



12 June 2020

**MAY TRADING UPDATE**  
**ANOTHER STRONG MONTH DURING COVID, NOW POSITIONING TO**  
**ACCELERATE GLOBAL GROWTH**

**Zip Co Limited** (ASX: Z1P) (**Zip** or the **Company**) is pleased to provide a trading update for the month ending 31 May 2020.

**GROUP HIGHLIGHTS**

- **Monthly revenue of \$15.6m, up 78% YOY (\$45.0m in Q3).**
- **Monthly transaction volume of \$189.3m, up 63% YOY.**
- **Receivables of \$1.2b, up 85% YOY.**
- **Customer numbers increased to 2.1 million, up 63% YOY (65k added in month).**
- **Merchant numbers increased to 23.6k, up 46% YOY.**
- **Net bad debts of 2.16%, in-line with management expectations and significantly outperforming the market.**
- **Monthly arrears, a forward indicator of future losses, reduced from 1.57% in April to 1.47% in May – an outstanding result in the current climate.**
- **Customer repayment success rates higher or on par with pre COVID-19 rates.**
- **Monthly repayments as a percentage of opening receivables increased to 16%, from 15% in April.**
- **No material change to the number of requests for hardship assistance, which peaked at the end of March (less than 0.08% of receivables).**
- **Announced the acquisition of US BNPL player QuadPay in June, accelerating Zip's global expansion strategy.**
- **In conjunction, reached agreement to raise up to \$200m from US-based Susquehanna International Group (SIG) to further drive growth.**

Managing Director and CEO Larry Diamond said:

*"May was another strong month for Zip – the performance of the business, both in terms of the continued strong transaction volume, and in particular the outstanding repayment performance, demonstrates the resilience of the Zip business model.*

*Our flexible product is a very strong point of differentiation and has assisted millions of Australians to manage their everyday spending during this period.*

*We are continuing to witness the shift away from cash to digital, contactless payments and ecommerce. We also anticipate ecommerce penetration to remain at elevated levels post COVID-19 as consumers gain familiarity shopping online, and retailers invest significantly in this space. Pleasingly, over the last couple of weeks, there has been improvements in consumer confidence as well as signs of recovery of in store foot traffic.*

*The prudent tightening of credit, both onboarding and behavioural, together with the repositioning of the business over the last few months, have us very well placed to accelerate as the economy begins to recover from the impacts of COVID-19.*

*We remain on track to hit our FY20 target of \$2.2b in annualised transaction volume set at the beginning of the year.”*

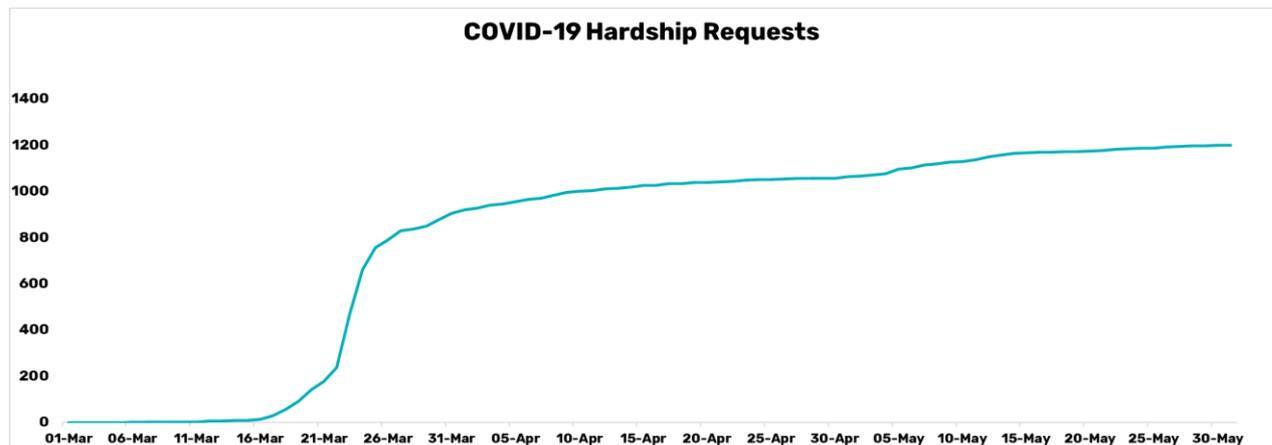
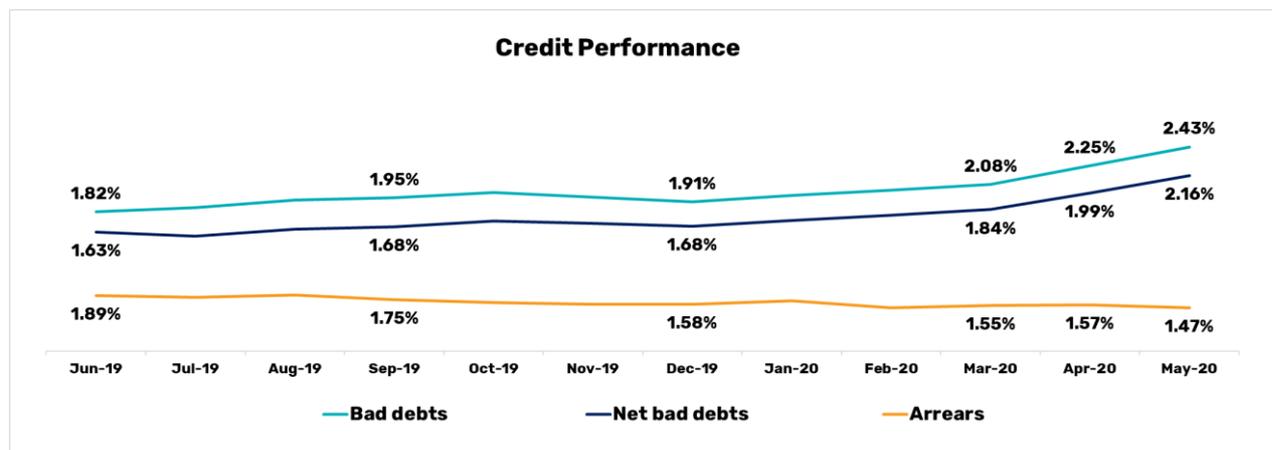
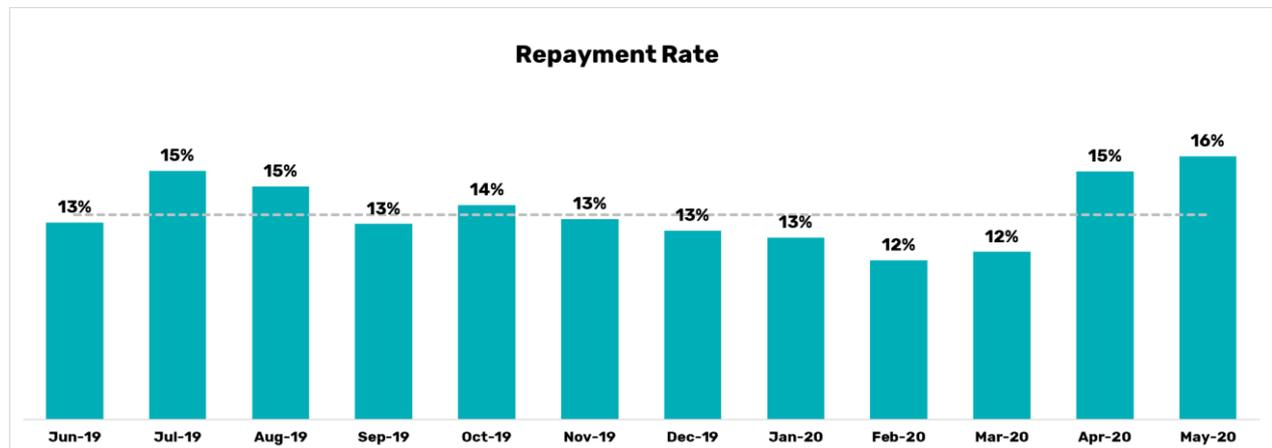
### **KEY OPERATIONAL METRICS (ZIP ONLY)**

All key operating metrics include Zip’s operations in New Zealand from November 2019 (following the acquisition of PartPay).

<b>Financial and Operational Performance</b>	<b>Results May FY20<sup>5</sup></b>	<b>Results Apr FY20<sup>5</sup></b>	<b>Results Q3 FY20<sup>5</sup></b>	<b>% increase/results on May FY19<sup>5</sup></b>
Revenue	\$14.8m	\$14.6m	\$42.2m	68% ↑
Merchants <sup>1</sup>	23.6k	23.1k	22.7k	46% ↑
Customers <sup>2</sup>	2.1m	2.0m	1.9m	63% ↑
Receivables <sup>3</sup>	\$1.1b	\$1.1b	\$1.1b	79% ↑
Transaction volume	\$189.3m	\$181.6m	\$518.7m	63% ↑
Repayments <sup>4</sup>	\$185.1m	\$173.3m	\$375.0m	119% ↑
Arrears <sup>4</sup>	1.47%	1.57%	1.55%	1.89%
Net Bad Debts <sup>4</sup>	2.16%	1.99%	1.84%	1.66%

1. Number of accredited merchants
2. Number of active customer accounts
3. Amounts due from Customers
4. Australian figures only
5. Unaudited management accounts

## CREDIT AND REPAYMENT PERFORMANCE (ZIP AU)



1. Repayment rate calculated as monthly repayments as a % of the opening receivables balance.
2. Bad debts defined as those accounts written-off at greater than 180 days' delinquent. It is calculated as the aggregate prior 12 months as a percentage of gross receivables.
3. Cumulative hardship requests received due to COVID-19 for Zip Australia only.

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

- ENDS -

**For more information, please contact:**

Larry Diamond  
Chief Executive Officer  
larry.diamond@zip.co

Martin Brooke  
Chief Financial Officer  
martin.brooke@zip.co

Matthew Abbott  
Head of Corporate Affairs  
matthew.abbott@zip.co  
0402 543 128

For general investor enquiries, email [investors@zip.co](mailto:investors@zip.co)

**About Zip**

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

For more information, visit: [www.zip.co](http://www.zip.co)