



23 November 2020

OCTOBER FY21 YTD TRADING UPDATE STRONG MOMENTUM BUILDING INTO PEAK SEASONAL QUARTER

Zip Co Limited (ASX: Z1P) (**Zip** or the **Company**) is pleased to provide a trading update for the first four months of FY21, ended 31 October 2020.

COMPANY HIGHLIGHTS

* Note: all figures in AUD unless otherwise specified.

- **The Company continued to deliver record results across all regions - Australia, New Zealand and the United States.**
- **FY21 YTD BNPL revenue was \$96.7m (up 91%) for the first four months of the year, with October monthly revenue of \$27.6m. Including Zip Business, FY21 YTD total revenue on a pro forma basis was \$100.2m, with \$28.4m recorded in October.**
- **Record transaction volume in October of \$401.1m (up 104% YoY), with the Company now annualising at \$4.8bn+. Monthly transaction numbers were up 140% YoY.**
- **Customers increased to 4.8m (up 109% YoY) and global merchants on the platform now exceed 36.5k (up 74% YoY).**
- **Zip US, under the QuadPay brand, accelerated post Q1 FY21, with October delivering record results across all key metrics - \$160.6m in transaction volume (up 200% YoY), \$11.4m in revenue and more than 2.5m customers.**
- **The App continued to remain a stand-out, finishing at #25 in the Shopping category in the US App store with 328,000 downloads in October. November has again seen a significant step-up at 15,000 daily downloads. Across the Company, app downloads increased to over 5m, up 200%+ YoY.**
- **The team also became the first BNPL to launch a Chrome Extension, an innovative way to allows customers to pay later on any website utilising unique virtual card technology alongside a Google plug-in.**
- **In Australia, Zip became a principal issuer with Visa and launched Tap & Zip, an exciting product feature that reimagines buy now, pay later (BNPL) instore by enabling users to shop effortlessly anywhere that accepts Visa¹. Initial results have seen a marked uplift in engagement, with early adopters of this feature transacting on average 4+ times in the last 21 days.**
- **In Australia monthly arrears, a forward indicator of future losses, reduced from 1.33% in June to 0.89% in October - an outstanding result in the current climate.**

¹ Anywhere that accepts Visa payments online and Visa contactless payments in-store.

- **The momentum across the Company has continued in November with all regions set to deliver step change month-on-month growth, prior to the inclusion of the cyber promotional activity at the end of the month.**

In October, Zip delivered record results across its BNPL operations in Australia, New Zealand and the United States (QuadPay):

| Financial and Operational Performance (AUD)² | Results Oct 2020 | % increase on Oct 2019 | Results Jul - Oct 2020 (Pro Forma) | % increase on Jul - Oct 2019 (Pro Forma) |
|--|-------------------------|-------------------------------|---|---|
| Revenue | \$27.6m | 90%↑ | \$96.7m | 91%↑ |
| ANZ | \$16.2m | 42%↑ | \$61.9m | 44%↑ |
| USA | \$11.4m | 264%↑ | \$34.8m | 345%↑ |
| Merchants³ | 36.5k | 74%↑ | 36.5k | 74%↑ |
| ANZ | 28.5k | 46%↑ | 28.5k | 46%↑ |
| USA | 8.0k | 433%↑ | 8.0k | 433%↑ |
| Customers⁴ | 4.8m | 109%↑ | 4.8m | 109%↑ |
| ANZ | 2.3m | 44%↑ | 2.3m | 44%↑ |
| USA | 2.5m | 257%↑ | 2.5m | 257%↑ |
| Transaction volume | \$401.1m | 104%↑ | \$1.3bn | 98%↑ |
| ANZ | \$240.5m | 60%↑ | \$861.1m | 52%↑ |
| USA | \$160.6m | 246%↑ | \$483.1m | 326%↑ |
| Transactions | 2.4m | 140%↑ | 7.7m | 126%↑ |
| ANZ | 1.4m | 100%↑ | 4.7m | 74%↑ |
| USA | 1.0m | 233%↑ | 3.0m | 329%↑ |

Managing Director and CEO, Larry Diamond said:

"We are pleased to report yet another record month for the Company across all its key metrics, as we accelerate into the final quarter of the calendar year. We finished the October month processing over \$400m in transaction volume, with November now seeing annualised volume in excess \$5bn per annum. All regions are trading very strongly, and the US is now seeing more than 15,000 downloads per day – more than 5m users have now downloaded our apps worldwide.

² Unaudited management accounts.

³ Number of accredited merchants.

⁴ Number of customer accounts.

Whilst online trade is expected to be very strong this year, and Zip will enjoy its share, this season Zip expects to significantly lift its instore volumes. Our partnership with Visa and access to Apple Pay and Google Pay wallets, unlocks everyday spend, providing our customers with more utility and choice. Zip is well on its way to becoming the first payment choice everywhere and every day.

We would like to wish all our merchant partners a strong trading period over the Black Friday – Cyber Monday weekend and into Christmas and Boxing Day. It has been a very different year for many businesses, large and small, online and offline, and we hope this quarter brings positivity and good cheer throughout.”

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

About Zip

ASX-listed Zip Co Limited (Z1P: ASX) 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, South Africa, the United Kingdom and the USA. Zip also owns Pocketbook, a leading personal financial management tool. The company is focused on offering transparent, responsible and fairly priced consumer and SME products. Zip's platform is entirely digital and leverages big data in its proprietary fraud and credit-decisioning technology to deliver real-time responses. Zip is managed by a team with over 100 years' experience in retail finance and payments and is a licensed and regulated credit provider.

For more information, visit: www.zip.co