

10 November 2016

MORGAN STANLEY MICRO-CAP CONFERENCE PRESENTATION

zipMoney Limited (ASX:ZML) (zipMoney or Company) is pleased to release a new investor presentation, which the founders of zipMoney, Larry Diamond and Peter Gray, will be presenting today at the Morgan Stanley Micro-Cap Conference in Sydney, Australia.

zipMoney draws attention to Slide 9 which shows financial and operational metrics for the month of October. Pleasingly, zipMoney has had a strong month with monthly revenue of \$1.3 million, receivables of \$68.4 million and transaction volume of \$14.6 million. zipMoney has originated more than \$100 million on the platform to date and has 300,000+ users across the Group.

INVESTMENT HIGHLIGHTS

- **Significant first mover advantage** in the digitised consumer finance space with a proven track record since founding in 2013
- Year on year **revenue growth of over 1,000%+**
- **Valuable 100% owned proprietary technology** and the use of Big Data supports a differentiated product with high barriers to entry
- **Scalable technology platform** with largely fixed costs so marginal revenue is increasingly profitable
- **Initial \$100bn+ market opportunity** across retail, health, education and travel sectors
- **\$110m+ institutional debt facility** in place and a recent (June FY16), oversubscribed **\$20.6m equity raising** reflects a strong endorsement from the investment community
- Strong brand, positive network effects, clear product-market fit and reputation as a customer-friendly provider are all factors **driving rapid growth**

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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.



A BETTER WAY TO PAY™

MORGAN STANLEY MICRO-CAP CONFERENCE | 10 NOVEMBER 2016

ZIPMONEY LIMITED (ASX: ZML)

Who is zipMoney and what do we do?

A leading, 'next generation' payments solution at check-out, delivering a better way to pay

- We offer point-of-sale credit and payment services at the digital checkout, online and in-store for enterprise and SMB merchants, targeting a \$100bn market opportunity

For Consumers

We provide 'buy now, pay later' interest-free solutions where consumers have the power to pay over time, with **more purchasing power, better terms and payment flexibility**

For Merchants

We help merchants grow their sales by offering consumers payment flexibility at the check-out, thereby **driving conversions, basket size and repeat purchasing behaviour**

- We are a data data-driven organisation focussed on building world-class analytical capabilities to enhance our decision-making processes
- Our products, zipPay and zipMoney, are powered by a proprietary decision and risk management system, our 'engine', enabling better credit and fraud risk assessment in real-time

Innovation in the credit and payments industry

zipMoney is disrupting the Australian market which is lagging behind highly successful offshore models

- ✓ **Innovative model**
zipMoney recognised the market was changing and that there was a need for a new payments model that offered real-time benefits
- ✓ **Customer centric**
zipMoney developed a customer centric model that targets a broader market segment, with a strong focus on simplicity and interest free terms
- ✓ **Proprietary technology**
zipMoney developed its own proprietary decision technology to onboard consumers in real-time and gain a strong competitive advantage
- ✓ **Proven business model**
zipMoney is applying a highly successful business model, proven offshore by much larger companies like PayPal Credit, Klarna and Affirm



International success stories

International precedents for 'buy now, pay later' models in US and Europe



Our core product set

zipMoney offers simple point-of-sale credit and payment solutions, with a strong focus on financial wellbeing

Focus: Simple, fast and fair mobile credit payment and financial management solutions



Who: Digital wallet (up to \$1,000) that helps you shop now, enjoy now, pay later for everyday discretionary wants online & in-store (eg fashion & beauty)

Digital wallet (up to \$10,000) that helps you buy now & pay later for planned household needs online & in-store (eg electronics, jewellery & homewares)

A free mobile app helps you get smart with your money and reach your goals whilst helping you manage your budget

Why: *"I was looking at this dress that I just had to have. Buying with zipPay allowed me to buy it now, on better terms, and pay for it over time as I wore it"*

"I had been looking at a holiday for ages and instead of using my credit card I chose the better deal – 6 months interest free with zipMoney"

"I downloaded the app to find out whether I could better plan and get on top of my budget. I'm now using it regularly to help me pay bills & control my finances better than before"

ZIPMONEY LIMITED (ASX: ZML)



Understanding our revenue drivers

Currently, zipMoney generates revenue from a mix of merchant and customer fees

zipPay zipMoney

Merchant: Services fee	% of transaction	% of transaction	 Charged on settled customer transactions (drawdowns). Fixed transaction fee plus % of sale
Customer: Establishment fee	None	\$0-99 (one off)	 Charged to customer accounts and form part of the customer receivables
Customer: Monthly fee	\$5 (if balance owing)	\$5 (if balance owing)	 Charged to active customer accounts with a balance outstanding after the appropriate term
Customer: Interest	No interest ever	Interest-free (3-48 months)	 Charged after the interest free period, historically less than 20%. zipMoney currently derives less than 1% of its revenue from late fees
Account limit (max)	\$1,000	\$10,000	
Average order value	\$198	\$1,612	
Frequency	2.4	4.2	
Age band	20-34	20-49	
Gender	78% female	56% female	

Note: zipMoney's cost structure is made up of financing costs (expected to be 6% with new facility), data costs (~1%), bad debt expense (booked as ~3%) and corporate overheads

Pocketbook acquisition

Complements zipMoney's strong focus on helping Australians achieve financial well-being

- zipMoney acquired Pocketbook in Sep FY16 and the integration has progressed well, with the Pocketbook team already moved into zipMoney's office and providing valuable data analytics in credit behaviour and real-time decisioning



Market leader

Category leading personal finance app with more than 250,000 users, majority of whom are mobile



Finance tool

Strong engagement via its money management features enriched with banking transactional data



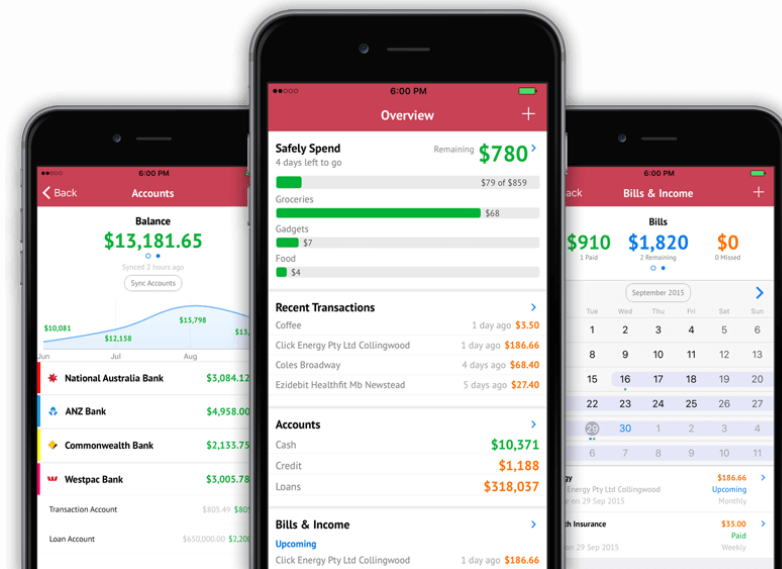
Valuable Big Data

The breadth of data, and unique acquisition methods enriches zipMoney's work on credit modelling



Data synchronisation

Allows consumers to synchronise data with most Australian banks and receive enhanced categorisation



Data-driven organisation

Continuing to invest in zipMoney's 100% owned proprietary fraud and credit risk decision technology

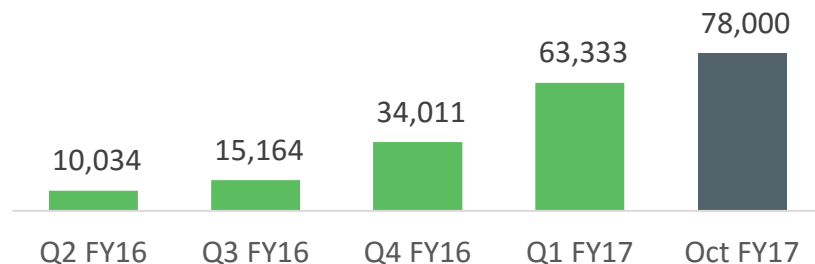
- Unlike traditional lenders, our decision technology is highly adaptable, continuously ingesting new, non-traditional data sources to enrich application and behavioural scorecards
- This desire to learn about our consumers has resulted in the significant acquisition of structured and unstructured Big Data, used to drive real-time process automation
- Integrating richer data and advanced analytics with our proprietary technology enables zipMoney to dynamically respond to changing market conditions, mitigating risk and maximising profitable outcomes for the business
- Bad debts of 1.3%, well below industry standard of approximately 3%

	<i>Local participants</i>	<i>zipMoney's difference</i>
Data sources	■ Application data ■ Credit bureau data ■ 100pt ID check	■ Transactional bank data ■ Social and device data ■ Pocketbook insights
Analytical methods	■ Univariate rules-based analysis ■ Push-reporting and dashboards	■ Multivariate machine-learning modelling ■ Self service analytics and data discovery
Decision processes	■ Semi-automated application processing ■ Focussed on <i>minimising credit and fraud losses</i>	■ Real-time automated decisioning ■ Focussed on <i>maximising customer profitability</i>

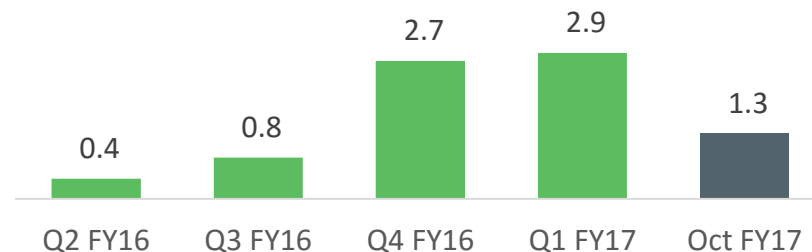
Rapid growth expected to continue

Strong start to the quarter, growth driven by successful strategy execution around zipPay & zipMoney

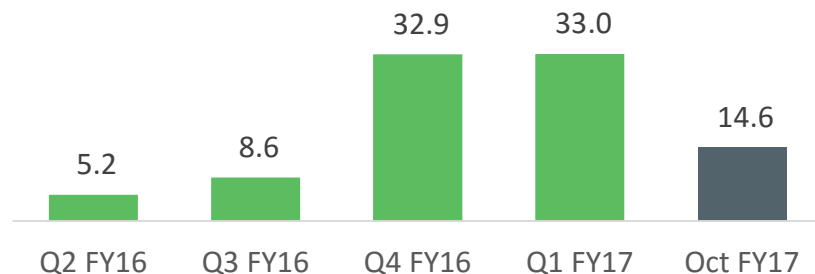
Customers



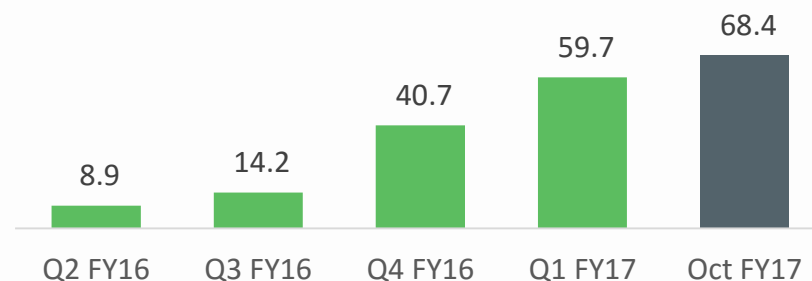
Revenue (\$m)



Transaction volume (\$m)



Receivables (\$m)



Recent hires to support sales growth and data science capabilities

zipMoney is accelerating growth by making strategic hires across its platform

- zipMoney works on an operating leverage model, with our growing team producing increasingly greater marginal benefits
- We currently have more than **60 staff** split across:
 - Sales and business development**
 - Operations**
 - Product and technology**
 - Data and risk**
- Recent new hires along with executive management are driving growth across all business segments

John Gowland Head of Enterprise Sales

Mr. Gowland was most recently Business Development Lead at **Latitude Financial Services**, where he led a range of sales initiatives that resulted in the creation of key partnerships and new revenue streams. Mr. Gowland brings over 15 years of experience in various enterprise sales roles.

Tommy Mermelshtayn Chief Strategy Officer

Mr. Mermelshtayn was most recently the Head of Strategy and New Markets for **Veda**, where he led a range of strategic initiatives which positioned Veda for continued growth and success. Mr. Mermelshtayn brings 15 years of financial services experience and holds a CFA.

New securitisation facility

Institutional funding facility enhances scalability and provides a strong competitive advantage

Institutional debt funding in place...

- \$100m+ debt facility from Victory Park Capital, a specialist US-investment firm
- Asset backed, securitisation warehouse
- **Receivables approximately \$68.4m, with \$63.4m currently drawn**
- Facility secured against underlying pool of receivables, limited credit recourse back to zipMoney
- Up to 90% senior debt funding LVR
- Option to extend the amount and term of the facility



...potential to halve cost of loan book with a new facility

- Currently in discussions with one of Australia's big four banks in relation to a new securitisation warehouse
- Weighted average cost of existing debt facility is approximately 12%
- **A new facility would be expected to approximately halve the weighted average cost of capital of the loan book**
- **Completion anticipated Q3 FY17**

Outlook

Continued investment in technology and sales capabilities should drive scalable growth

Investment in platform

Continued investment in proprietary platform to enhance our decision engine capabilities

Lighthouse brands

Strong pipeline of lighthouse brands underpins quality and growth on the platform

New securitisation facility

A new facility would be expected to approximately halve the weighted average cost of capital of the loan book

Sector expansion

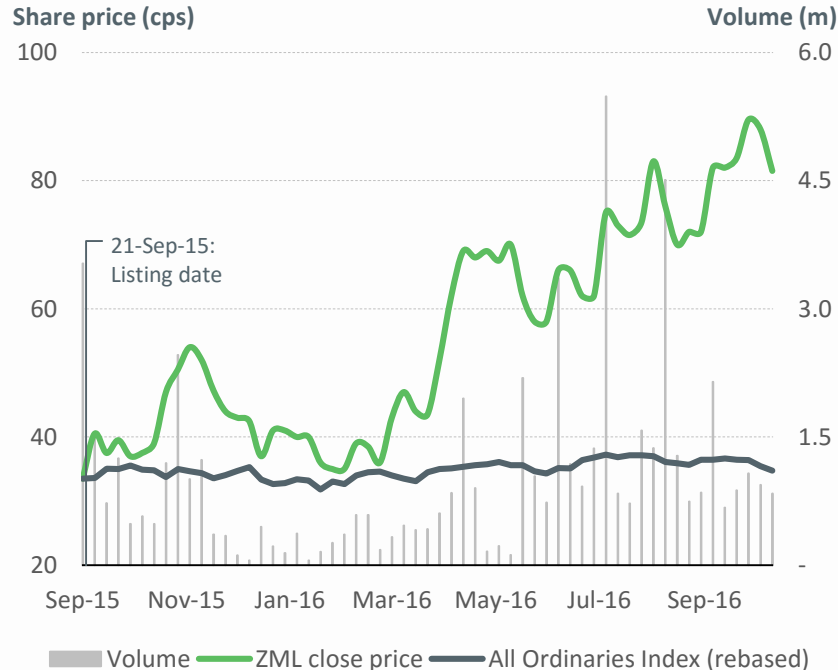
Entry into A\$15bn travel and hospitality sector on track for FY17, expanding our market presence

Market share growth

Growing existing market share within the initial A\$100bn+ market opportunity

Growth in offline

Continued investment in payment capabilities to enhance our seamless in-store experience



Company overview

zipMoney is the premier 'buy now, pay later' fintech opportunity on the ASX

Top shareholders	%
Larry Diamond (Managing Director / CEO)	26.5%
Peter Gray (Executive Director / COO)	8.7%
Adam Finger (CIO)	3.7%
Other Board and management	4.8%

Financial information	
Share price (8-Nov-16)	\$0.85
Shares on issue	230.4m ¹
Market capitalisation	\$195.8m
Cash (30-Sep-16)	\$14.4m ²
Debt (30-Sep-16)	No corporate debt
Enterprise value	\$181.4m

- Includes 88.7m escrowed shares to be released Sep-17; Excludes 6.7m unlisted options and 13.3m performance shares
- Excludes \$2.4m of restricted cash relating to the securitisation warehouse facility

Board of Directors



Philip Crutchfield
Chairman

Philip is a practising barrister and a former partner of Mallesons Stephen Jaques (now King & Wood Mallesons). He is a member of the Melbourne University Law School Foundation Board and sits on the Board of Bell Shakespeare Theatre Company.



Megan Quinn
Non-Executive Director

Megan is a highly experienced retail executive. She was a co-founder and executive director of the internationally acclaimed NET-A-PORTER and is currently on the Board of ASX Specialty Fashion Group and UNICEF Australia



Larry Diamond
Managing Director & CEO

Larry co-founded zipMoney following 12 years in retail, technology and investment banking at Pacific Brands, Macquarie and Deutsche Bank. Larry is a qualified CA and has a Bachelor of Information Technology and a Master of Commerce (Finance).



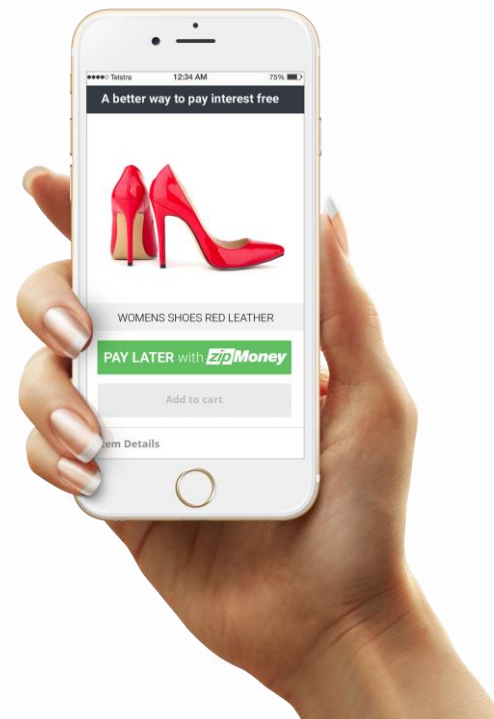
Peter Gray
Executive Director & COO

Peter co-founded zipMoney in 2013 with over 20 years of experience in the retail finance industry. He is a licensed responsible manager for zipMoney Payments under the ASIC regime. He has managed a \$250m+ loan book for 100,000+ customers.

Investor highlights

zipMoney provides Silicon Valley-style exposure to the rapidly growing fintech sector

- **Significant first mover advantage** in the digitised consumer finance space with a proven track record since founding in 2013
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