

12 December 2022

Zip Announces Proposed Liability Management Exercise

Zip Co Limited (ASX: ZIP) (“Zip”, or the “Company”) has today launched a proposed liability management exercise on its A\$400 million Zero Coupon Senior Convertible Notes due 2028 (ISIN: XS2330529905 / Common Code: 233052990) (the “Existing Notes”) through an incentivised conversion invitation (“Conversion Invitation”) to holders of Existing Notes (“Existing Noteholders”) and a placement of shares (“Equity Placement”).

Zip Co-Founder and COO, Peter Gray said:

“Zip has been very clear on our strategy and focus on our core markets and fast-tracking profitability. We are continuing to make progress with our strategic review process for our rest of world and non core footprint. We have also been committed to both our debt funding requirements and liability management programs. In recent months, Existing Noteholders have contacted the Company interested in selling back a portion of their holdings at prices that may be attractive for Zip. As a result, we are pleased to launch this liability management exercise. This initiative will proactively manage our debt maturities by retiring a portion of our liabilities at a fraction of face value, as well as offering Existing Noteholders a liquidity opportunity. If completed, the transaction is expected to be cash neutral for the Company and accretive to Zip shareholders”

Conversion Invitation

Zip proposes to invite Existing Noteholders to convert their Existing Notes into Zip ordinary shares (“Conversion Shares”) under the terms and conditions of those notes at a conversion price of A\$12.0576 per share, and receive a cash amount (“Cash Incentive Price”) of A\$17,860 per A\$100,000 of Existing Notes.

The Conversion Invitation is subject to an aggregate cap of 15%¹ of the aggregate principal amount of Existing Notes (“Offer Cap”) resulting in up to 4.98 million Conversion Shares being issued.

Existing Noteholders who choose not to participate in the Conversion Invitation or who are scaled back because of the Offer Cap, will continue holding Existing Notes or remaining Existing Notes (as a result of scaling back taking place), as the case may be, pursuant to the terms and conditions of the Existing Notes.

¹ Zip reserves the right and has the sole and absolute discretion to downsize, upsize or not proceed with the Conversion Invitation depending on the outcome of the reverse bookbuild

Further details in relation to the Conversion Invitation are set out in Zip's announcement dated 12 December 2022 on the SGX-ST.

Jarden Australia Pty Limited ("**Jarden**") is acting as dealer manager in connection with the Conversion Invitation.

Equity Placement

Concurrent with the Conversion Invitation, Zip will undertake a fully underwritten institutional equity placement ("**Equity Placement**") to eligible institutional, professional, and sophisticated investors. Under the Equity Placement, Zip will issue ordinary shares ("**Placement Shares**") at a fixed price of A\$0.62 per share, representing a 10.4% discount to Zip's volume-weighted average price on 12 December 2022.

The proceeds of the Equity Placement will be used to fund the Cash Incentive Price under the Conversion Invitation and other transaction costs. The final number of Placement Shares to be issued will be dependent on the final Cash Incentive Price amount determined under the Conversion Invitation.

The Placement Shares will on issue rank equally with existing Zip ordinary shares and are expected to settle on 16 December 2022 and commence trading on 19 December 2022.

The Equity Placement will not proceed if Zip elects not to go ahead with the Conversion Invitation.

Jarden and Shaw and Partners Limited are acting as joint underwriters in connection with the Equity Placement.

FY23 Trading Update and Outlook

Zip reaffirms the comments provided to the market at its Annual General Meeting on 3 November 2022. The Company is on track to deliver positive cash EBTDA as a group in the first half of FY24. The Company continues to make progress with its rest of world strategic review, which it expects to deliver cash inflows or a neutralising of cash burn in each of its non core markets during the second half of FY23. The quarter to date has delivered business performance and cashflows in line with seasonal trends and expectations. Zip remains confident it has sufficient cash and liquidity to support the Company through to positive cash EBTDA in the first half of FY24.

Release approved by the Board.

- ENDS -

For more information, please contact:

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About Zip

ASX-listed Zip Co Limited (ASX: ZIP) (ABN 58 164 440 993) is a leading global financial services company, offering innovative, people-centred products that bring customers and merchants together. On a mission to be the first payment choice everywhere and every day, Zip offers point-of-sale credit and digital payment services around the world, including through strategic investments, connecting millions of customers with its global network of tens of thousands of merchants.

Zip has a presence in Australia, Canada, Czech Republic, India, Mexico, New Zealand, the Philippines, Poland, Saudi Arabia, South Africa, UAE and the USA. Zip provides fair, flexible and transparent payment options to individual consumers and SMBs, helping them to take control of their financial future and helping merchants to grow their businesses. Zip is committed to responsible lending and is managed by a team with over 100 years' experience in retail finance and payments. Zip is also a licensed and regulated credit provider and was founded in Australia in 2013.

For more information, visit: www.zip.co

Shareholders who would like to receive email communications from Computershare for all future correspondence, visit <http://www.computershare.com.au/easyupdate/ZIP>.

Important notices

This announcement has been prepared for publication in Australia and may not be released to U.S. wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Placement Shares to be offered and sold in the Equity Placement have not been, and will not be, registered under the U.S. Securities Act of 1933 (the '**U.S. Securities Act**') or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States unless they are offered and sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

This announcement contains certain forward looking statements and comments about future events, including about the plans, objectives and strategies of Zip's management, the industry and the markets in which Zip operates, Zip's expectations about the financial and operating performance of its businesses, the timetable and outcome of

the Conversion Invitation, the outcome of the Placement and the use of proceeds thereof. Forward looking statements can generally be identified by the use of forward-looking words such as, “expect”, “anticipate”, “likely”, “intend”, “should”, “could”, “may”, “predict”, “plan”, “propose”, “will”, “believe”, “forecast”, “estimate”, “target” and other similar expressions within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements.

Forward looking statements involve inherent risks and uncertainties, both general and specific, and there is a risk that such predictions, forecasts, projections and other forward looking statements will not be achieved. A number of important factors could cause Zip’s actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements and many of these factors are beyond Zip’s control.

Forward looking statements are provided as a general guide only, and should not be relied on as an indication or guarantee of future performance and involve known and unknown risks, uncertainty and other factors, many of which are outside the control of Zip. As such, undue reliance should not be placed on any forward looking statement. Past performance information given in this announcement is given for illustrative purposes only and is not necessarily a guide to future performance and no representation or warranty is made by any person as to the likelihood of achievement or reasonableness of any forward looking statements, forecast financial information or other forecast. Nothing contained in this announcement is to be relied upon as, a promise, representation, warranty or guarantee as to the past, present or the future performance of Zip.

The information contained in this announcement does not constitute investment or financial product advice (nor taxation, accounting or legal advice), is not a recommendation to acquire Zip shares and is not intended to be used or relied upon as the basis for making an investment decision. This announcement has been prepared without taking into account the investment objectives, financial position or needs of any individuals. Before making any investment decisions, prospective investors should consider the appropriateness of the information having regard to their own investment objectives, financial situation and needs and should seek legal, accounting and taxation advice appropriate to their jurisdiction. This announcement is not a prospectus, product disclosure document or any other disclosure document or offering document under Australian law (and has not been, and will not be, lodged with the Australian Securities and Investments Commission) or any other law. This announcement is for information purposes only and is not an invitation or offer of securities for subscription, purchase or sale in any jurisdiction and neither this announcement nor anything in it shall form any part of any contract for the acquisition of Zip shares.

International Offer Restrictions

This document does not constitute an offer of new fully paid ordinary shares (“**New Shares**”) of Zip in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Cayman Islands

No offer or invitation to subscribe for New Shares may be made to the public in the Cayman Islands or in any manner that would constitute carrying on business in the Cayman Islands.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). Accordingly, this document may not be distributed, and the New Shares may not be offered or sold, in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007 no. 75. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act. The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in the Norwegian Securities Trading Act).

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the Securities and Futures Act 2001 of Singapore (the "SFA") or another exemption under the SFA.

This document has been given to you on the basis that you are an "institutional investor" or an "accredited investor" (as such terms are defined in the SFA). If you are not such an investor, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party in Singapore. On-sale restrictions in Singapore may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

The New Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" within the meaning of Article 2(e) of the UK Prospectus Regulation. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares

has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.