial Inclusion and Customer Wellbeing – p 22
Customer Experience and Satisfaction		
GRI 3: Material Topics 2021	3-3: Management of material topics	Financial Inclusion and Customer Wellbeing – p 22-23
Privacy and Cyber Security Resilience		
GRI 3: Material Topics 2021	3-3: Management of material topics	Financial Inclusion and Customer Wellbeing – p 23
GRI 418: Customer Privacy 2016	418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	Financial Inclusion and Customer Wellbeing – p 23
Inclusion, Talent Management and Community		
GRI 3: Material Topics 2021	3-3: Management of material topics	Inclusion, Talent Management and Community – p 24-29
GRI 404: Training and Education 2016	404-2: Programs for upgrading employee skills and transition assistance programs	Inclusion, Talent Management and Community – p 28

GRI Content Index continued

GRI Standard	Disclosure	Page/Reference/Location
Inclusion		
GRI 3: Material Topics 2021	3-3: Management of material topics	Inclusion, Talent Management and Community – p 24-25
GRI 405: Diversity and Equal Opportunity 2016	405-1: Diversity of governance bodies and employees	Inclusion, Talent Management and Community – p 24-25
GRI 405: Diversity and Equal Opportunity 2016	405-2: Ratio of basic salary and remuneration of women to men	Inclusion, Talent Management and Community – p 24
Wellbeing		
GRI 3: Material Topics 2021	3-3: Management of material topics	Inclusion, Talent Management and Community – p 27-29
GRI 401: Employment 2016	401-2: Benefits provided to full-time employees that are not provided to temporary or part time employees	Inclusion, Talent Management and Community – p 29
GRI 403: Occupational Health and Safety 2016	403-3: Occupational health services	Inclusion, Talent Management and Community – p 28-29
	403-4: Worker participation, consultation, and communication on occupational health and safety	Inclusion, Talent Management and Community – p 28
	403-5: Worker training on occupational health and safety	Inclusion, Talent Management and Community – p 28-29
	403-6: Promotion of worker health	Inclusion, Talent Management and Community – p 28-29
Environmental Impact		
GRI 3: Material Topics 2021	3-3: Management of material topics	Environmental Impact – p 30-31
GRI 201: Economic Performance 2016	201-2: Financial implications and other risks and opportunities due to climate change	Environmental Impact – p 31
GRI 305: Emissions 2016	305-1: Direct (Scope 1) GHG emissions	Environmental Impact – p 30-31
GRI 306: Waste 2020	306-4: Waste diverted from disposal	Environmental Impact – p 31
Third-Party Engagement		
GRI 414: Supplier Social Assessment 2016	414: Supplier Social Assessment	Environmental Impact – p 31
Economic Performance		
GRI 201: Economic Performance 2016	201-1: Direct economic value generated and distributed	Community Support – p 29 Financial Report – p 83

Corporate Directory

Directors

Diane Smith-Gander AO (Chair)
Cynthia Scott (Group CEO & Managing Director)
Meredith Scott (Non-Executive Director)
Kevin Moss (Non-Executive Director)
Matthew W. Schuyler (Non-Executive Director)
Andrew Stevens (Non-Executive Director)

Company Secretaries

Sarah Brown and Lucy Barnett

Registered Office

Level 5, 126 Phillip Street
Sydney NSW 2000
Phone: 1300 288 664
Website: www.zip.co

Administrative Office

Level 7, 180 George Street
Sydney NSW 2000
Phone: +61 2 8294 2345

Securities Exchange Listing

ASX Code: ZIP

Auditors

Deloitte Touche Tohmatsu
Quay Quarter Tower
50 Bridge Street
Sydney NSW 2000

Solicitors

Arnold Bloch Liebler
Level 24, 2 Chifley Square
Sydney NSW 2000

Share Registry

Computershare Investor Services Pty Limited
Level 17, 221 St Georges Terrace
Perth WA 6000
Phone: 1300 850 505

Investor Enquiries

investors@zip.co

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Glossary

Throughout Zip Co Limited's (Zip, Company, Parent) financial statements, the following terms and abbreviations have the meanings detailed in this glossary, which shall be updated from time to time:

FY	Financial year ending 30 June of the relevant financial year.
CY	Calendar 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.
AASB	Australian Accounting Standards Board.
Active Customers	Customer accounts that have had transaction activity in the last 12 months.
AFSL	Australian Financial Services License.
AGM	Annual General Meeting.
ANZ	The geographic regions comprising Australia and New Zealand, excluding the operations of Zip Business.
AU revenue yield	Annualised revenue for a given period divided by gross customer receivables, calculated on receivables related to Zip AU's Master Trust facilities and funding vehicle 2017-1 Trust.
ASX	Australian Securities Exchange.
bps	Basis points (1.0% = 100bps).
Cash Cost of Sales	Comprises interest expense, net bad debts written off, and bank fees and data costs.
Cash EBTDA (Cash earnings)	EBTDA less non-cash and one-off items.
Cash Gross Profit	Total income less cash cost of sales.
Cash Net Transaction Margin ("Cash NTM")	Calculated as cash gross profit divided by TTV.
CEO	Chief Executive Officer.
CFO	Chief Financial Officer.
CHES	Clearing House Electronic Subregister System.
COO	Chief Operating Officer.
Cost of Sales	Cost of sales includes interest expense related to customer receivables (including amortisation of funding costs), bad debts and expected credit losses, and bank fees and data costs.
EBTDA	Earnings before tax, depreciation and amortisation.
GRG	Godfrey Remuneration Group.
KMP	Key Management Personnel.
LTE	Long-Term Equity.
LTVR	Long-Term Variable Reward.
NED	Non-Executive Director.

Glossary continued

NTM	Net Transaction Margin.
NPS	Net Promoter Score is calculated by subtracting the percentage of Detractors (scores 0-6) from the percentage of Promoters (scores 9-10), producing a score between -100 and +100.
Operating Margin	Cash EBTDA divided by total income.
Revenue Margin	Total income divided by total transaction volumes.
RPCC	Remuneration, People and Culture Committee.
Segment EBTDA	EBTDA less share-based payments expense and one-off items.
STVR	Short-Term Variable Reward.
Total Income	Revenue plus other income.
Total merchants	Cumulative merchants that have signed up to the Zip platform.
Total Transaction Volume ("TTV")	Total transaction volumes and originations.
TSR	Total Shareholder Return.
VWAP	Volume Weighted Average Price.
USA	United States of America.

Non-IFRS Information

Non-IFRS financial information included in Zip's Financial Report, for the year ended 30 June 2025 has been prepared in accordance with ASIC Regulatory Guidance 230 – *Disclosing Non-IFRS financial information*.

Non-IFRS financial information is used to manage and report on the Group that are neither recognised under AASB pronouncements or IFRS but that are included, as in the Directors' opinion, they are considered useful for the users of this Directors Report and Financial Report. This information is unaudited.

Financial information prepared in accordance with accounting standards and other financial reporting requirements of the *Corporations Act 2001* provide consistent and comparable reporting of historical financial performance, position and cash flows over time periods and between entities. Zip's Non-IFRS measures contain information aimed to assist in assessment of underlying drivers of the Group's operations, financial performance and financial position.

Unless otherwise indicated, the Group's non-IFRS financial information is calculated consistently from period to period. Definitions are provided in the reports or the Glossary, when appropriate.

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