

25 August 2021

FY21 FULL YEAR RESULTS A TRANSFORMATIONAL YEAR AS ZIP GOES GLOBAL

Zip Co Limited (ASX: Z1P) (“**Zip**”, or the “**Company**”) is pleased to announce today its full-year results for the year ended 30 June 2021.

A transformational year saw Zip emerge as a truly global player and included the following Key Highlights.

KEY HIGHLIGHTS (FY21)¹

- Record revenue of \$403.2m, up 150% YoY.
- Record transaction volumes of \$5.8b, up 176% YoY.
- Record transaction numbers of 41.3m, up 293% YoY.
- Customer numbers increased to 7.3m, up 248% YoY.
- Merchants on Zip’s integrated network increased to 51.3k, up 109% YoY.
- Growth continues to accelerate in FY22 - FY22 year-to-date² transaction volumes up 58% YoY in AU, and up 240% YoY in the US.
- Delivered revenue as percentage of transaction volumes of 7.0%.
- Maintained strong unit economics while investing for, and delivering, strong growth – Cash Transaction Margin of 3.5%.
- Delivered strong credit performance in light of Covid-19 driven by repeat customer usage and investments in our proprietary decisioning capabilities. Net bad debts as a percentage of transaction volumes were 1.28%.

¹ Based on Zip unaudited financials as of 30 June 2021. Customer numbers are as at 30 June 2021. All figures in AUD. All financial figures are translated into AUD using the average foreign exchange rates for the respective periods.

² FY22 Year to Date refers to 1 July 2021 to 22 August 2021.

- Revenue yield improved from c.16% to over c.22%, with receivables recycling approx. every 3 months on a blended basis.
- Executed on the global strategy - Zip is now operating in 12 markets, across 5 continents, with the official additions of US, UK, Canada and Mexico, plus regional market entry points established in Europe, the Middle East and Southeast Asia. Zip also agreed to acquire the remaining shares in South African BNPL provider Payflex, with access to a sizable underbanked, young and fast growing African population.
- 5 million App downloads in FY21 with active users opening the App 5.7 times per week.
- Iconic local brands, including JB Hi-fi, Harvey Norman, and NewEgg, and global accounts Shein, The Hut Group, and Boohoo integrated into Zip's platforms.
- Established key partnerships with payment service providers (incl. Stripe, Adyen, Fiserv) and eCommerce platforms (incl. BigCommerce).
- Strong improvement to the Group's debt funding arrangements including achieving AAA rating on the senior notes in our public rated securitisation issuances, and the expansion of our off-balance sheet US warehouse (Goldman Sachs facility).
- Delivered market leading innovations, enabling BNPL anywhere online or instore. New products included Tap & Zip, Chrome Extensions, Subscriptions, Rewards, plus many more.
- Launched the full suite of Zip Business products (Trade, Trade Plus and Capital) in Australia and New Zealand, with key partnerships including Facebook and eBay.
- Continued to invest in our people, including highly recognised policies around leave for bereavement and family domestic violence, and Covid-19 vaccine support, while also executing on commitments to our communities and the environment, including 100% green power at Zip HQ.
- Zip strengthened its governance and board independence, appointing Diane Smith-Gander AO as Chair and Pippa Downes as Chair Audit and Risk.

- Zip raised more than \$676m in capital to support its global growth mandate. These raisings included \$400m in zero coupon convertible bonds, \$176.6m through an oversubscribed placement and SPP, and a \$100m convertible note.
- Cash EBTDA loss for 2021 of \$22.9m.

CEO UPDATE

Larry Diamond, Zip Managing Director and CEO said:

“This has been a truly transformational 12 months as the business has continued to deliver, despite the most exceptional global economic conditions. We fearlessly started the year with a clear strategy for both local growth and global expansion, and pleasingly, 12 months later, we are delivering on this plan, with record growth across all metrics in all jurisdictions, with Zip now operating in 12 countries across five continents.

The trend and shift away from the unfriendly world of credit cards that was the genesis of the Australian business has proven to be a global phenomenon, and Zip continues to accelerate in all our key markets. This global play supporting consumers and global retailers alike, provides a real point of difference as we strive to fulfill our mission to become the first payment choice everywhere, every day.

We united under a single, recognisable Zip brand as we strive to build a trusted and innovative, global payments brand. We also continue to push the envelope on innovation and product features, so we can offer more compelling and relevant products and services for our customers and merchants.

And while we are obsessed with product, we are just as obsessed with people. As we expand and welcome more Zipsters to the family, we are super mindful of building a global company, with a culture that is inclusive, allowing our Zipsters to bring their best selves to everything they do.”

BUSINESS PERFORMANCE

Buy now, pay later

All key operating metrics include Zip's BNPL operations based on Zip's unaudited financials as of 30 June 2021.

Financial Performance (AUD) ¹	FY21 (Actual)	YoY (Actual)
Revenue	\$392.3m	155% ↑
US	\$176.0m	n/a
ANZ	\$214.5m	40% ↑
UK	\$1.8m	n/a
Transaction Volume	\$5,716.4m	179% ↑
US	\$2,449.9m	n/a
ANZ	\$3,241.3m	52% ↑
UK	\$25.2m	n/a
Transactions	41.3m	293% ↑
US	14.3m	n/a
ANZ	26.8m	153% ↑
UK	0.2m	n/a

(269% ↑ YoY pro forma)

(225% ↑ YoY pro forma)

(244% ↑ YoY pro forma)

Operational Performance ¹	As at 30 Jun 2021	YoY (Actual)
Customers ³	7.3m	248% ↑
US	4.4m	n/a
ANZ	2.8m	33% ↑
UK	0.1m	n/a
Merchants ⁴	51.3k	109% ↑
US	15.6k	n/a
ANZ	35.5k	45% ↑
UK	0.2k	n/a

(144% ↑ YoY pro forma)

(388% ↑ YoY pro forma)

Zip Business

Financial Performance (AUD) ¹	FY21 (Actual)
Revenue	\$10.9m
Volume	\$81.6m

³ Number of active customer accounts.

⁴ Number of accredited merchants.

CAPITAL MANAGEMENT

	Facility Vehicle	Facility Limit	Drawn at 30 Jun 2021	Maturity
AU	Zip Master Trust			
	- Rated Note Series			
	*2019-1	\$475.0m	\$475.0m	Sep-21
	*2020-1	\$285.0m	\$285.0m	Oct-22
	*2021-1	\$475.0m	\$475.0m	Apr-24
	- Variable Funding Note	\$513.7m	\$145.4m	Jan-22
	2017-1 Trust	\$312.7m	\$48.0m	May-23
	2017-2 Trust	\$70.0m	\$47.0m	Dec-22
	Total	\$2,131.4m	\$1,475.4m	
US	AR2LLC	US\$300.0m	US\$111.9m	May-24
SME	Zip Business			
	- Funding Box 3 Australia	\$35.0m	\$26.0m	Jan-22
	- Funding Box NZ	\$11.2m	\$7.5m	Feb-22
	- Zip Biz 2020-1 Trust	\$100.0m	\$5.5m	Nov-23
	Total	\$146.2m	\$39.0m	

Zip has \$461.6m cash and cash equivalents to fund investments and growth, and significant headroom in its debt funding facilities to continue to support and accelerate its growth mandate.

Release approved by the Board.

- ENDS -

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About Zip

ASX-listed Zip Co Limited (ASX: Z1P) is a leading player in the digital retail finance and payments industry. The company offers point-of-sale credit and digital payment services to the retail, home, health, automotive and travel industries. Zip has operations across the US, Australia, New Zealand, the United Kingdom, Canada, and Mexico. Zip also owns Pocketbook, a leading personal financial management tool. The company is focused on offering transparent, responsible, and fairly priced consumer and SME products. Zip's platform is entirely digital and leverages big data in its proprietary fraud and credit-decisioning technology to deliver real-time responses. Zip is managed by a team with over 100 years' experience in retail finance and payments and is a licensed and regulated credit provider. For more information, visit: www.zip.co