

4 November 2021

2021 AGM – Chair Address

Zip Co Limited (ASX: Z1P) (“**Zip**”, or the “**Company**”) (ASX:Z1P) provides the following in relation to the Company’s 2021 Annual General Meeting:

- Chair’s Address – Diane Smith-Gander AO.

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

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About Zip

ASX-listed Zip Co Limited (Z1P: ASX) or (“Zip”) is a leading global financial services company, offering innovative, people-centred products that bring customers and merchants together. On a mission to be the first payment choice everywhere and every day, Zip offers point-of-sale credit and digital payment services in 13 markets around the world, including through strategic investments, connecting millions of customers with its global network of tens of thousands of merchants.

One of the fastest growing BNPL providers globally, Zip has a presence in Australia, Canada, Czech Republic, Mexico, New Zealand, the Philippines, Poland, Saudi Arabia, South Africa, UAE, the United Kingdom and the USA. Zip provides fair, flexible and transparent payment options to individual consumers and SMBs, helping them to take control of their financial future and helping merchants to grow their businesses. Zip is committed to responsible lending and also owns Pocketbook, a leading personal financial management tool. Founded in Australia in 2013, Zip now employs over 1,000 Zipsters worldwide.

For more information, visit: www.zip.co

Zip Co Limited ACN 139 546 428

FY2021 Annual General Meeting

Chair's Address

1. FY21 has been a year of remarkable growth for Zip. We began the year with 2.1m customers, a presence in five international markets and a team of just under 400 employees, appropriately named Zipsters. As I speak to you today, Zip has a presence in 13 international markets, supporting more than 55,000 merchants, eight million customers and over 1,000 Zipsters around the world.
2. Zip is now one of the few, truly global buy-now-pay-later (**BNPL**) providers. This growth has been made possible by the continued support of our shareholders and by the hard work of our Zipsters.
3. I want to begin today by providing some context to the operating environment of FY21 and the opportunity that is presented to us as we move into FY22.
4. While your company's global footprint has increased dramatically, Zip's penetration of the potential addressable market for our business remains nascent. Significant opportunity exists in both established and emerging markets for BNPL products. BNPL currently accounts for just over 2.1%¹ of global ecommerce spend but is expected to be the fastest-growing ecommerce payment method over the next five years. As we continue to work toward aligning our markets under a single, unified brand, Zip is well positioned to capture a share of the addressable retail market which is worth 22 trillion US dollars.
5. Zip's growth this year has taken place against the backdrop of the global Covid-19 pandemic which has affected every one of our markets, customers, merchants and Zipsters. I am encouraged that Zip has been able to play a role in supporting all those groups as people around the world continue to grapple with the impact of Covid-19.
6. Zip's products have provided consumers and Small and Medium-sized Enterprises with much-needed options to manage their budgets and cash flow during a period of significant volatility. In particular, Zip's unique ability to offer short and long-term lending, across both open and integrated networks, gives our customers the flexibility to manage payments of all types - from daily necessities to larger purchases, or even small business expenses.
7. Zip has always been committed to responsible lending and we have sophisticated risk and credit approval processes to ensure that we don't lend to customers who are unable to pay back their borrowing. However, we recognised that the pandemic could affect even the most responsible borrowers. In response, we put in place several measures to help customers who were experiencing both financial hardship and issues such as domestic violence, which were exacerbated during the lockdowns in a number of our global markets.
8. Despite the upheaval of the last 18 months, we have helped our merchant partners to grow and continue to deepen our relationships with them as a key partner to their businesses.

¹ WorldPay Global Payments Report 2021

9. While the world is reopening, the long-term impact of the pandemic on travel, hospitality, entertainment and retail markets is yet to be fully realised. Zip will continue to play a role in supporting customers, small businesses and merchants alike as they work through the ongoing consequences of this challenging time.
10. When Zip first started trading eight years ago, there were many who questioned the sustainability of the BNPL model. Over the last year we have seen established technology and financial services companies creating their own BNPL offerings or entering the space through acquisition.
11. We see these moves as a validation of the model which Zip helped to pioneer back in 2013. Zip's experience has been that new entrants into the BNPL space have raised awareness of the sector, bringing new merchants and consumers into the market who had previously not engaged with these products. Competition also increases innovation and that is good for merchants and customers. As I outlined earlier, there is significant growth opportunity for the BNPL sector, which allows new providers to expand the market, rather than to compete for the existing customer base.
12. Of course, Zip is still keenly focussed on remaining competitive and providing clear value to our merchants and customers. Zip's people-centred culture of innovation is a key point of differentiation for our business. Our teams are working at Zip-speed to create the next wave of products that will allow us to deepen our engagement with customers, support them in taking control of their finances and grow Zip's share of the digital wallet.
13. In the context of a challenging global operating environment, your Board is proud of Zip's achievements over the last 12 months. In August this year, Zip launched a new brand identity, unifying global operations under a single, fearless brand ensuring that no matter the market, Zip is instantly recognisable in busy checkout environments both on and offline. Last month, Zip launched a heavyweight brand campaign across the US to support greater awareness of the Zip brand with both merchants and customers.
14. Your company leveraged its global technology platform to enter three new markets organically - Mexico, Canada and the UK. In each of those markets a small local-market footprint has been built from which to scale, using our global resources to support growth. A new segment - Small and Medium-sized Enterprises - is now served by a BNPL product to meet the needs of these business owners. That product is now gaining traction in Australia, providing much needed cash-flow support during the lockdowns of the past year. This is an area of continued focus for FY22, demonstrating the value of interest-free credit beyond the consumer retail sector with which BNPL is typically associated.
15. In our more mature markets of Australia, New Zealand and the USA, Zip continues to grow, driven by product innovations that deepen engagement with customers. This fuels high levels of customer and merchant satisfaction that demonstrate the value Zip provides, leading to significant organic growth through word-of-mouth referrals.
16. We have continued to invest for growth. We see significant opportunity in emerging BNPL markets, particularly those which have high levels of mobile phone penetration but low engagement with traditional financial services institutions or products. In these markets we have developed a proven pathway from investment to acquisition, allowing us to enter a market and work closely with the leadership of an established BNPL provider to better understand the market opportunity.

17. Where we see opportunity for long-term sustainable growth and, importantly, alignment of culture, people and values, we can move swiftly to acquisition. We followed this model with Spotii in the Middle East, the acquisition of which was completed recently and with Twisto in eastern Europe, which is the subject of a resolution today. By the end of this year, we also hope to complete the acquisition of Payflex in South Africa.
18. Most recently we announced strategic investments in TendoPay in the Philippines and ZestMoney in India. These two markets provide enormous local potential and a strong foothold for expansion in Asia.
19. At present, Zip is focussed on investing to grow the business. It is clear to us that there is a significant benefit to be gained from establishing a first-mover advantage in emerging markets. Your Company is also building scale in its existing markets, with a particular focus on the US where significant potential exists to increase our customer and merchant base. Both these activities will provide the foundation for long-term sustainable growth.
20. Given these priorities, any profit generated in the near term will be invested back into the business, rather than paying a dividend to shareholders. This approach will generate the greatest value for shareholders over the long-term.
21. As Zip grows, we must also navigate a path which allows the business to mature without jeopardising the culture and entrepreneurial spirit that led to its success, and the success of businesses like Quadpay, Spotii, Twisto and others who are joining the Zip Family.
22. As a Board, we have devoted time over the last 12 months to establishing robust governance frameworks to guide the business as it grows in scale and global reach, without hindering innovation and speed.
23. This is particularly important when we consider our geographic expansion. Zip's approach, which is facilitated by its dedicated New Markets team, is aimed at finding organisations with a strong alignment of people, products, values and technology, in markets where we believe the economic, regulatory and customer environment provides opportunity for growth and value to our global merchant partners.
24. Before entering any new market, a meaningful due diligence process is conducted along with a deep assessment of the market and its regulatory environment, progressing opportunities through a rigorous and disciplined set of stage gates.
25. This considered approach has led to our 'coalition of founders' model, providing Zip with dedicated and passionate leaders in each market. It is this collective expertise and entrepreneurial spirit that drives innovation and agility throughout our global business.
26. Zip has worked to build relationships with regulators and, where appropriate, policy makers, in its key markets. We do this both directly and through trade associations. As BNPL usage increases there is a need to ensure that fit-for-purpose regulation is developed which ensures all providers are operating to the same high-standards and that consumers have appropriate protections in place. Responsible lending has always been central to Zip's approach and we consider your company well placed to inform the development of regulatory frameworks in our core markets.
27. Zip knows that businesses with greater diversity achieve better long-term outcomes. So, we have implemented a global strategy for Diversity, Equity and Inclusion (DEI) and established DEI communities across our international business. In recognition of the pandemic's impact, management has worked hard to ensure Zipsters can work flexibly and has provided support for the physical and mental wellbeing of both our people and their families. The Board has been very pleased with the proactive approach taken by management.

28. Decreased global mobility from the pandemic has also meant a big increase in competition for skilled people in many markets. Zip's commitment to driving a people-first culture is key to the recruitment and retention of the talent that fuels innovation throughout our business. Your board is well engaged in talent review and succession planning for key roles.
29. This year we launched our social impact strategy - *Zip it Forward* - recognising Zip can support social wellbeing, financial empowerment and good corporate citizenship, in all our markets. As the 2021 United Nations Climate Change Conference - or COP26 - is taking place right now, it is timely to focus on the environment, a crucial part of Zip's social impact strategy. In FY21 Zip committed to carbon neutrality through measuring, reducing and offsetting our global emissions. I'm pleased to say we have achieved Climate Neutral Certification in all our markets and the Zip team continues to use the information gained from this work to inform future efforts to reduce our carbon footprint.
30. Financial Year 2021 was the year Zip transformed into a truly global business, achieving the goals it set at the start of the year and delivering record results across the board. That momentum continues into Financial Year 22 with strong results from our first quarter and significant global partnerships which stand us in good stead to continue our trajectory of growth and become the first payment choice everywhere and every day.
31. I joined the Board as Chair in February this year and I would like to thank my predecessor Phillip Crutchfield for the steady leadership he provided Zip over its crucial early years. As the business continues to grow, we want to be sure the Board has the right mix of skills and experience to provide sound counsel, guidance and oversight. It is Zip's intention to expand the Board for greater independence, including more representation in the company's growth markets.
32. I thank you for your ongoing support of our business and I trust you see the great potential in Zip's future.

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