



ASX CEO Connect

Zip Co Ltd (ASX: Z1P)

December 2019



Our Purpose

The freedom to own it

Our Mission

**To be the first payment
choice, everywhere and
every day**

Building the next digital wallet to bring customers and retailers together through a fair and valued payments experience

Customers love us

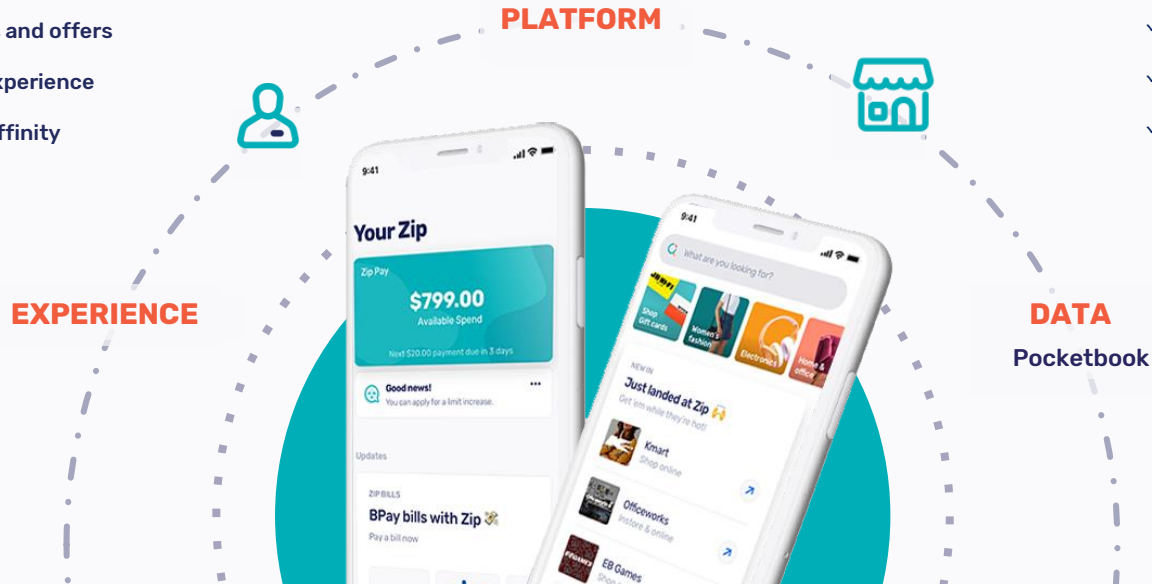
.....

- ✓ Interest free terms
- ✓ Payment flexibility
- ✓ Exclusive deals and offers
- ✓ Great mobile experience
- ✓ Strong brand affinity

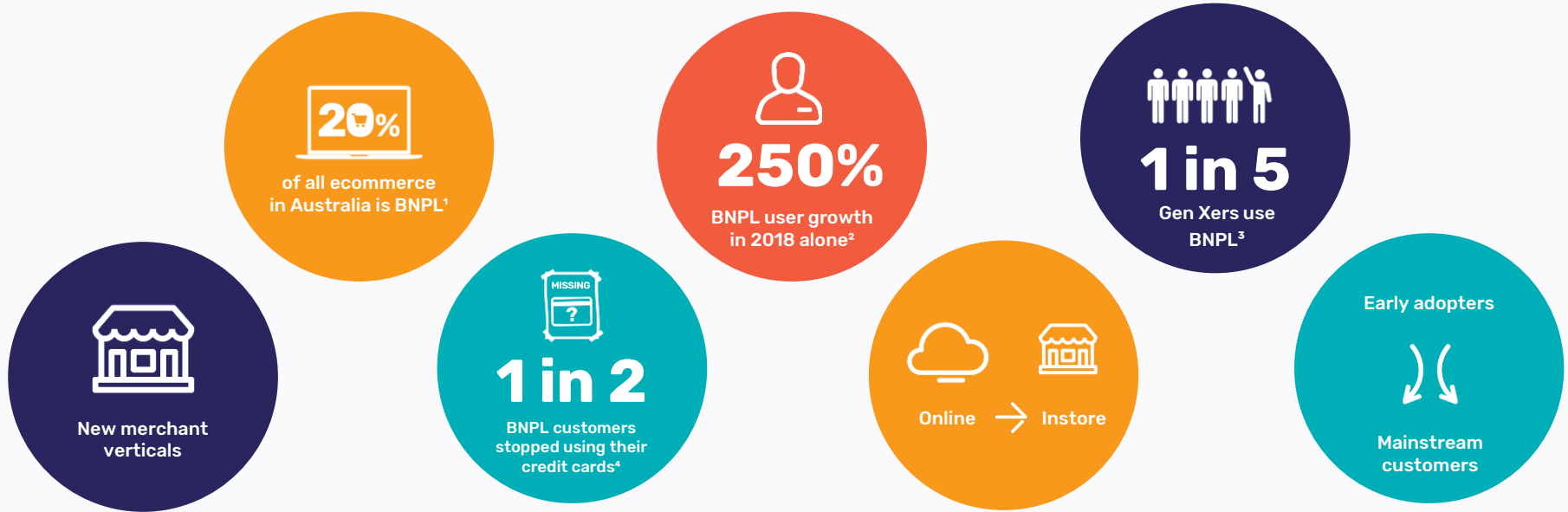
Retailers love us

.....

- ✓ Increased sales
- ✓ Larger basket sizes
- ✓ Great repurchase rates
- ✓ Risk-free transactions
- ✓ Customer insights



BNPL is no longer the alternative



1. Calculated from (Spaceship Invest) and internal data (November 2019), 2. Australian Retailers Association *Buy Now Pay Later - New? Old? Better?* (October 2019), 3. Roy Morgan *Single Source (Australia)* (February 2018), 4. Mozo *Buy Now Pay Later Report* (2019).

Compelling investment case



SIGNIFICANT GROWTH

Market leader in a dynamic industry, delivering 100%+ YoY revenue growth for the last five years¹.



NETWORK-DRIVEN BUSINESS

\$1.7B² annualised volume, 1.6M customers, 20K³ retail partners and over 45K points of acceptance.



100% PROPRIETARY PLATFORM

Leveraging big data to provide sophisticated real-time credit and fraud decisions.



BRAND AFFINITY

The Zip brand lives where our customers shop each day, always front of mind.



ATTRACTIVE UNIT ECONOMICS

Cash GP margins above 50%.
Pathway to increase Cash EBTDA.



MASSIVE MARKET OPPORTUNITY

More than \$1T⁴ addressable payment market in Australia, and then there is global.

1. Calculated from Zip financials FY14–FY19, 2. Annualised based on Q1 FY20 results (includes PartPay), 3. As at Oct-19 (includes PartPay), 4. Sourced from RBA 2019.

Responsibility is in our DNA

Significant investment in our **decisioning technology** and **data science** teams

A revenue model that **does not rely** on customers falling behind

1

Interest free terms, **flexible repayments** and **transparent fees**

2

Credit and ID checks for all applicants

3

Tailored account limits with greater control and transparency

4

5

Uniquely paired with **financial management tools** to encourage responsible spending



Delivering best in class credit performance

1.68%

Net bad debts¹

Market leading loss rates

1/100

Zip customers are late

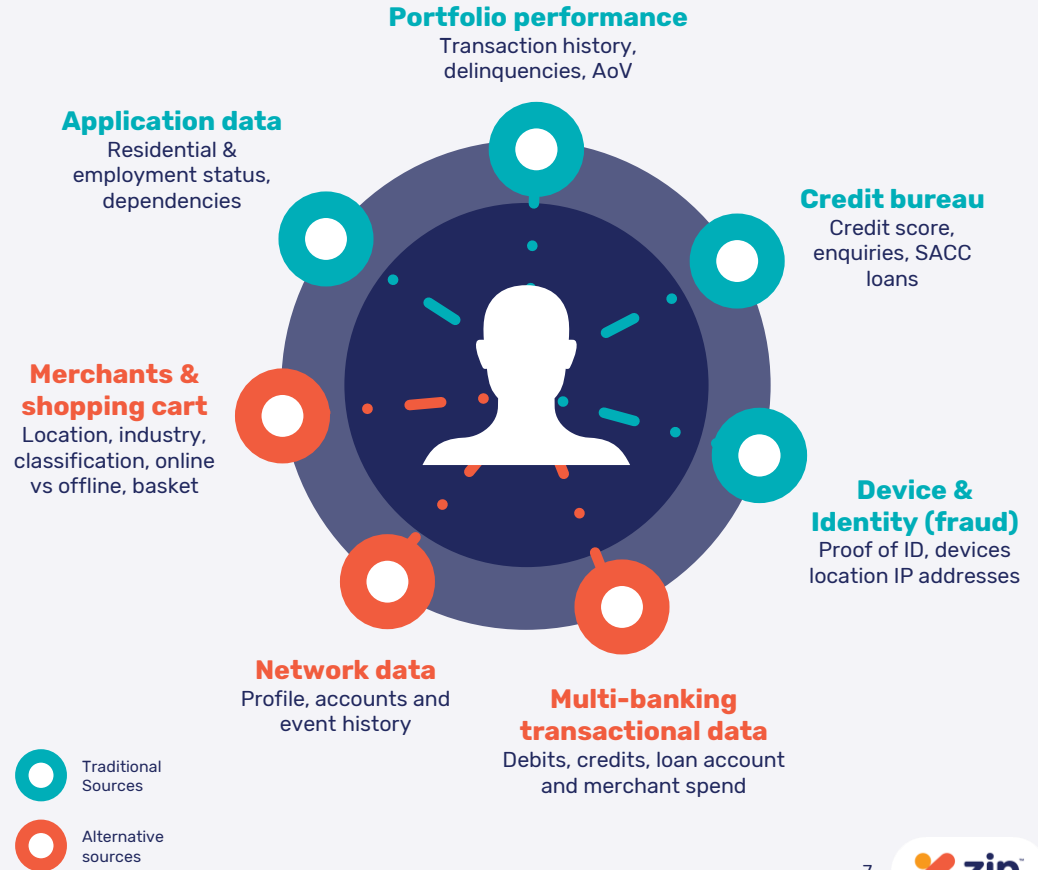
in any given month compared to 1/6 for credit cards

Higher

Average Zip credit score

compared to the average "big 4" credit card applicant

1. Reported as at Q1 FY20.



Momentum continues into 2020, with ANZ trading update to 31-Oct

1.6m

Customers
(vs 903k Oct 18')



20k

Merchants
(vs 12k Oct 18')



\$565m

Transaction Volume
(vs \$275m 4 months to 31-Oct YTD)



New retailers live in the last 2 months



- 4 months to 31-Oct YTD up over 100% YoY
- November set to be a record month for the Company
- Acquisition of PartPay completed 7-Nov
- Retailers incl. Amazon, Chemist Warehouse, Seafully and Optus live in November

High quality customer base, strong demand for interest free

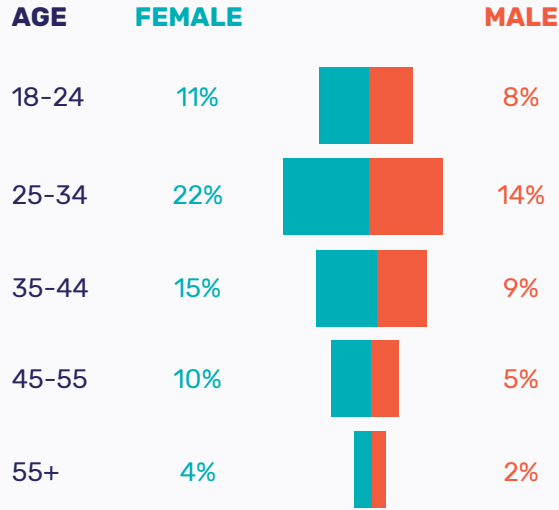
1.6m
Customers in ANZ¹

77%
Growth YoY¹

97%
Retention rate²

BY AGE²

Median age 31



ONLINE VS INSTORE³



Instore is growing

68%
Online

32%
Instore

BY EMPLOYMENT STATUS⁴



Majority have a steady income stream

- Full-time
- Part-time
- Self employment

1. Group figures include PartPay as at 31-Oct-19. 2. Retention rate calculated as total account numbers less customer churn for FY19. 3. Percentages calculated as a share of volume as at 31-Oct-19. 4. Based on Zip Money portfolio.

We help retailers drive growth, risk-free



Retail **52%**

Home **21%**

Other **15%**

Health **6%**

Auto **4%**

Travel **2%**

↑ **47k**
points
of presence¹

↑ **20k**
businesses¹

1. Based on internal financial and marketing metrics as at 31st October 2019

2019 has been a pivotal year for Zip

TECHNOLOGY



CUSTOMER CENTRICITY



GOING GLOBAL



PEOPLE



Ongoing investment in technology prepares the platform for future growth

TECHNOLOGY

- New architecture delivers step-change to system speed and stability
- New APIs deliver faster checkout experience
- Multi-region deployments for resilience and ease of entry into new markets
- New APIs and SDK allows us to target new verticals (eg ticketing and everyday)
- Heavy use of automation and tooling reduces time to production from days to minutes
- Significant investment in security

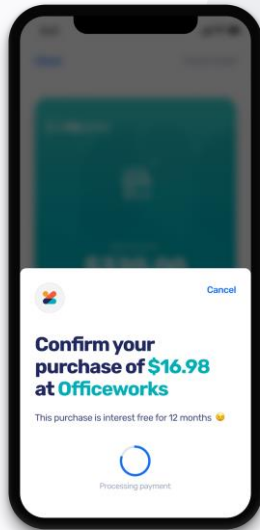
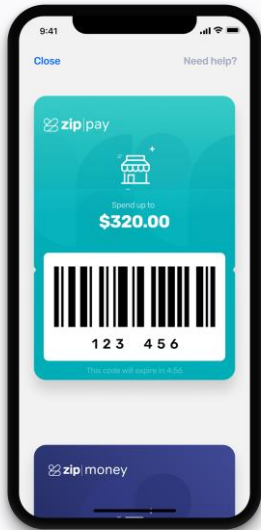
10x
Transactional capacity¹

5x
Faster API response times¹



We continue to push ourselves to deliver customer centric products

CUSTOMER CENTRICITY



Our new, faster **native instore checkout**

Launching **in-app personalisation** to drive greater engagement

One-click checkout for a frictionless buying experience



4.8
on Google Play¹



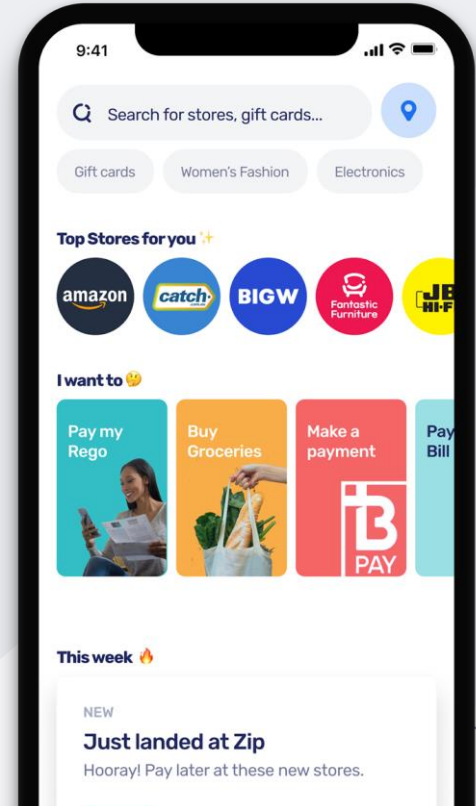
60+
NPS¹



4.9
on Apple Store¹



1.2m
Downloads¹



1. Figures are as at 31st October 2019

App usage has seen strong user engagement, new customer cohorts are transacting more often

CUSTOMER CENTRICITY

Active App Users

27%
average growth q/q²

Rebase (#)¹



Sep-18 Dec-18 Mar-19 Jun-19 Sep-19

— Monthly Active App users
at the end of the month

App Users vs Non-App Users

App users
transact on average

3.4x

more than
non-app users³...

...with only

0.73%

in arrears vs 1.03%
for non-app users⁴



New customers are transacting
30% more often from
day one compared to 2018⁵



26% higher transaction
frequency among existing
customers⁵



93% of transactions
are from existing customers⁵

1. Rebased to the number of app users as at 30 September 2018; 2. Calculated as a compounded average growth rate on the past four quarters' rebased numbers; 3. Since 30 September 2018; 4. Based on % of accounts with >65 days arrears; 5. Based on an internal cohort analysis performed in October 2019.

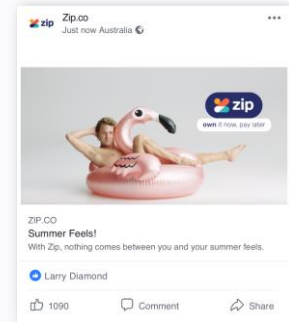
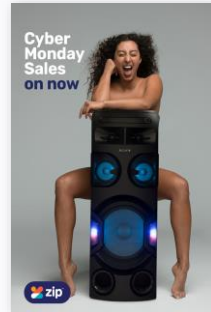
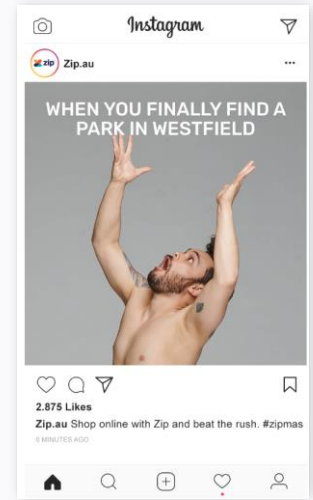
Our first brand campaign has gained solid traction in market

CUSTOMER CENTRICITY

440
screens¹

NSW,
VIC & QLD

39
shopping centres¹



1. Campaign metrics are as at 31st October 2019

Made possible by our incredible team of Zipsters

PEOPLE

350+
Zipsters¹

40%
Product &
Tech split¹

80%
Favourable
engagement
score²

New additions to the executive team

Steve Brennen

Chief Customer Officer

20+ years of sales, marketing & management experience. Awarded Australia's most innovative and effective CMO by CM050. Formerly at Uber, PayPal, Virgin and eBay.

Patrick Collins

Chief Product Officer

20+ years of entrepreneurial experience across tech businesses in San Francisco. Founded, scaled and exited multiple ventures including 5th Finger.



1. As at 31 October 2019, 2. 2019 Zip Employee Engagement Survey.

**As we dive into 2020, the company
is focused on 3 growth areas**

CORE



PRODUCT EXPANSION



GLOBAL EXPANSION



A simple strategy to win -> more customers, transacting in more places, more often

CORE

INCREASED RETAILER ACCEPTANCE

Continue to grow the Zip network online and instore, expand into new verticals and build payments partnerships.

DEEPEN CUSTOMER ENGAGEMENT

Drive monthly transacting users via the native app, personalisation, everyday and more utility.

RETAILER INSIGHTS

Shopper insights to help drive user demand generation (eg deals and offers) and campaign management.

'BEST IN CLASS' SERVICE

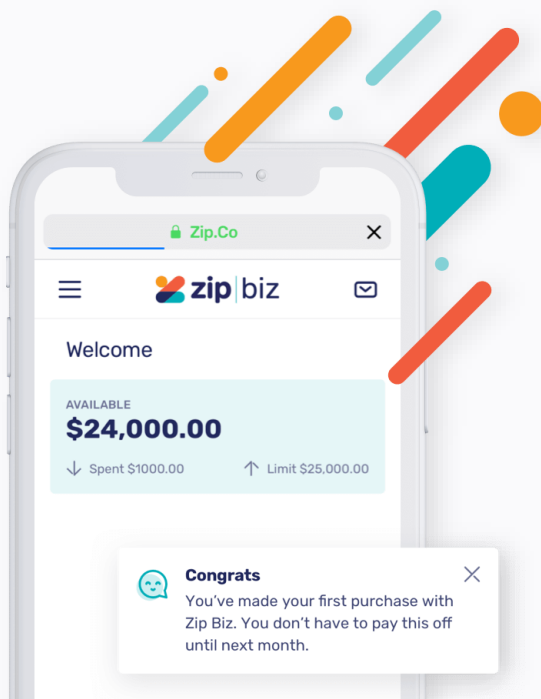
Provide quality service to both customers and retailer partners, over the phone and in-store, using the latest tech tooling.

TECHNOLOGY AND PLATFORM

Continue to invest in technology, data science and analytics driving performance levels and improving the velocity of delivery.

Zip Biz, our instalment product for small business is in *Beta*

PRODUCT EXPANSION



- Zip Biz is an interest-free digital wallet
- Up to \$25k revolving line of credit
- Instore at over 20,000 Zip retailers
- Approval in under 3 minutes!
- In market in beta, full rollout 3Q 2020

1. ABS 2019

2. NAB More Than Money Business Whitepaper 2017

57%
of GDP

2.3m
SMBs

77%
have a B2B
offering



Taking advantage of a global BNPL opportunity

GOING GLOBAL



1. US Census 2019 (US), 2. Retail Economics UK (2018) 3. Nielsen Insights 2018 (NZ) 4. Dept of Statistics South Africa (2019) 5. NAB Online Retail Sales Index (Dec 2018)

Regulatory update

INDUSTRY LEADER

BNPL is not regulated under consumer credit laws, however Zip's practices still lead the industry.

Zip welcomes lifting industry standards.

BNPL CODE OF CONDUCT

Zip actively supports the Code development.

RBA AND SURCHARGES

RBA to review policy in 2020.

Zip adds value to retailers through data insights, referrals customer conversions & more.

Zip's business model and systems put in place from Day 1, position it to embrace any possible regulatory changes with little to no disruption.

i

Financial targets

We are confident in our ability to drive growth, achieve targets, and expand globally with a deliberate lift, shift & scale strategy.



Thank you

