

27 February 2017

ASX Announcement

1H17 Half Year Results – The Strong Momentum Continues

zipMoney Limited (ASX:ZML) (**zipMoney** or **Company**), a leading player in the digital retail finance and payments industry, today announced its half year results for the period ended 31 December 2016.

For the period ending 31 December 2016, the Company grew its loan book to \$87.7 million (from \$40.7m in 2H16) on \$83.2 million in transaction volume. This generated revenue of \$6.7 million, up 722% over the prior corresponding period. Reported NPAT was a loss of \$5.9 million for the period.

RESULTS HIGHLIGHTS

- Transaction volume of \$83.2 million, up 740%
- Loan book (receivables) of \$87.7 million, up 984%
- Company revenues of \$6.7 million, up 722%
- Now more than 160,000 customers and 2,700 merchants
- Omni-channel strategy delivering volume growth
- Bad debts of 1.2%, well below industry standards

** on previous corresponding period (pcp)*

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 – with a strong focus on responsible financial services. 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 a seamless payments experience. It operates under the zipPay and zipMoney brands.

CEO Commentary

zipMoney Managing Director and CEO Larry Diamond said:

“This is a great result for the Company, in only its second year as an ASX-listed company. During the half, we experienced record transaction volumes supported by strong growth in both merchant and customer numbers. 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. zipMoney prides itself on its consumer-friendly offerings and responsible lending practices evidenced by the continued strength of our credit performance. Q3 FY17 has already seen the launch of some of the biggest online players in the industry.”

1H17 saw a number of very pleasing achievements for the Company. This included strong growth in transaction volume, with \$83.2 million processed on the zipMoney payments platform and over \$150 million since inception. This was supported by 2,200 merchants across our target sectors and a number of new enterprise clients joining the platform, including Australia’s largest ecommerce groups Catch of the Day and Lux Group, as well as brands including: Michael Hill, Forever New, Williams (Fusion Brands), Home Clearance (Winnings Group), Ted’s Cameras and Solahart.

We continue to see the strong take-up of 'buy now, pay later' products across the broader retail industry. zipMoney is uniquely positioned to be able to originate consumers at the checkout regardless of the transaction value – zipPay for everyday discretionary purchases and zipMoney for life's larger purchases.

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.

zipMoney is already leveraging Pocketbook's core intellectual property and continues to take advantage of its data insights to feed into zipMoney's proprietary credit and fraud decision technology – driving improved automation and deeper credit profiling.

Pocketbook is a category leading personal finance management tool with over 300,000 users and consistently in the top 20 finance apps in Australia. The segment enjoyed their largest ever acquisition month in January and was noted #1 Personal Finance Management (PFM) by both the industry and its users in 2016.

Loan Book Performance

As at 31 December 2016, the zipMoney loan book stood at \$87.7 million, representing growth of 984% from \$8.9m as at 31 December 2015. This was against drawn debt of \$80.4 million in the \$110.4 million asset-backed securitisation warehouse established in November 2015 and provided by Victory Park Capital, a specialist US investment firm. The facility is secured against the underlying pool of receivables with limited recourse back to zipMoney.

The repayment profile continues to remain healthy at approximately 10% of the book. The reported arrears rate was 1.5% and bad debts were at 1.2%, both well below industry standards. The strong credit performance continues to validate zipMoney's investment in its 100% owned proprietary decision technology.

Executive Director & COO Peter Gray said:

"Our loan book performance continues in line with management expectations. Our low rate of bad debts and arrears continues to demonstrate the strength of zipMoney's core intellectual property, being our proprietary credit and fraud decision technology. We are currently leveraging, and continuing to add to, a range of big data markers, including conventional markers such as identification and credit checks as well as unconventional markers including social, behavioural and transactional data.

zipMoney prides itself on building ethical and financially-responsible products suitable for all customers. We aim to build long-term relationships by providing fairness, transparency and genuine payment flexibility, without the need for customers to fall into arrears to drive revenue."

Financial Position and Debt Funding

As at 31 December 2016, zipMoney had \$12.2 million in cash on its balance sheet (inclusive of restricted cash of \$1.1 million) and no corporate debt.

Pleasingly, today we also announced a comprehensive update to our debt funding initiatives.

- zipMoney is to partner with a 'Big 4' Australian bank on a new \$200 million facility, which will see a significant reduction in its weighted average cost of capital – a significant Company milestone

demonstrating a maturing loan portfolio and validating our proprietary credit decision technology.

- zipMoney is also pleased to announce it has extended its current funding facility with Victory Park Capital. The current commitment has been upsized by \$30 million, increasing the total facility limit to \$140.4 million.
- There is currently \$65.0 million in undrawn, available funding following the facility upsize (including \$5 million in uncommitted Class B notes). zipMoney also retains the option (at its favour) to further increase the Victory Park Capital facility up to \$200m.

FY17 Outlook & Beyond

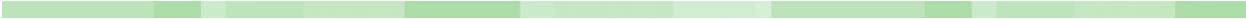
The Company is committed to growing its market share in Australia and delivering on its omni-channel payments strategy, with continued investment in technology and sales capabilities to drive scalable growth.

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
- Targeting cashflow breakeven in FY18
- Continuing to invest in the technology platform and offline payments capabilities in line with our vision to see Zip at the checkout across Australia
- Continuing to expand in the \$15 billion travel sector
- Expanding presence in health services sector through strategic patient finance alliance with Henry Schein Halas, Australia's leading dental and veterinary distributor

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

– ENDS –



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About zipMoney

ASX-listed zipMoney (ZML: 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, 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. zipMoney's platform is entirely digital and leverages big data in its proprietary fraud and credit decisioning technology 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.