

30 March 2023

Strategic review outcomes to deliver cash inflows

Zip Co Limited (ASX: ZIP) (“**Zip**”, or the “**Company**”) is pleased to announce that it has signed agreements to divest its wholly owned businesses in Central and Eastern Europe (Twisto) and South Africa (Payflex), and is on track with the wind-down of its business in the Middle East.

Subject to closing conditions, including regulatory approval and along with previously announced actions to wind down its operations in the Middle East, Zip expects aggregate net cash inflows of approximately \$20m to be received during H2 FY23. Cash EBTDA for Zip’s EMEA businesses was (\$10.2m) in H1 FY23 and as a result of these transactions and decisions, on completion Zip will have successfully delivered on its objective of neutralising cash burn from its RoW footprint by the end of this financial year.

Zip continues to progress other activities in line with its strategic priorities. The initiatives announced today demonstrate continued execution of Zip’s strategy, to simplify its portfolio and focus on core businesses (ANZ and the US). The expected cash inflows will contribute directly to the group’s available cash and liquidity and Zip remains confident that it has sufficient available cash and liquidity to deliver on positive group cash EBTDA during H1 FY24.

Zip Co-Founder and Global CEO, Larry Diamond said:

“Twelve months ago, in response to the changes in market conditions we pivoted our strategy from a focus on global growth to a focus on sustainable growth in our core markets, and accelerating our path to profitability. While we continue to see increased demand globally for our products from both customers and merchants, we made the decision to allocate resources to areas of our business that are either profitable or have a near and clear path to profitability.

The completion of these RoW assets sales marks another step in Zip’s transition as we become a stronger and leaner business, focused on core products in core markets. With sale proceeds of approximately \$20m, RoW cash burn neutralised and the up to 50% improvement in Core Cash EBTDA we are expecting in H2 FY23, we remain confident that we have sufficient cash and liquidity to deliver on our target of group positive cash EBTDA during H1 FY24.”

Release approved by the CEO on behalf of the Board.

- ENDS -

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About Zip

ASX-listed Zip Co Limited (ASX: 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 around the world, including through strategic investments, connecting millions of customers with its global network of tens of thousands of merchants.

Zip provides fair, flexible and transparent payment options to individual consumers, helping them to take control of their financial future and helping merchants to grow their businesses. Zip is committed to responsible lending and is managed by a team with over 100 years' experience in retail finance and payments. Zip is also a licensed and regulated credit provider and was founded in Australia in 2013.

For more information, visit: www.zip.co.

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