



Zip Co Limited

Balance Sheet Strengthening to Support Profitable Growth

8 June 2023

Zip announces liability management exercise to reduce net debt by ~A\$192.2m¹ through a cash neutral transaction

Key outcomes



Significant expected improvement on net debt leverage: net debt expected to decrease by ~A\$192.2m¹



No expected reduction to the Company's cash balance (cash portion of consideration to be funded by the equity issuance)



The proposed transaction is highly value accretive for Zip shareholders

Overview of the transactions

Zip has announced a liability management exercise in relation to its zero-coupon convertible notes due in 2028 (the "Existing Notes").

This liability management exercise comprises the following concurrent elements:

Incentivised Conversion

\$39.9m incentivised conversion into ordinary shares of Zip's Existing Notes with a cash incentive of \$17.4m² (resulting in 3.3m additional Zip ordinary shares on issue)

Consent Solicitation

Process to amend the terms & conditions ("T&Cs") of Zip's Existing Notes (the "Amended Notes"), expected to be completed in July 2023

Indicative changes to the T&Cs of Existing Notes are set out in the Appendix of the ASX announcement³

Institutional Equity Placement

Placement to fund the cash payment for the incentivised conversion, early bird fee and transaction costs. Zip will issue 52.5 million fully paid ordinary shares (to be settled on 14 June 2023) at a fixed price of \$0.47 per share, representing a 6.9% discount to the last close price of \$0.505 on 7 June 2023

Sources and uses

Sources		Uses ⁴	
Institutional Placement	24.7	Incentivised Conversion	17.4
		Transaction Costs	5.2
		Early Bird Fee ⁵	2.1
Total	24.7	Total	24.7

Note: 1. This presentation assumes a successful completion of Zip's Consent Solicitation process and remains indicative only at this stage. Indicative changes to the T&Cs of Existing Notes are set out in the Appendix of the ASX announcement. Debt impact on a pre-tax basis. Please refer to Key Risk 22 on page 15 of the document for further detail. 2. Existing noteholders who received an allocation will receive consideration to the value of A\$47,500 per A\$100,000 of existing notes being converted. 3. Physical settlement of the Amended Notes will be subject to shareholder approval at an EGM to be held in July 2023. 4. Final use of proceeds remains dependent on successful completion of the Consent Solicitation process. Numbers may not sum to due to rounding. 5. Fee paid under an Early Bird Arrangement, payable to noteholders representing in aggregate up to 75% of the outstanding notional that vote in favour of the Consent Solicitation before the Irrevocable Undertaking Voting Deadline.

Zip is strengthening its balance sheet^{1,2}

Highlights

- ✓ **Material expected reduction in net debt** - corporate debt expected to be reduced by ~A\$192.2m²
- ✓ **Expected to be cash neutral** - cash required to execute liability management exercise funded through equity placement
- ✓ **Opportunity to materially deleverage Zip and reset capital structure to support profitable growth**

Description of Pro-Forma Adjustments

- A** No impact on available cash; Zip remains well funded with sufficient available cash to support the Company through to group cash EBTDA profitability during 1H24
- B** Expected material reduction in corporate debt of ~A\$192.2m

Detail on pro-forma adjustments

A\$m	Dec-22 ³	Adj. (Pre-tax) ²	Pro-Forma (Pre-tax) ²
A Available Cash	68.5	-	68.5
B Convertible Notes Iss. 23-Apr-21⁴	330.0	(192.2)	137.8
Convertible Notes Iss. 1-Sep-20⁴	60.0	-	60.0

Note: 1. This presentation assumes a successful completion of Zip's Consent Solicitation process and remains indicative only at this stage. Indicative changes to the T&Cs of Existing Notes are set out in the Appendix of the ASX announcement. 2. Adjustments are presented on a pre-tax basis. The tax impact of proposed liability management exercise is yet to be determined. Please refer to Key Risk 22 on page 15 of the document for further detail. 3. As at 31 March 2023, Zip had \$51.0m in available cash and liquidity, compared to \$68.5m reported at 1H23 after allowing for the \$10.0m reduction in the available corporate debt facility following the renegotiation and extension of this facility. 4. Based on outstanding face value of notes issued 23 April 2021 and outstanding face value of notes issued 1 September 2020, as at 31 December 2022.

Zip has implemented and mobilised several strategic initiatives to accelerate profitability

Liability management exercise to **reduce future liability** associated with convertible note issued April 2021¹

✓ **In Execution**

Group net debt expected to be reduced by ~\$192.2m¹

Highly value accretive transaction for Zip shareholders

Strengthen funding capacity to provide **stable foundation** for ongoing receivables growth

✓ **Well Progressed**

Ongoing work to review and optimise funding capacity

Continued focus on **improving unit economics** to support **profitability** in a higher rate environment

✓ **Well Progressed**

Improved cash transaction margin for the core business to 2.8% in Q3 FY23 (versus 2.5% in Q3 FY22) reflecting increased revenue yield and managing credit losses to target range²

Prudent cost management to improve operating margin and drive profitability

✓ **Well Progressed**

Simplification of business to core products and markets, and streamlining of organisational structure

1H23 Core Cash EBTDA improvement of +\$27.3m vs. 1H22^{2,3}

Finalise divestment of Rest of World (“ROW”) and non-core assets to **reduce cash burn**

✓ **Well Progressed**

Announced on 30 March 2023 signed agreements to divest Twisto and Payflex; on track to wind down Middle East operations

Cash burn from ROW to be neutralised by the end of FY23

Zip remains on track to deliver Group Cash EBTDA profitability during 1H24

Zip supports fit-for-purpose regulation in AU and is ready for change

Zip capabilities aligned to Treasury regulation

BNPL regulatory reform

- As announced 22 May 2023, **Zip has been a vocal advocate of fit-for-purpose regulation** for the BNPL industry since 2019 and supports the decision to further strengthen the BNPL regulatory framework proposed by Treasury as Option 2
- **For Zip, Option 2 means 'business as usual'** as the Company has had an Australian Credit Licence (ACL) since inception (2013)

Regulatory certainty unlocks opportunities for Zip

- Future consumer product strategy that anticipated regulatory change
- Increased opportunity to standardise and codify processes and controls



Regulatory advantage

10 years of experience operating a regulated credit product in AU

- ✓ Licensed credit provider in AU; Zip Money regulated by NCCPA
- ✓ Conducts credit & ID checks plus affordability assessment via bank linking
- ✓ Interest free terms, simple products that are easy to repay
- ✓ Low incidence of late fees at <1.0% of revenue in AU. Late fees capped
- ✓ Zip AU operating to a higher regulatory threshold and has been profitable for four years

Zip is well positioned to succeed in the evolving operating environment



Business simplification and profitability

- Ongoing focus on business simplification and increased profitability
- Successful execution of strategy to fast-track profitability, Zip on track to deliver **positive Group Cash EBTDA during 1H24**



Balance sheet strength

- Announcement of liability management exercise to **substantially reduce future liabilities**¹
- Zip remains well funded with **sufficient available cash and liquidity to support execution of strategic priorities and growth initiatives**



Significant distribution network

- **~6.2m active customers in core markets**²
- **Extensive core market merchant footprint of >70.0k merchants**, establishing leading position in chosen verticals (e.g., travel: Qantas, Virgin, Jetstar and Uber)²



AU growth opportunities

- **Recent industry consolidation creates opportunities** for Zip to increase market share
- **Next gen product innovation** expected to deliver step change in growth



Growth potential in the US

- Exposure to **growth potential** of nascent **BNPL market in the US**, with a unique “BNPL anywhere” value proposition
- **<2.0% BNPL penetration** of the US market⁴

On track to deliver up to 50.0% Core Cash EBTDA improvement in 2H23 versus the (A\$33.2m) result for 1H23^{2,3}

Zip re-affirms it will have sufficient available cash and liquidity to deliver group **positive Group Cash EBTDA during 1H24**

Overview of equity raising

Placement size and structure

- Fully-underwritten Institutional placement (“**Placement**”) to raise \$24.7 million
- 52.5 million new shares to be issued (“**New Shares**”), representing 6.8% of Zip’s existing shares on issue

Use of proceeds

- Proceeds from the Placement will be used to fund:
 - c.\$17.4 million for cash incentive payment on the incentivised conversion of Zip’s existing zero-coupon notes
 - c.\$5.2 million for transaction costs associated with the equity raising and broader liability management exercise
 - c.\$2.1 million for an Early Bird Fee¹

Placement pricing

- Fixed issue price of \$0.47 per share (“**Placement Price**”) represents:
 - 6.9% discount to the last close price of \$0.505 on 7 June 2023

Ranking

- All New Shares issued under the Placement will rank equally with existing Zip shares from respective issue dates

Underwriting

- The Placement is fully underwritten by Goldman Sachs Australia Pty Ltd

Liability management timeline

Event	Date
Equity Placement	
Trading Halt and Launch of the Placement	Thursday, 8 June 2023
Trading Halt Lifted and Completion of the Placement	Friday, 9 June 2023
Trading Resumes	Friday, 9 June 2023
Settlement of New Shares Under the Placement	Wednesday, 14 June 2023
Allotment and Commencement of Trading of New Shares Issued Under the Placement	Thursday, 15 June 2023
Consent Solicitation	
Launch Date	9am AEST Thursday, 8 June 2023
Early Bird Deadline (subject to the Company's sole discretion)	2pm AEST Friday, 9 June 2023
Irrevocable Undertaking Voting Deadline	Monday, 19 June 2023
Electronic Voting Deadline	Tuesday, 27 June 2023
First Meeting of Existing Noteholders to Vote on the Consent Solicitation Special Resolution (if not passed via electronic voting)	Friday, 30 June 2023
Second Meeting of Existing Noteholders to Vote on the Consent Solicitation Special Resolution (if not passed at First Meeting)	Friday, 14 July 2023
Consent Results Announcement Date	The date on which the Consent Solicitation Special Resolution is passed by Existing Noteholders
Amendment Date	Expected to be the later of (A) on or around 10 business days after the Consent Results Announcement Date or (B) the date of the EGM
Early Bird Fee Payment Date	On or around the Amendment Date
Incentivised Conversion	
Launch Date	9am AEST Thursday, 8 June 2023
Expected Closing of Incentivised Conversion	2pm AEST Friday, 9 June 2023
Expected Communication of Incentivised Conversion Allocations	8pm AEST Friday, 9 June 2023
Submit Conversion Notices	Conversion instructions must be submitted within 5 business days of the Consent Results Announcement Date (" Expiration Deadline ")
Incentivised Conversion Results Announcement	As soon as reasonably practicable after the Expiration Deadline by Company announcement on the SGX, ASX and the Company's website
Settlement	The Company will: (A) deliver such Conversion Shares within 2 business days from the date of receipt of the relevant Conversion Notice; and (B) pay the Cash Incentive Price within 2 business days of receipt of the Conversion Notice
Quotation of Conversion Shares on the ASX	On the business day following settlement

Appendix A: Summary of Key Risks



Key Risks

Investors should be aware that there are risks associated with an investment in **Zip Co Limited** (ASX: ZIP) (“**Zip**”, or the “**Company**”).

This section describes the key business risks associated with the proposed liability management exercise on Zip’s A\$330 million outstanding Zero Coupon Senior Convertible Notes due 2028 (ISIN: XS2330529905 / Common Code: 233052990) (the “**Existing Notes**”) through a concurrent incentivised conversion invitation (“**Conversion Invitation**”) and consent solicitation (“**Consent Solicitation**”) to holders of Existing Notes (“**Existing Noteholders**”) and a placement of shares (the “**New Shares**” and the “**Placement**”), (the “**Proposed Transaction**”).

Before investing in Zip, you should be aware that an investment in Zip has a number of risks, some of which are specific to Zip and some of which relate to listed securities generally, and many of which are beyond the control of Zip.

The risks set out in this section do not constitute an exhaustive list of all risks involved in an investment in Zip and for the avoidance of doubt, the categorisation of the risks does not limit their relevance to that particular category.

This Presentation does not take into account the personal circumstances, financial position or investment requirements of any particular person. Additional risks and uncertainties that Zip is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect the future performance of Zip and the New Shares.

The Placement is being made pursuant to provisions of the Corporations Act which allow offers to be made without a prospectus.

This presentation does not contain all of the information which may be required in order to make an informed decision regarding an application for New Shares offered under the Placement. As a result, it is important for you to carefully read and understand the information on Zip made publicly available, prior to making an investment decision. In particular, please refer to this Presentation, Zip’s full year, annual reports and quarterly updates and other announcements lodged with ASX (including announcements which may be made by Zip after publication of this Presentation). You should have regard to your own investment objectives and financial circumstances and should seek professional guidance from your stockbroker, solicitor, accountant or other professional adviser before deciding whether or not to invest.

RISKS SPECIFIC TO ZIP

1. Inability to refinance corporate borrowings

Access to capital and funding is a fundamental requirement for the success of Zip’s business, and Zip has borrowed funds to finance corporate activities. The terms of these facilities and future instruments governing Zip’s debt may contain covenants which impose significant operating and financial restrictions on Zip. Such covenants could limit Zip’s ability to finance its future operations and capital needs and Zip’s ability to pursue business opportunities and activities that may be in its interest. Maturity on these facilities varies but start from December 2023.

Zip may not be able to secure financing on favourable terms, or at all, to meet its future capital needs, and therefore additional capital raisings that could dilute the capital of Zip or additional debt facilities may be required. Any existing and future debt financing may contain covenants that impact the operation of Zip’s business and pursuit of business opportunities. Zip’s ability to conduct a capital raising in the future will depend on the market conditions at the time and any further volatility in the share market or a significant fall in the price of Zip’s shares increase the risk that Zip may not be able to raise sufficient capital (or at all).

2. Access to funding under the Zip Warehouse and other Receivables financing arrangements

In addition to Item 1 above, Zip has various financing arrangements in place in Australia and overseas, including various warehouse facilities to support the funding of purchases by customers. If repayments are not made or certain terms and conditions not satisfied under these arrangements, the financiers to those arrangements may be able to terminate their respective financing arrangements. This may arise from a breach by Zip of its obligations or the representations in its capacities as seller and servicer in respect of the funded receivables. These events may also arise from factors outside Zip’s control, such as non-payment, a deterioration in the credit quality or poor performance of the pool of credit funded under the arrangements. This would significantly and negatively impact Zip’s ability to invest in its growth strategies and may ultimately impair Zip’s ability to finance its business.

As these facilities mature or as business demands require, Zip may not be able to further extend the financing terms or increase the funding capacity of its existing facilities (or any future similar facilities) beyond existing terms or, when renegotiating an extension or increase, may not be able to do so on the same or more favourable terms. If Zip cannot obtain sufficient funding or obtain funding on satisfactory terms, then it may not be able to meet customer demand or business requirements.

Key Risks

2. Access to funding under the Zip Warehouse and other Receivables financing arrangements (cont'd)

With regard to both risks to corporate borrowing (described in Item 1) and receivables financing discussed under this risk, there are a variety of funding risks inherent in Zip's financing sources which are particularly heightened in the current economic environment.

A dispute, or a breakdown in the relationship between Zip and its respective financiers, a failure to reach a suitable arrangement with a particular financier, or the failure of a financier to pay or otherwise satisfy its contractual obligations (including as a result of insolvency or financial stress), could have an adverse effect on the reputation and/or the financial performance of Zip.

The loss of financing or an adverse impact on Zip's financing as a consequence of the Proposed Transaction or other external factors could have a material impact on Zip's business, operating and financial performance.

3. Borrowers may default

Zip's operations and earnings depend on Zip's revenue generated by lines of credit offered to Zip's customers and Zip's ability to recoup the principal, interest and fees associated with the credit. If Zip's exposure to credit loss is higher than expected as a result of customers failing to fulfill their repayment obligations to Zip, this may have a material adverse effect on Zip's profitability.

4. Credit assessment capability, borrower defaults and bad debts

Zip has developed credit processes and models that estimate the propensity of existing and prospective borrowers to default on their repayment obligations, which Zip uses to establish the correct identity of the borrower, credit grades, the borrower's ability to service the credit to be granted, and credit limits. Zip's estimates of loss rates are dependent on Zip's ability to effectively apply and optimize credit systems and the processes implemented to achieve accurate and consistent credit decisions when underwriting lines of credit.

There is a risk that Zip's credit systems and processes will not produce an accurate evaluation of a customer's credit risk, including as a result of reliance on inaccurate data provided by third party providers, human error, software bugs, technology failures, software configuration errors, incorrect statistical evaluations and algorithm errors and changes in the correlation of customer attributes with credit performance. If any of these events were to occur, this could result in higher levels of default under lines of credit written by Zip

which could impact on Zip's business, financial position, operating and financial performance and growth.

5. Compliance with laws, regulations, and industry standards

As a financial service provider Zip is subject to a range of laws and regulations in Australia and in the jurisdictions that it operates or may operate in, in the future. These laws and regulations include licensing and registration, responsible lending, design and distribution, insurance, mis-selling, anti-money laundering (AML), privacy, and disclosure laws.

Failure to comply with these laws and regulations could adversely impact Zip's business through regulatory action and penalties, negative media coverage and reputational damage.

Further, any breach of the conditions attached to Zip's Australian Financial Services Licence (AFSL) or Australian Credit Licence (ACL), or any breach of financial services, consumer credit or other legal or regulatory requirements, could lead to a suspension or revocation of the licences, which would materially impact Zip's ability to continue to operate its business. The imposition of new or modified conditions on Zip's existing AFSL or ACL could also impact on Zip's ability to conduct its business in the way it is currently operated, which could lead to increased costs or an inability to satisfy customer needs which would ultimately impact Zip's business, financial position, operating and financial performance and growth.

6. Changing laws, regulations, and industry standards

Recently, the financial services sector and consumer credit sector have been subject to enhanced regulatory scrutiny, including in Australia and the United States. Regulators (including, for example, AUSTRAC) have also shown a greater readiness to pursue action against financial service providers and consumer credit providers. Changes to laws, regulations and industry compliance standards obliging industry participants to proactively change their business models or product features, alter funding arrangements or change their disclosure practices, could have a material adverse effect on Zip's business, financial position, operating performance, and growth.

Following the Banking Royal Commission, Australian regulators are showing a generally heightened preparedness to re-assess existing regulatory frameworks and take action against, among other market participants, consumer credit providers.

Key Risks

6. Changing laws, regulations, and industry standards (cont'd)

On 22 May 2023, the Australian Government announced that it would be introducing new regulations for BNPL providers in line with Option 2 for BNPL regulation proposed in the options paper released in November 2022. Zip had strongly advocated for this option, and fully supports the BNPL regulatory framework proposed. While Option 2 (which requires providers of BNPL products to hold an ACL and comply with modified and scalable Responsible Lending Obligations under the Credit Act, including credit and affordability checks on all applicants) is expected to have minimal impact on Zip's business, noting Zip has had an Australian Credit Licence (ACL) since inception (2013), there is a risk that future regulation in Australia or the jurisdictions in which Zip operates may result in a material adverse effect on Zip's operations and financial performance and/or financial position.

An increasing regulatory focus on data protection standards, and an evolving regulatory landscape regarding new technologies (including scoring and other assessment techniques), may result in the requirement for Zip to adapt its services, customer engagement model and compliance processes.

7. Reputational damage

Zip's business relies, to a large extent, on relationships and its reputation to attract and retain customers and other commercial partners. Maintaining the Zip brand is important to attracting and expanding Zip's customer base, solidifying Zip's business relationships and reputation, and implementing Zip's business strategy. Risks relating to legal and regulatory requirements, compliance matters, responsible lending and sales practices, potential conflicts of interest, litigation, privacy laws, cybersecurity and ethical issues may cause harm to Zip's reputation. Any adverse perception of Zip's reputation or image (or of others engaged in a similar business or activities) on the part of customers, partners, funding providers, rating agencies, regulators, investors, and other counterparties, whether or not accurate, could adversely affect Zip's business, operating and financial performance and future prospects.

8. High rate of early paydown by borrowers

Zip's customers may choose to repay their line of credit sooner than expected. Early customer repayment may be caused by changes to a customer's personal circumstances (for example, as a result of the receipt of additional income or a one-off windfall gain) or as the result of macroeconomic events (such as early access to government economic support payments). Whilst Zip assumes a certain rate of early repayment as part of its business operations, a higher-than-expected rate of early paydown by borrowers could have a material adverse impact on Zip's operations, financial performance and/or future prospects.

9. Competitors and new market entrants

A number of competitors currently offer services similar to Zip's key products and service

in Australia. Existing competitors and new competitors entering the industry in Australia, may engage in aggressive customer acquisition campaigns, develop superior technology offerings, better cater to changing consumer preferences and behaviours or consolidate with other entities to deliver enhanced scale benefits. Such competitive pressures may materially erode Zip's market share and revenue, or prevent or limit its growth, and may materially and adversely impact Zip's results of operations, profitability, and prospects.

10. Reliance on third party service providers for critical services

Zip's ability to provide lines of credit to customers, and service the needs of customers, is reliant on key services and inputs from third parties that are required in connection with various business processes and operations. These third-party providers may choose to cease to do business, or change the terms on which they do business, with Zip.

As such, Zip could become subject to additional costs or business disruption if:

- any of its suppliers fails to enable Zip to provide its customers with reliable, real-time access to its loan origination and servicing platforms;
- credit reporting agencies, and other data providers, whose data is used by Zip, change the inputs or the terms of the access relied upon by Zip as part of its credit assessment and other processes; and
- Zip's arrangements with its suppliers are terminated or altered in any way (including an increase in the cost of supply) that is detrimental to Zip and Zip cannot find alternative sources of technology or systems on commercially reasonable terms or on a timely basis.

In particular, Zip relies on third-party service providers to maintain its network infrastructure for software application offerings. Such network infrastructure involves major risks including: (i) any breakdown or system failures resulting in a sustained shutdown of all or a material part of our servers, including failures which may be attributable to power shutdowns, or loss or corruption of data or malfunctions of software or hardware; and (ii) any disruption or failure in the national backbone telecommunication network. Zip has no control over the cost of the services provided by these third-party service providers and may be required to pay for any additional costs, which may affect Zip's business, financial conditions and operations.

Any change or interruption to Zip's key third party vendor or provider relationships, or reduced availability of these services may disrupt Zip's operations, require Zip to update its general business processes, replace the offering with a competitor or undertake investment to build its own service offering. Operational delays, damage to reputation and loss of customers may result from any disruption to Zip's systems and infrastructure, which may arise due to matters outside of Zip's influence or control.

Key Risks

11. Information technology

Zip's operations are reliant on information technology and the ability of Zip to provide reliable services is dependent on the performance of its and its third-party service providers' technology systems. Any systemic failure could cause significant damage to Zip's reputation, its ability to provide services to customers in a timely manner and its ability to retain existing customers and generate new customers. Such events may disrupt the operation of the Zip platform and may have a materially adverse effect on Zip's operations and financial performance, reputation and/or growth.

Zip's platform or service offering may also become obsolete or outdated through the investment of competitors in superior technology and/or product offerings or general market developments. This could necessitate Zip undertaking substantial investments in updating or improving its current technology platform and product offering, which could have a materially adverse impact on Zip's operations, financial performance and/or growth.

There is a risk that Zip's platform may experience downtime or interruption from system failures, service outages, corruption of information technology networks or information systems, as a result of computer viruses, bugs, worms, or cyberattacks, as well as natural disasters, fire, power outages or other events outside of the control of Zip and its third-party service providers, or that measures implemented by Zip and its providers to protect against such events are ineffective. The cyber threat to companies around the world is growing and unrelenting and as an online business, Zip is not immune to these risks. A cyberattack or hack of Zip systems, including those of third-party providers of information technology services to Zip, could have serious impacts on Zip's reputation, operational and financial performance.

12. Exposure to potential security breaches and data protection issues

Through the ordinary course of business, Zip collects a wide range of confidential information from its customers (including personal, financial and credit related information). Cyber-attacks may compromise or breach technology platforms used by Zip to protect confidential information. There is a risk that the measures taken by Zip may not be sufficient to detect or prevent unauthorised access to, or unauthorised disclosure of, such confidential information.

Any data security breaches or Zip's failure to protect confidential information could result in the loss of information integrity, or breaches of Zip's obligations under applicable laws (including relevant Privacy laws) or agreements, each of which may materially and adversely impact Zip's business, results of operations, profitability, reputation, and future prospects. Further, laws relating to data privacy are evolving across all jurisdictions and any changes to standards may adversely impact Zip's systems and operating procedures.

13. Marketing and/or distribution channels may not operate effectively

Zip utilises a variety of advertising channels to maximise market penetration and diversify its customer acquisition capabilities, including through aggregators and brokerages, direct to consumers and through Zip's proprietary Financial Wellness Platform.

There is a risk that Zip's marketing costs may increase as a result of increased demand for these services and channels, resulting in higher prices. Zip is reliant on its marketing processes and services remaining available and continuing to be effective in order to source prospective borrowers and encourage existing borrowers to re-use Zip's services. Any cessation or variation to these services could increase the costs of customer acquisition or reduce Zip's ability to attract new or existing borrowers for Zip's services.

14. Activities of fraudulent parties

Zip may be exposed to fraud attempts, including risks from the potential collusion between internal and external parties, and end customers attempting to circumvent Zip's systems. Fraud attempts may potentially result in damage to Zip's reputation and a higher than budgeted cost of fraud to rectify and safeguard business operations, which may materially adversely impact Zip's results of operations, profitability, reputation, and future prospects.

15. Protection and ownership of technology and intellectual property

The Zip business depends, in part, on its ability to commercially exploit its technology and intellectual property, including its technological systems and data processing algorithms. Zip relies on laws relating to trade secrets, copyright, and trademarks to assist in protecting its proprietary rights.

However, there is a risk that unauthorised use or copying of Zip's software, data, specialised technology, or platforms will occur. This could result in significant expense and the inability to use the intellectual property in question, which may materially and adversely impact Zip's business, results of operations, profitability, and prospects. Such disputes (whether or not successful) may also temporarily and adversely impact Zip's ability to integrate new systems or develop new services and could involve significant costs of litigation and diversion of management attention, all of which may adversely impact Zip's results of operations, profitability, and future prospects.

While Zip can and does take steps to mitigate this risk, there is also a risk that Zip will be unable to register or otherwise protect new intellectual property it develops in the future for a range of unforeseen circumstances. Zip's competitors may then be able to offer identical or very similar services or services that are otherwise competitive against those provided by the Company, which could adversely affect Zip's business, results of operations and prospects.

Key Risks

16. Loss of or failure to attract key management personnel

Zip's ability to effectively execute its growth strategy depends on the performance and expertise of its key management personnel. The loss of key management personnel or any delay in their replacement, may adversely affect Zip's future financial performance and there is no guarantee that Zip could attract suitably qualified replacements. Further, should Zip wish to enter new markets, it would require skilled personnel for entry into these markets that may be in short supply or that may be sought after by competitors and other new entrants. An inability to attract skilled personnel would inhibit the success of a new market entry and may adversely affect Zip's future financial performance.

17. Zip may not successfully execute one or all of its growth strategies

Zip has a number of growth strategies, which include enhancing its product offering. There is no guarantee that all or any of Zip's growth strategies will be successfully implemented, deliver the expected returns or ultimately be profitable. There is also a risk that the growth strategies may be subjected to unexpected delays and additional implementation costs.

Zip may also fail to adopt and execute growth strategies that will enable it to successfully maintain or improve its offering and match any change in customer preferences. Failure to do so could result in customers choosing Zip's competitors for their requirements, which may have an adverse impact on Zip's operations and financial performance, or growth.

18. Litigation and regulatory investigations

Zip may become subject to litigation and other claims and disputes in the course of its business, including employment disputes, contractual disputes, indemnity claims, class action claims, occupational health and safety claims or criminal or civil proceedings in the course of its business. Zip has entered into an arbitration with respect to a legal dispute associated with an alleged breach of contract. Zip considers the most likely outcome at this time is that there is no material present obligation arising from a past event.

Zip is also aware that in May 2023 the legal firm Banton Group has advertised a possible shareholder class action claim against Zip. The possible shareholder class action is purported to relate to possible contraventions by Zip and its former directors and officers of various provisions of the ASX Listing Rules, the Corporations Act 2001 (Cth), the Australian Securities and Investments Commission Act 2001 (Cth) and the Australian Consumer Law. It is currently not possible to determine whether any such shareholder class action or any other proceedings will be commenced, and therefore it is currently not possible to determine the prospects of any such claim against Zip being successful or the financial impact of any such proceedings, if any, for the Group in the future. If legal

proceedings are initiated and based on the limited information made publicly available by Banton Group to date, Zip expects to vigorously defend its position.

In addition, there is a risk that Zip will become subject to regulatory investigations and fines by governmental authorities in the event of non-compliance with relevant statutory or regulatory requirements. Such litigation, claims, disputes, and regulatory investigations, including the cost of settling claims or paying any fines, operational impacts and reputational damage, could materially affect Zip's operations and financial performance.

19. Loss of key contracts and relationships

The continued success of Zip relies on the Company retaining their key contracts including third party merchant partners. There is no guarantee that the key contracts and partnerships will continue into the future and if they do continue, that they will be successful. Any loss of key merchants or contracts may result in a material adverse impact upon the operations, financial performance and/or financial position of Zip.

20. Reliance on third party customer origination partners and brand reputation

Zip's business model relies on third party partners over which it has control to originate customers. The conduct, standing and product offerings of such partners has the potential to negatively affect Zip's brand and reputation. If these third-party partners' systems or operations fail or if the third party is otherwise unable to perform its origination function, Zip may be unable to complete customer transactions. In addition, if these third party partners are unable to perform to Zip's standards or Zip is unable to renegotiate agreements with these third party partners on attractive terms or at all, or if Zip is unable to contract with alternative third-party providers, Zip's business, financial condition and results of operations may be harmed and Zip may be forced to pursue alternatives, which could result in delays, interruptions, additional expenses and loss of potential and existing customers and related revenues.

How consumers transact with Zip's third-party partners is also affected by changes in general economic conditions. For example, the retail sector is affected by macroeconomic conditions such as unemployment, interest rates, consumer confidence, disposable income, overall consumer sentiment, economic recession, downturn or extended periods of uncertainty or volatility, all of which may influence customer spending and suppliers' and retailers' focus and investment in outsourcing payment and transaction processing solutions. This may subsequently impact Zip's ability to generate revenue, its operations, financial performance and/or financial position and prospects.

Key Risks

21. Transaction and convertible note amendment risks

Zip, concurrent to the Conversion Invitation, will initiate a Consent Solicitation process to seek the Existing Noteholders' consent to approve certain amendments to the Existing Notes (the "**Amended Notes**"). The proposed amendments to the terms of the Existing Notes encompass (but are not limited to) changes to the coupon payable, the conversion price and conversion premium (the "**Terms and Conditions Modification**"). Please refer to the Consent Solicitation Statement prepared by Zip for further details. Each of these amendments has associated risks including, for example, Zip's requirement to pay a cash coupon payment which will impact Zip's cash position, and the obligation for Zip to issue a material number of shares on conversion of the Amended Notes which will dilute shareholders (subject to shareholder approval).

If the extraordinary resolution in respect of the Existing Notes is passed by the Existing Noteholders, effective and implemented, all Existing Noteholders will be bound by the terms of the Terms and Conditions Modification whether or not they have voted in favour of the relevant extraordinary resolution.

Existing Noteholders are responsible for independently investigating the position of Zip, the Existing Notes and the Terms and Conditions Modification, and should consult their own tax, accounting, financial, legal and other advisers regarding the suitability of the tax, accounting and other consequences of participating or declining to participate in the Proposed Transaction.

22. Tax risk

If the terms and conditions of the Existing Notes are amended, or if Existing Notes or Amended Notes are cancelled or converted, Zip's debt will be reduced. As a result, Zip may be required to recognise assessable income or an erosion of tax losses or other tax attributes which may result in Zip being a net tax payer in the future. Any resulting tax payable may be materially greater than Zip's available cash balance at the time the tax liability is payable, which may have a material adverse effect on Zip's business and financial condition.

If there is a change in, or amendment to, relevant tax laws or how such laws are interpreted, applied or administered in a manner not expected by Zip, this could affect both the level and basis of assessable income or other tax consequences resulting from cancellation or conversion of Existing Notes or Amended Notes which may have a material adverse effect on Zip's tax liabilities, business, financial conditions and operations, and expose it to legal, regulatory or other actions.

23. Extraordinary General Meeting (EGM) risk

Physical settlement of the Amended Notes will be subject to extraordinary resolution at an

EGM to be called by the Company by notice of EGM to be held in July 2023. If physical settlement is not approved at the EGM, Zip may have a potential current liability for the cash settlement of the Amended Notes.

24. COVID-19 OR FUTURE PANDEMICS

COVID-19 has had a significant impact on the Australian and global economy and the ability of individuals, businesses, and governments to operate and resulted in significant volatility across financial, commodity and other markets, including the prices of securities trading on ASX and on other foreign securities exchanges.

There is a risk that further impacts of COVID-19, including lockdowns arising as a result of new outbreaks of COVID-19 clusters or new COVID-19 variants, could have an impact on the ability of Zip customers to repay their loan instalments and could also result in a decrease in loan originations. Similarly, if a future non-COVID-19 pandemic were to occur (or there were a resurgence of COVID-19), the global economy may incur similar significant disruption. If any of these events were to occur, this could have a material adverse impact on Zip's operations and financial performance and/or growth.

25. Global markets and foreign exchange risk

The functional currency of Zip is AUD. Significant operations occur in the United States and are translated to AUD for the purpose of group reporting (as are the smaller operations in New Zealand and Canada). Fluctuations of the exchange rate between the Zip functional currency and the currencies of operations may impact on the consolidated financial performance and/or financial position.

GENERAL RISKS

26. Equity raising underwriting risk

Zip has entered into an Underwriting Agreement under which the Lead Manager has agreed to manage and fully underwrite the Placement. If certain conditions are not satisfied or certain events occur under the Underwriting Agreement, the Lead Manager may terminate the Underwriting Agreement. This may have a material impact on the proceeds raised under the Placement and Zip may need to find alternative financing in order to fund its operations. Refer to Appendix B for a summary of the underwriting arrangements.

27. Equity raising dilution risk

Existing shareholders who do not participate in the Placement will have their percentage shareholding in Zip diluted. Depending on the size of a shareholder's existing holding, a participating shareholder may still be diluted even though they participate in the Placement, depending on the number of New Shares allocated to them.

Key Risks

28. Equity raising liquidity risk

Shareholders who wish to sell their New Shares may be unable to do so at an acceptable price, or at all, if insufficient liquidity exists in the market. There is no guarantee of the liquidity of the New Shares and there is a risk that shareholders may lose some of the money invested.

29. Risks relating to share investment

There are various risks associated with investing in any form of business and with investing in listed entities generally. The value of Zip's shares depends upon general share market and economic conditions as well as the specific performance of Zip. There is no guarantee of profitability, dividends, return of capital, or the price at which Zip's shares will trade on the ASX. The past performance of Zip's shares is not necessarily an indication as to future performance as the trading price of shares can go down or up in value. There may also be risks associated with any changes of recommendation by third parties such as analysts or brokers with respect to investing in Zip or its share price target including a decision by such parties to cease coverage of Zip.

30. Risks relating to the general economy and capital markets

The financial performance of Zip fluctuates due to various factors, including movements in the Australian capital markets, recommendations by brokers and analysts, interest rates, inflation, Australian economic conditions, change in government, fiscal, monetary and regulatory policies, prices of commodities, global geo-political events, hostilities and acts of terrorism, investor perceptions and other factors. In the future, these factors may affect the income and expenses of Zip and may cause the price of Zip's shares to fluctuate and trade below current prices.

31. Exposure to adverse macroeconomic conditions

Zip's business depends on end customers taking up loans, which in turn can be affected by changes in general economic conditions. For example, the loan originations are affected by macroeconomic conditions such as unemployment, interest rates, consumer confidence, disposable income, overall consumers' sentiment, economic recessions, downturns or extended periods of uncertainty or volatility, all of which may influence customer spending. This may subsequently impact Zip's ability to generate revenue, its profitability and prospects.

32. Increase in interest rates

The cash rate set by the Reserve Bank of Australia has been a significant driver of low interest rates for wholesale funding in the Australian market. However, there are currently significant inflationary pressures in the Australian economy and, in response, the Reserve

Bank of Australia has been lifting interest rates and the market is expecting ongoing monetary policy tightening. An increase in the cash rate may increase the cost of funding available to Zip, which is a key variable cost of the business.

33. Access to future capital

Zip may be required to raise capital in the future through public or private financing or other arrangements. Such financing may not be available on acceptable terms, or at all, and a failure to raise capital when needed could harm Zip's business. If Zip is unable to raise funds on acceptable terms, it may not be able to grow its business or respond to competitive pressures.

34. Insurance

Zip considers it maintains insurance customary for businesses of its size and type. Not all risks are insured or insurable and Zip cannot be certain that its current insurance is adequate or that adequate insurance coverage for potential losses and liabilities will be available in the future on commercially reasonable terms. If Zip experiences a loss in the future, the proceeds of the applicable insurance policies, if any, may not be adequate to cover replacement costs, lost revenues, increased expenses or liabilities to third parties. Additionally, Zip's current insurance policies may not cover newly acquired assets or businesses and/or such acquisition may involve a substantial increase in premium to achieve coverage. These risks may have a materially adverse effect on Zip's operations, financial position and/or financial performance.

35. Changes in tax rules or their interpretation

Changes in tax law, or changes in the way tax laws are interpreted may impact the tax liabilities of Zip, shareholder returns, or the tax treatment of an investment. In particular, both the level and basis of taxation may change. Tax law is frequently being changed, both prospectively and retrospectively. Any actual or alleged failure to comply with, or any change in the application or interpretation of tax rules applied in respect of such transactions, may increase Zip's tax liabilities or expose it to legal, regulatory or other actions.

36. Force majeure

In addition to the COVID-19 pandemic risks, events may occur within or outside Australia that could have an adverse effect on the global economies and the price of Zip's shares. The events include hostilities (including the recent events involving Russia and Ukraine, which appear to have had a significant impact on financial markets causing general uncertainty in the market), acts of terrorism, civil wars, labour strikes, natural disasters, or man-made disasters.

Appendix B: Summary of Underwriting Agreement



Summary of Underwriting Agreement

Zip Co Limited ACN 139 546 428 (“**Zip**” or the “**Company**”) has entered into a placement agreement with Goldman Sachs Australia Pty Ltd ABN 21 006 797 897 (“**Lead Manager**”) dated 8 June 2023 (“**Placement Agreement**”) pursuant to which the Lead Manager has agreed to act as bookrunner, placing agent and underwriter of a placement (“**Placement**”) of new fully paid ordinary shares (“**Shares**”) in the Company on the terms and conditions set out in the Placement Agreement. If certain conditions are not satisfied or certain events occur then the Lead Manager may (by notice to the Company) terminate the Placement Agreement, which may have an adverse impact on the ability of the Company to proceed with the Placement.

The Company invited holders of the Company’s A\$330,000,000 Zero Coupon Senior Convertible Notes due 2028 (ISIN: XS2330529905 / Common Code: 233052990) (the “**Convertible Notes**” or “**Notes**”) pursuant to a dealer manager agreement between the Company and the Lead Manager dated on or around the date of the Placement Agreement (“**Dealer Manager Agreement**”) (“**Conversion Invitation**”) and to concurrently undertake a consent solicitation process with Noteholders to amend the terms of the Notes (“**Consent Solicitation**”).

In the event the Placement Agreement is terminated, there is no guarantee that the Placement will proceed as planned. Failure to raise sufficient funds under the Placement (as a result of it not proceeding or otherwise) will materially impact the Company’s ability to fund the ‘Cash Incentive Price’ that is payable by Zip under the Conversion Invitation and other transaction costs.

Key terms of the Placement Agreement

The Placement Agreement contains representations and warranties and indemnities in favour of the Lead Manager.

If certain conditions are not satisfied or certain events occur, the Lead Manager may (by notice to Zip) terminate the Placement Agreement. The events which may trigger termination of the Placement Agreement include (but are not limited to) the following:

- (“**Dealer Manager Agreement and Conversion Invitation**”) the Dealer Manager Agreement:
 - is terminated (or an event occurs which entitles a party to terminate the Dealer Manager Agreement) or rescinded;
 - becomes void, illegal, invalid or unenforceable;
 - is breached in any material respect; or
 - is varied in any material respect without the prior written consent of the Lead Manager,and nothing having occurred which will or is reasonably likely to result in the Conversion Invitation or Consent Solicitation not proceeding.
- (“**timetable**”) any event specified in the Timetable is delayed for more than 1 business day (other than events solely within the control of the Lead Manager) without the prior written approval of the Lead Manager (not to be unreasonably withheld);
- (“**withdrawal**”) the Company withdraws the Placement;
- (“**certificate**”) the Certificate which is required to be furnished by the Company under this Agreement is not furnished when required; or is not true, or is incorrect;
- (“**approvals**”) unconditional approval (or approval conditional only on customary conditions which are acceptable to the Lead Manager, acting reasonably) is refused or not granted to the official quotation of all of the Placement Securities by 12.00pm on the Settlement Date;

Summary of Underwriting Agreement

- (“**breach**”) the Company is in breach of the Placement Agreement or any of the Company's representations or warranties in the Placement Agreement are not true or correct when made or taken to be made;
- (“**adverse change**”) any material adverse change or effect occurs, or an event occurs which is likely to give rise to a material adverse change or effect, in the condition (financial or otherwise), assets, earnings, business, affairs, liabilities, financial position or performance, results of operations, profits, losses or prospects of the Company from that existing at the date of the Placement Agreement;
- (“**specific changes**”) if:
 - the Company is unable or is unlikely to be able to issue the Placement Shares on the allotment date;
 - the Company alters its capital structure or its constitution without the prior consent of the Lead Manager (other than with respect to any transactions or securities' issues announced by the Company to the ASX prior to the date of the Placement Agreement or any Shares issued pursuant to the Conversion Invitation or the issue or exercise of any securities or options granted under any employee incentive plan of the Company or in accordance with the terms of any existing securities of the Company);
 - the Company or the Lead Manager becomes aware of any existing circumstance or there is a change which, in the Lead Manager's opinion, could have an adverse effect on the Company or any other party's ability or willingness to execute or perform its obligations under any agreement in relation to the Placement purpose;
 - there is an omission from or misstatement relating to the completed due diligence questionnaire provided to the Lead Manager or meetings with management provided by the Company or any other information supplied by or on behalf of the Company to the Lead Manager for the purpose of due diligence inquiries in relation to the Placement;
 - a change in the position of the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer or the board of directors of the Company occurs or is announced (but excluding any new director appointment to the board of directors of the Company, or announcement thereof); or
 - the Company is or becomes insolvent, or a circumstance arises in consequence of which the Company may cease to be solvent or able to pay its debts as and when they fall due, or any liquidator, provisional liquidator, administrator, receiver, receiver and manager or other similar official is appointed in relation to it or any of its assets.
- (“**regulatory action**”) ASIC or AUSTRAC issues, or threatens to issue, proceedings or commences any inquiry or investigation in relation to the Placement or the Company that is market sensitive information and is required to be disclosed by the Company under ASX Listing Rule 3.1;
- (“**listing and quotation**”) the ASX makes any official statement to any person, or indicates to the Company, or the Lead Manager (whether or not by way of an official statement) that Shares will be suspended from quotation, the Company will be removed from the official list or that quotation of all of the Placement Shares will not be granted by the ASX or such approval has not been given before 12.00pm on the Placement settlement date or such suspension from quotation occurs;
- (“**regulatory action**”) any regulatory body commences any public action against any director or officer (as that term is defined in the Corporations Act) of the Company in his or her capacity as a director or officer of the Company or announces that it intends to take any such action or a director or officer of the Company is charged with an indictable offence or is disqualified from managing a corporation under the Corporations Act;
- (“**fraud**”) the Company or any of its directors or officers (as that term is defined in the Corporations Act) or the Chief Executive Officer or Chief Financial Officer engages in any fraudulent conduct or activity whether or not in connection with the Placement;

Summary of Underwriting Agreement

- (“**hostilities**”) hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States, any member of the European Union, Hong Kong, South Korea, Russia or the People’s Republic of China, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of these countries elsewhere in the world;
- (“**index fall**”) the closing level of the S&P/ASX 200 Index on 2 days in the period from and including the date of the Placement Agreement or on the day before the Placement settlement date is equal to or less than 87.5% of the level of that index as at the close of trading on the day before the date of the Placement Agreement;
- (“**moratoriums**”) a general moratorium on commercial banking activities in Australia, the United States or the United Kingdom is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries;
- (“**changes in law**”) there is introduced or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority (including the Takeovers Panel and ASIC), adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of this agreement), any of which does or is likely to prohibit or otherwise adversely affect the Placement, capital issues or stock markets;
- (“**exchange disruption and market instability**”) any of the following occurs:
 - trading in all securities quoted or listed on ASX, the London Stock Exchange, Hong Kong Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for more than one day on which that exchange is open for trading; or
 - there is any adverse change or disruption to the political conditions or financial markets of Australia, the United States or the United Kingdom or the international financial markets, or any change involving a prospective adverse change in national or international political, economic or financial conditions.

Appendix C: Disclaimers and Other Notices



Disclaimer

Important Notice and Disclaimer

This presentation (the “**Presentation**”) is dated 8 June 2023 and has been prepared by Zip Co Limited ACN 139 546 428 (ASX: ZIP) (the “**Company**”) in connection with the Company’s proposed liability management exercise on its A\$330,000,000 outstanding Zero Coupon Senior Convertible Notes due 2028 (“**Existing Notes**”) through a concurrent incentivised conversion invitation (“**Conversion Invitation**”) and consent solicitation (“**Consent Solicitation**”) to holders of Existing Notes (“**Existing Noteholders**”) and a placement of fully paid ordinary shares to certain persons who are professional investors, and to eligible institutional investors in certain permitted jurisdictions (“**Placement**”). The Placement is managed and fully underwritten by the lead manager (“**Lead Manager**”). The Lead Manager is also acting as dealer manager to the Conversion Invitation and Consent Solicitation (“**Dealer Manager**”). You acknowledge and agree that you will rely on your independent assessment of any information, statements or representations contained in this Presentation and such reliance will be entirely at your own risk. By receiving this Presentation, you are agreeing to the following restrictions and limitations.

Summary information

This Presentation contains certain summary information about the current activities of the Company as at the date of this Presentation. The information in this Presentation is of a general background nature and does not purport to be complete, include all information that prospective investors would require to evaluate their investment in the Company, nor does it contain all of the information which would be required to be disclosed in a prospectus, product disclosure statement or other offer document under Australian law or under any other law. This Presentation has not been filed, registered or approved by regulatory authorities in any jurisdiction. The Company may, in its absolute discretion, but without being under any obligation to do so, update or supplement this Presentation or the announcement to which it is attached. Any further information will be provided subject to the terms and conditions in this Disclaimer. This Presentation should be read in conjunction with the Company’s periodic and continuous disclosure announcements filed with the Australian Securities Exchange, available at www.asx.com.au.

In addition, the information contained in, and the statements made in, this Presentation should be considered in the context of the circumstances prevailing at the time. There is no obligation to update, modify or amend such information or statements or to otherwise notify any recipient if any information or statement set forth herein, changes or subsequently becomes inaccurate or outdated. The information contained in this Presentation is provided as at the date of this Presentation and is subject to change without notice. Recipients should read the “Summary of Key Risks” set out in Appendix A of this Presentation for a non-exhaustive summary of the key risks that may affect the Company and its financial and operating performance.

The notes and ordinary shares to which this Presentation relates have not been and will not be registered in the United States under the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**”). Therefore, no resale of the notes and ordinary shares may be made in the United States, unless the notes and ordinary shares are subsequently registered under the U.S. Securities Act or an exemption from the registration requirements of the U.S. Securities Act is available. In addition, the ordinary shares to which this Presentation relates are being offered and sold outside of the United States in reliance on Regulation S of the U.S. Securities Act and may not be offered, sold, pledged or otherwise transferred except in an offshore transaction in accordance with Regulation S. Each prospective investor should proceed on the assumption that it must bear the economic risk of an investment in the notes and ordinary shares for an indefinite period. None of the Company or the Lead Manager makes any representation as to (i) the suitability of the notes or ordinary shares for any particular investor, (ii) the appropriate accounting treatment and potential tax consequences of the notes or ordinary shares, (iii) the future performance of the notes or ordinary shares either in absolute terms or relative to competing investments, or (iv) the accuracy or completeness of this Presentation, or any other written or oral information made available to any interested party or its advisers. No liability is accepted whatsoever for any direct, indirect or consequential loss arising from the use of this Presentation, the distribution of which may be restricted by law in certain jurisdictions.

Any allocation of the proposed incentivised Conversion Invitation described in this Presentation is made expressly subject to the condition that the transaction completes and that the ordinary shares are issued. In particular, it should be noted that any such completion relating thereto will be subject to conditions precedent and termination events, including those which are customary for such an incentivised Conversion Invitation. Any such proposed incentivised Conversion Invitation will not complete unless such conditions precedent are fulfilled, and any such termination events have not taken place or the failure to fulfil such a condition precedent or the occurrence of a termination event has been waived, if applicable. The Dealer Manager reserves the right to exercise or refrain from exercising its rights in relation to the fulfilment or otherwise of any such condition precedent or the occurrence of any termination event in such manner as they may determine in its absolute discretion.

Disclaimer

Not a prospectus or offer of securities

This Presentation is for information purposes only and is not a prospectus, disclosure document or other offering or solicitation document under any law, nor does it form part of, and should not be construed as, any present or future invitation, recommendation or offer to purchase or sell securities of the Company or an inducement to enter into investment activity in any jurisdiction. This Presentation is not a solicitation of consents with respect to the Existing Notes and should not be treated as soliciting material of any sort. This Presentation is not for public circulation, is solely for your information purposes and may not be reproduced, redistributed or passed on directly or indirectly to any other person or published in whole or in part for any other purpose. This Presentation does not constitute or form part of any offer for sale or subscription of or solicitation or invitation of any offer to buy or subscribe for any securities nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever. This is intended as an outline only of the proposed Conversion Invitation and the proposed Consent Solicitation and does not purport to list or summarize all of the final terms and conditions of the proposed Conversion Invitation or the proposed Consent Solicitation, nor to identify or define all or any of the risks that would be associated with the Existing Notes. In particular, any decision in connection with the proposed Consent Solicitation must be made solely on the basis of the Consent Solicitation Statement prepared by the Company in connection with the proposed amendments to the terms and conditions of the Existing Notes and the proposed Consent Solicitation.

This Presentation does not constitute or form part of any offer to purchase, a solicitation of an offer to purchase, an offer to sell or an invitation or solicitation of an offer to sell, issue or subscribe for, securities in or into the United States or in any other jurisdiction. No securities mentioned herein have been, or will be, registered under the U.S. Securities Act, or any state securities laws or other jurisdiction of the United States and no such securities may be offered or sold in or into the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements under the U.S. Securities Act and any applicable state or local securities laws of the United States. There is no intention to register any securities referred to herein in the United States or to make a public offering of the securities in the United States or in any other jurisdiction where such an offering is restricted or prohibited or where such offer would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. In addition, the Existing Notes and shares in respect of the Placement are being offered and sold outside of the United States in reliance on Regulation S of the U.S. Securities Act and may not be offered, sold, pledged or otherwise transferred except in an offshore transaction in accordance with Regulation S.

Not financial product advice or offer

Any investor that intends to deal in any existing or prospective securities of the Company is required to make its own independent investigation and appraisal of the business and financial condition of the Group and the nature of the securities at the time of such dealing. No one has been authorised to give any information or to make any representations other than those contained in this Presentation, and if given or made, such information or representations must not be relied upon as having been authorised by the Company, the Lead Manager or their respective affiliates. The information in this Presentation does not constitute financial advice (nor investment, tax, accounting or legal advice) and does not take into account an investor's individual investment objectives, including the merits and risks involved in an investment in the Company or its securities, or an investor's financial situation, tax position or particular needs.

This Presentation is not and should not be considered an offer or an invitation to acquire new ordinary shares of the Company or any other securities or financial products and does not and will not form any part of any contract for the acquisition of new ordinary shares of the Company.

Disclaimer

Not financial product advice or offer (cont'd)

Neither the Company or the Dealer Manager nor any of their respective affiliates is advising you in respect hereof. Accordingly, prior to making any decision in respect of the proposed incentivised Conversion Invitation and/or the proposed Consent Solicitation and/or Placement, each person should conduct such investigation and analysis regarding the notes and/or ordinary shares (as applicable) as he/she deems appropriate and to the extent he/she deems necessary, each person receiving this Presentation should consult his/her professional advisor to ascertain the suitability of the notes and/or ordinary shares (as applicable) as an investment. For the avoidance of doubt, none of the Company or the Dealer Manager makes any representation or warranty that they intend to accept or be bound to any of the terms herein nor shall any of the Company or the Dealer Manager be obliged to enter into any further discussions or negotiations pursuant thereto but shall be entitled in their absolute discretion to act in any way that they see fit in connection with the proposed incentivised Conversion Invitation, the proposed Placement or the proposed Consent Solicitation. Any discussions, negotiations or other communications that may be entered into, whether in connection with the terms set out herein or otherwise, shall be conducted subject to contract. Neither the Dealer Manager nor any of its affiliates expresses any view as to the merits of the proposed incentivised Conversion Invitation, the proposed amendments and/or the proposed consent solicitation. Neither the Dealer Manager nor any of its affiliates has been involved in negotiating the proposed amendments or makes any representation that all relevant information has been disclosed to the Existing Noteholders in or pursuant to this Presentation or the Consent Solicitation Statement to be prepared by the Company in connection with the proposed Consent Solicitation. Furthermore, neither the Dealer Manager nor any of its affiliates makes any assessment of the impact of the proposed amendments on the interests of the Existing Noteholders or makes any recommendations on the proposed Consent Solicitation relating to the Existing Notes or whether agreement to the proposed amendments should be made. Accordingly, Existing Noteholders who are unsure of the impact of the proposal and the extraordinary resolutions should seek their own financial, legal and tax advice.

Lead Manager's disclaimer

The Lead Manager and its affiliates are full service financial institutions engaged in various activities, which may include trading, financing, corporate advisory, financial advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Lead Manager and its affiliates have provided, and may in the future provide, financial advisory, financing services and other services to the Company and to persons and entities with relationships with the Company, for which they received or will receive customary fees and expenses. In the ordinary course of its various business activities, the Lead Manager and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Company, and/or persons and entities with relationships with the Company. The Lead Manager and its affiliates may also communicate independent investment recommendations, market colour or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments. The Lead Manager or any of its affiliates may purchase the Company's Existing Notes for its or their own account and enter into transactions, including (i) credit derivatives, as assets swaps, repackaging and credit default swaps relating to the Existing Notes and/or other securities or (ii) equity derivatives and stock loan transactions relating to the ordinary shares of the Company or other securities at the same time as the Lead Manager is acting as a lead manager and underwriter to the Placement and/or dealer manager to the liability management exercise, including the Consent Solicitation and incentivised Conversion Invitation or in secondary market transactions.

In connection with the Placement, one or more investors may elect to acquire an economic interest in the new ordinary shares of the Company ("**Economic Interest**"), instead of subscribing for or acquiring the legal or beneficial interest in those securities. The Lead Manager (or its affiliates) may, for their own respective accounts, write derivative transactions with those investors relating to those ordinary shares to provide the Economic Interest, or otherwise acquire securities in the Company in connection with the writing of those derivative transactions in the Placement and/or the secondary market. As a result of those transactions, the Lead Manager (or its affiliates) may be allocated, subscribe for or acquire new ordinary shares or securities of the Company in the Placement and/or the secondary market, including to hedge those derivative transactions, as well as hold long or short positions in those securities. These transactions may, together with other securities in the Company acquired by the Lead Manager or its affiliates in connection with its ordinary course sales and trading, principal investing and other activities, result in the Lead Manager or its affiliates disclosing a substantial holding and earning fees.

Disclaimer

Lead Manager's disclaimer (cont'd)

The (i) Lead Manager and/or an affiliate is also acting as a lender to an existing debt facility with an affiliate of the Company; (ii) the Lead Manager is acting as a dealer manager to the liability management exercise associated with the Company's Existing Notes, including the Consent Solicitation and incentivised Conversion Invitation; and (iii) Lead Manager and/or its affiliates may provide additional financing to the Company and/or its affiliates in the future. In addition, the Lead Manager and/or its affiliates may, from time to time, engage in other transactions with and perform services for the Company and/or related bodies corporate of the Company in the ordinary course of business. In addition, the Lead Manager and/or any of its affiliates may have held, hold or may in the future hold Existing Notes and/or ordinary shares and/or other financial products as beneficial owners, on behalf of clients or customers or in the capacity as investor advisers or managers.

The Lead Manager and/or its affiliates may also receive and retain other fees, profits and financial benefits, make profits and manage, avoid and/or incur losses, and be indemnified for liabilities and/or be reimbursed for expenses in connection with each of the above capacities and in connection with the above activities, including in their capacity as a Lead Manager to the Offer.

Future performance and forward-looking statements

This Presentation contains forward-looking statements and comments about future events, including statements regarding the Company's intentions, objectives, plans, expectations, assumptions and beliefs about future events, including the industry and markets in which the Company operates, the Company's expectations in relation to the financial and operating performance of its business, the timetable and outcome of the Conversion Invitation, the Consent Solicitation and the Placement. The words "anticipate", "believe", "expect", "project", "predict", "will", "forecast", "estimate", "likely", "intend", "outlook", "should", "could", "may", "target", "plan" and other similar expressions can generally be used to identify forward-looking statements. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements. Investors and prospective investors are cautioned not to place undue reliance on these forward-looking statements as they involve inherent risk and uncertainty (both general and specific) and should note that they are provided as a general guide only. There is a risk that such predictions, forecasts, projections and other forward-looking statements will not be achieved. Subject to any continuing obligations under applicable law, the Company does not undertake any obligation to publicly release the result of any revisions to these forward-looking statements to reflect events or circumstances after the date of this Presentation, to reflect any change in expectations in relation to any forward-looking statements or any change in events, conditions, or circumstances on which any such statements are based. While due care has been used in the preparation of forecast information, actual results may vary in a materially positive or negative manner. Forward looking statements are provided as a general guide only and should not be relied on as an indication or guarantee of future performance. They are subject to known and unknown risks, including the risk factors described under "Key Risks", uncertainty, assumptions, and contingencies, many of which are outside the Company's control, and are based on estimates and assumptions that are subject to change and may cause actual results, performance, or achievements to differ materially from those expressed or implied by such statements.

To the maximum extent permitted by law, responsibility for the accuracy or completeness of any forward-looking statements whether due to new information, future events or results or otherwise is disclaimed. This Presentation should not be relied upon as a recommendation or forecast by the Company. Past performance information (including past share price performance of the Company and pro forma and combined financial information) given in this document is given for illustrative purposes only and is not necessarily a guide to future performance and no representation or warranty is made by any person as to the likelihood of achievement or reasonableness of any forward-looking statements, forecast financial information, future share price performance or any underlying assumptions. Nothing contained in this document, nor any information made available to you is, or shall be relied upon as, a promise, representation, warranty or guarantee as to the past, present or the future performance of the Company.

Disclaimer

Financial data

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- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

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