

30 August 2016

ASX Announcement

FY16 Full Year Results – Strong Loan Book Growth

zipMoney Limited (ASX:ZML) (**zipMoney** or **Company**), a leading player in the digital retail finance and payments industry, today announced its full year results for the year ended 30 June 2016.

For the year ending 30 June 2016, the Company grew its loan book to \$40.7 million (from \$2.9m in FY15) on \$51.5 million in transaction volume. This generated revenue of \$4.3 million, up 976% over the prior corresponding period, and underlying Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) of (\$2.1 million). Reported EBITDA was a loss of \$6.0 million for the period.

*(*underlying EBITDA normalized for listing costs and convertible notes (\$2.8m) and share based payments (\$1.6m))*

RESULTS HIGHLIGHTS

- Transaction volume of \$51.5 million, up 962%
- Loan book (receivables) of \$40.7 million, up 1,296%
- Company revenues of \$4.3 million, up 976%
- More than 50,000 customers and 2,000 merchants
- Omni-channel strategy delivering volume growth
- Bad debts of 1.1%, well below industry standards

zipMoney is an early mover in the digitized consumer finance sector. Its strategy is to be the leading issuer of credit and payment solutions at the digital checkout. zipMoney provides a simple and seamless 'buy now pay later' offering, available online and in-store. It enables merchants to generate more sales by converting browsers into shoppers, increasing basket size and driving repeat purchasing behavior – all through the power of offering payment flexibility. It operates under the zipPay and zipMoney brands.

CEO Commentary

zipMoney Managing Director and CEO Larry Diamond said:

“This is a great maiden result for the Company following its ASX listing in September 2015. Since our founding in June 2013 we have had a well-defined strategic objective to be the leading issuer of credit and payment solutions at the digital checkout. Our ASX listing was an important step in that process.

FY16 saw a number of very pleasing achievements for the Company. This included strong growth in transaction volume, with more than \$50 million processed on the zipMoney payments platform. This was supported by close to 2,000 merchants across our target sectors and a number of new enterprise clients joining the platform, including Open Colleges, Oz Design Furniture and Thermomix.

We continue to see the strong take-up of 'buy now, pay later' products and are excited about the early success of our streamlined payments offering, zipPay in the market. There is significant scope to grow the brand and market position.

zipMoney is committed to delivering transparent, responsible and fairly priced credit and payment products, and leveraging the power of big data to shape the future of lending.

As well as providing a strong and responsible engagement platform, the proposed acquisition of Pocketbook will help to enhance our data analytics, credit and behavioural scoring capabilities – with the ultimate goal of delivering engaged, competitive and relevant financial services.

Pocketbook is a category leading personal finance management tool with over 250,000 users and consistently in the top 20 finance apps in Australia. The company is run by entrepreneurial founders with 15+ years of corporate and start-up experience.”

Loan Book Performance

As at 30 June 2016, the zipMoney loan book stood at \$40.7 million, representing growth of 1,300% from \$2.9m as at 30 June 2015. This was against drawn debt of \$32.3 million in the ~\$108 million asset backed securitisation warehouse established in November 2015 and provided by Victory Park Capital, a specialist US investment firm.

There is currently \$75.6 million in undrawn, funding capacity in the current facility. The facility is secured against the underlying pool of receivables with limited recourse back to zipMoney. The facility has a two-year maturity term (with options to extend) and is interest only with outstanding balance repayable on maturity.

The repayment profile continues to remain healthy at approximately 10% of the book. The credit performance of the loan book continues to perform in line with internal management projections. The reported arrears rate was 1.3% and bad debts were at 1.1%, both below industry standards.

Executive Director & COO Peter Gray said "The performance of our loan book continues to validate our core IP - our fraud and decisioning technology - which remains a significant competitive advantage. Ongoing investment in this IP remains a key focus as we strive to consistently deliver better outcomes as we increase the scale of the business."

Financial Position

As at 30 June 2016, zipMoney had \$7.1 million in cash on its balance sheet (inclusive of restricted cash and excluding \$10.8 million raised in Tranche 2 of the recent placement) and no corporate debt.

On 6 June 2016, the Company raised \$20.6 million via an equity placement to institutional and sophisticated investors – 37.5 million new shares at an issue price of \$0.55 per share. Funds were raised to: (i) provide equity capital in support of a new institutional debt facility, with the expectation of halving the cost of debt; (ii) fund the proposed acquisition of Pocketbook; and (iii) provide additional expansion capital for sales, product and technology advancements.

FY17 Focus & Outlook

The Company is committed to growing its market share in Australia and delivering on its omni-channel payments strategy, with continued investment in technology and sales capabilities to drive scalable growth.

Key priorities for the Company in FY17 include:

- Continuing to grow zipMoney's market share within a \$100 billion market opportunity
- Expanding the number of retail lighthouse brands on the platform
- Continuing to invest in offline payments capabilities and expanding the marketplace for our customers to transact
- Entering the \$15 billion travel sector
- Expanding presence in health services sector through proposed joint venture
- Attracting top tier talent and making key personnel appointments
- Expanding data science capabilities

The outcome of the implementation of the above core priorities will be the continued growth of the zipMoney brand, its loan book, customer and merchant footprint.

– ENDS –

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About zipMoney

zipMoney is a leading player in the digital retail finance and payment 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 credit products. zipMoney's platform is entirely digital and leverages big data in its proprietary decisioning engine to deliver real-time consumer responses. zipMoney is managed by a team with over 50 years' experience in retail finance and payments and is a licensed and regulated credit provider. For more visit www.zipmoneylimited.com.au.