

# ASX Release

7 August 2017

## zipMoney secures \$40M strategic investment and relationship with Westpac

- zipMoney and Westpac enter a strategic relationship to explore the rollout of Zip's products and services across Westpac's payments network
- As part of the relationship, zipMoney has secured a \$40m strategic equity investment from Westpac at \$0.81 per share, representing a 14.1% premium to the last closing price
- The relationship demonstrates strong validation of Zip's business model, proprietary credit and fraud decision technology and unique approach to financial services
- The transaction represents one of the largest Fintech equity investments in Australia

zipMoney Limited (ASX: ZML) ("Zip", "zipMoney", or the "Company") is pleased to announce that it has secured a \$40 million strategic investment in the Company from Westpac Banking Corporation (ASX: WBC) ("WBC" or "Westpac") by way of a private share placement.

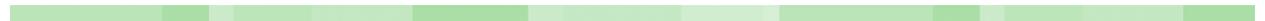
Westpac and Zip have also entered a strategic relationship which allows the parties to explore the integration of Zip's products and services across Westpac's network throughout Australia. As part of the strategic relationship, the parties will explore other initiatives including the provision of currently in-development business-to-business products and services to Westpac.

The WBC strategic investment will be by way of a \$40 million ordinary equity investment comprising the subscription of 49,382,716 fully paid ordinary zipMoney shares at a price of \$0.81 per share, representing:

- a 14.1% premium to the last closing price of \$0.71 per share on 4th August 2017; and
- a 18.4% premium to the two-month VWAP of \$0.68 per share as at 4th August 2017.

In addition, WBC will be granted 9.8 million Performance Options (371,964 of which will be subject to shareholder approval to be obtained at Zip's next annual general meeting) with an exercise price of \$0.81 per share, representing, if all are exercised, a total additional investment of up to \$8 million. The Performance Options will be subject to vesting conditions as set out in the Schedule to this announcement. Further key terms of the transaction have also been summarised in the Schedule.

The proceeds from the investment will be used to accelerate Zip's growth plans and the development of new products and technologies, including enhancing its data science and proprietary decisioning capabilities. This investment will also provide additional equity capital to support the continued growth



in the zipMoney loan book. This investment, combined with the recent \$260 million asset-backed securitisation warehouse program implemented on 25 May 2017, provides Zip with a scalable funding platform, from which to capitalise on the present market opportunity.

The WBC strategic investment is conditional on certain closing conditions and is expected to be completed on 10 August 2017, at which time WBC will become a new substantial shareholder with approximately 17.11% ownership of zipMoney, based on the post subscription shares outstanding of 288,575,725<sup>1</sup>.

As part of the strategic investment, the Zip Board has agreed to appoint an additional non-executive director to be nominated by Westpac.

Zip CEO and Managing Director, Larry Diamond, commented:

*“This strategic deal with Westpac is a truly transformational moment for Zip and our unique customer value proposition. It is a serious validation of the success of the Zip platform and offering, and the strategic relationship arrangements will deliver a significant opportunity to further accelerate the growth of our merchant network and origination volumes. We look forward to welcoming Westpac onto the register and to their ongoing support in the growth of our Company.”*

Westpac Group Executive, Strategy & Enterprise Services, Gary Thursby, commented:

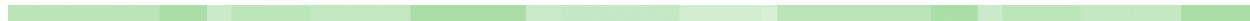
*“Westpac is excited to be working with one of Australia’s leading Fintechs with a strong vision for the future of payments in Australia. Our strategic relationship with Zip is another example of Westpac’s commitment to supporting leading Australian entrepreneurs and Fintechs who are looking to bring great new capability to Australian consumers. Zip’s real-time data analytics and proprietary platform offer customers seamless payment solutions. We look forward to working with Zip to develop these capabilities and offer Westpac customers more choice in the changing payments landscape.”*

Morgan Stanley acted as financial adviser and placement agent to zipMoney, and Arnold Bloch Leibler acted as legal adviser to zipMoney.

– ENDS –

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<sup>1</sup> Together with existing Westpac Group relevant interests in Zip (based on such figures as at 3 August 2017), the total relevant interest of the Westpac Group post-completion is anticipated to be approximately 17.17%.



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**About zipMoney**

ASX-listed zipMoney (ZML: 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, education, health and travel industries. It operates under the zipPay and zipMoney brands. The Company is focused on offering transparent, responsible and fairly priced consumer products. Zip’s platform is entirely digital and leverages big data in its proprietary fraud and credit decisioning technology to deliver real-time consumer responses. Zip is managed by a team with over 80 years’ experience in retail finance and payments and is a licensed and regulated credit provider.

For more information visit: [www.zipmoneylimited.com.au](http://www.zipmoneylimited.com.au)

**About Westpac**

Westpac Banking Corporation (Westpac) was founded in 1817 and was the first bank established in Australia. Today, the Westpac Group has branches throughout Australia, New Zealand, Fiji and Papua New Guinea and maintains offices in key financial centres around the world including London, New York, Hong Kong, mainland China, Singapore and India. Westpac Group employs approximately 40,000 people and has five key divisions through which it serves more than 13 million customers.

For more information visit: [www.westpac.com.au](http://www.westpac.com.au)

## Schedule – Additional Information

### Vesting Conditions - Revenue Hurdles

The minimum annual WBC related revenue hurdles and Performance Options that will vest upon achievement of each hurdle are set out in the table below.

<b>Revenue Hurdle</b>	<b>Performance Options to vest upon achievement of Revenue Hurdle</b>
Hurdle One \$25,000,000	1,960,000
Hurdle Two \$37,500,000	1,960,000
Hurdle Three \$50,000,000	1,960,000
Hurdle Four \$62,500,000	1,960,000
Hurdle Five \$75,000,000	1,960,000 <sup>2</sup>
<b>Total Performance Options issued to WBC</b>	<b>9,800,000<sup>1</sup></b>

Vested Performance Options will be exercisable for a period of 12 months from the date of vesting (if not exercised in that period, they will lapse and be cancelled for no consideration). In order for the Performance Options to vest, the WBC-related Zip revenue within a 12-month calculation period (the first such period beginning from the date of completion and the last such period ending five years from completion) must exceed the relevant Revenue Hurdle amounts as set out in the table above.

A Revenue Hurdle (and vesting of the corresponding Performance Options attached to that Revenue Hurdle as set out above) can only be met once. Any Performance Options not vested after five years from completion will lapse and be cancelled for no consideration. If WBC has failed to satisfy any Revenue Hurdle by 3 years after completion, 3,920,000 of the Performance Options will lapse and be cancelled for no consideration.

### Board Member

The right to appoint a board member will exist for as long as WBC holds in aggregate 10% or more of Zip's fully paid ordinary shares (which threshold will be increased to "15% or more" of Zip's fully paid ordinary shares if after 2 years from completion, Zip and WBC have not entered into a further agreement as contemplated by the strategic relationship).

### Westpac Top-Up Right

Zip has granted to WBC a top-up right which will enable WBC to maintain its percentage shareholding in Zip by participating in any future share issues by Zip (except in certain prescribed circumstances). This top up right is conditional on Zip obtaining a waiver from the ASX of Listing Rule 6.18.

The top up right will automatically expire on the earlier of: (1) WBC ceasing to hold at least 10% of the fully paid ordinary shares in Zip; (2) subject to it being a requirement of the ASX, WBC holding more than 25% of the fully paid ordinary shares in Zip; and (3) the date on which the top up right expires under the terms of the ASX waiver (which can be no later than the date of expiry or termination of the strategic relationship).

<sup>2</sup> Assuming shareholder approval for the issuance of 371,964 Performance Options is obtained.