

22 August 2025

FY25 Results Update

Outstanding results with significant US growth and operating leverage Zip considering a dual listing on the Nasdaq

Zip Co Limited (ASX: ZIP) (“**Zip**”, or the “**Company**”) today announced its full-year results for the 12 months ended 30 June 2025 (“**FY25**”).

KEY GROUP HIGHLIGHTS

- Cash EBTDA of \$170.3m (up 147.0% vs FY24)
- Operating margin (cash EBTDA divided by total income) of 15.8% (vs 7.9% in FY24)
- Total transaction volume (TTV) of \$13.1b (up 30.3% vs FY24)
- Total income of \$1,081.1m (up 23.5% vs FY24)
- Revenue margin of 8.3% (vs 8.7% in FY24), due to higher US contribution (now 71% of TTV)
- 93.0m transactions (up 22.1% vs FY24)
- Net bad debts at 1.5% of TTV (vs 1.7% of TTV in FY24)
- Cash gross profit of \$509.0m (up 34.0% vs FY24)
- Cash net transaction margin of 3.9% (vs 3.8% in FY24)
- 6.3m active customers (up 4.6% vs FY24)
- 85.5k merchants on Zip’s platform (up 7.9% vs FY24)

Zip Group CEO and Managing Director, Cynthia Scott said:

“It has been a defining year for Zip with cash earnings growing by 147.0% to \$170.3m. We achieved several milestones including delivering over \$1b in total income and our US business generated over US\$100m of cash earnings. Disciplined execution and strong unit economics underpinned our performance, with Group operating margin almost doubling within 12 months to 15.8%.

Our customers remain at the centre of everything we do. The momentum we see in our US business - which delivered TTV and revenue growth (in USD) of 41.6% and 43.7% respectively - reflects the strength of our offering for the millions of underestimated Americans we serve, who choose Zip to manage their cash flow and everyday spending. In ANZ we scaled new, innovative products such as Zip Plus to drive engagement, supporting a return to TTV growth.

Our disciplined credit decisioning saw Group net bad debts reduce to 1.5% of TTV. We also strengthened our balance sheet having repaid all corporate debt and have been actively progressing our \$50m on-market share buyback program.

Consistent with our objective to maximise long-term shareholder value, Zip is considering a dual listing on the Nasdaq, supporting the Company’s significant growth opportunity and growing investor interest in the US.

We are well placed to deliver on our refreshed FY26 guidance and next horizon of growth, as we execute our strategic priorities of growth and engagement, product innovation, and platforms for scale, and fulfil our purpose of unlocking financial potential, together.”

DELIVERING ON OUR FY25 STRATEGIC PRIORITIES

1. Growth and engagement

US

The US business delivered an outstanding performance, with TTV increasing 41.6% year on year to US\$6.0b, continuing to outpace the broader market growth of comparable instalment products at 30 - 32%¹ while delivering credit losses below or at the lower end of our target range (1.5 - 2.0% of TTV). The result was supported by an exceptional holiday trading period over November and December which included the single largest trading day and month in Zip's history.

Customer engagement strengthened, with average spend and average transactions per customer increasing 27.6% and 20.3% respectively. Active customers also increased by 423k to 4.3m, up 11.0% year on year, supported by marketing initiatives.

Customers continue to use Zip to manage their cash flow and everyday expenses, with TTV growth driven by predominantly non-discretionary categories including grocery, education and health. In-store spend was also a key driver, representing 23% of TTV, with 65% year-on-year growth, benefiting from increased adoption of the Zip physical card.

Zip added new merchants in targeted verticals including Heritage Grocers, Tire Agent, Take 5 Oil Change, FanBasis, GameStop and Cato. Channel partnerships and embedded finance continued to build momentum, including scaling volumes and merchants through Google Pay, and expanding our work by integrating with autofill on Google Chrome in August 2025. Zip also went live for all businesses on Stripe in the US in August 2025, making it seamless for any of Stripe's millions of US merchants to offer Zip at checkout.

ANZ

The ANZ business returned to year-on-year TTV growth, up 5.5%, driven by growth in Zip Plus and increased customer engagement. The portfolio yield on Australian receivables increased to 19.3%, up 91 basis points year on year reflecting product portfolio mix. The excess spread also improved by 331 basis points to 8.7%, supported by improved funding costs and net bad debts performance.

The business collaborated with Google on the rollout of new Google Wallet features that facilitate seamless and secure payment experiences across Chrome Autofill, Google Pay and Google Services.

New merchants in targeted higher spend verticals joined Zip's platform including Cathay Pacific, National Dental Plan, Lasersight (SMS Healthcare), James Pascoe Group (Prouds, Angus & Coote and Goldmark), Green Cross Health (Life Pharmacy, NZ), Stirling Sports (NZ) and Xplosiv Supplements (NZ).

2. Product innovation

US

The US business continued to expand its 'Pay-in-Z' platform through scaling its 'Pay-in-8' instalment solution. 'Pay-in-8' was made available to all eligible customers through the App during the second half of the year and comprised 18% of TTV in 4Q25 (12% of FY25 TTV), facilitating increased customer engagement and spending with an average order value of US\$368. The business continued to develop additional flexible instalment credit solutions, with the roll out of 'Pay-in-2' to commence in 1H26 to further support customers with their everyday needs.

¹ Market growth considers weighted quarterly volume growth in comparable US BNPL instalment products.

ANZ

In ANZ, the rollout of Zip Plus was scaled to new customers in August 2024 and continued to generate strong unit economics. Zip Plus customers are highly engaged, transacting 52% more often than Zip Pay customers. Since launching to new customers, Zip Plus receivables have increased 96% and the monthly acquisition of Zip Plus customers is approximately four times higher.

Zip Personal Loan was launched in January 2025 to both new and existing customers and is yielding early results with the top use cases including cars, holidays and renovations.

3. Operational excellence

Zip Group Chief Financial Officer, Gordon Bell said:

"We are a more efficient and scalable business. Our focus on cost discipline while driving significant top line growth supported cash earnings growth and operating margin expansion. We achieved strong results on our refinancing in Australia and are in advanced stages to establish new warehouse arrangements in the US, which will deliver future savings."

Balance sheet strength

All corporate debt and associated exit fees were repaid after raising \$267.1m in new equity during the first half. As at 30 June 2025, Zip had available cash of \$137.8m, up from \$80.4m at 30 June 2024, providing increased capacity and flexibility to fund future growth.

Consistent with Zip's capital management framework, an on-market share buyback program for up to \$50m of ordinary shares was launched in April 2025. During the year, 14.8m shares were repurchased for total consideration of \$29.8m.

Receivables financing

In October 2024, Zip increased its US funding facility to US\$300.0m while improving the capital efficiency of the facility. In July 2025, short duration funding capacity was also added with the business' existing third party bank partner, providing additional funding flexibility to support US growth over the medium term.

In Australia, circa \$2.0b of receivables funding facilities were refinanced during FY25, which extended the funding tenor to 20 months while lowering the weighted average margin. In May 2025, Zip secured a cornerstone \$400m warehouse facility with a five year tenor at an attractive margin to support receivables growth.

Operating costs

Total cash operating costs of \$338.4m were up 10.2% year on year and operating margin expanded from 7.9% in FY24 to 15.8% in FY25. Marketing spend was 0.4% of TTV and included initiatives to support future customer and volume growth, particularly in the US. The Group also invested in core risk management systems, processes and people, including artificial intelligence (AI), to support additional scale.

Sustainability

In line with our commitment to operating responsibly and sustainably, key highlights for the year included recording customer NPS scores of +68 and +57 in the US and ANZ respectively, achieving an 81% Group employee engagement score and investing in carbon offsetting projects to neutralise FY24 GHG emissions.

CONSIDERATION OF NASDAQ LISTING

Zip is considering a dual listing on the Nasdaq, while maintaining its primary listing on the Australian Securities Exchange. Zip's objective is to maximise long-term shareholder value, and it is expected that a dual listing will support Zip's significant growth opportunity in the US (which now represents over 80% of divisional cash earnings). The Company has seen an increase in US investor interest with offshore institutional investors currently comprising approximately 16% of Zip's issued capital. The potential dual listing remains subject to Zip Board approval and the completion of a number of required processes, including obtaining regulatory approvals in the US.

OUTLOOK

While the operating environment continues to evolve, particularly in the US, the business is well placed to build on the results achieved in FY25. In FY26, Zip will continue to enhance its value propositions, grow and innovate attractive products and ensure its systems and processes can support additional scale, supported by the acceleration of AI tools to power Zip's workforce, processes and products.

Subject to market conditions, in FY26 Zip expects to deliver:

- US TTV growth greater than 35% (in USD), balancing profitability and loss performance. US TTV performance in July 2025 tracked in line with FY25
- Group revenue margin of circa 8%
- Group cash net transaction margin upgraded to between 3.8% - 4.2%
- Group operating margin upgraded to between 16.0% - 19.0%
- Group cash EBTDA as a % of TTV to be greater than 1.3%

BUSINESS PERFORMANCE

Financial Performance (AUD)	FY25	YoY
Revenue	\$1,071.6m	+23.5%
US	\$657.9m	+46.0%
ANZ	\$413.7m	(0.9)%
TTV	\$13,095.0m	+30.3%
US	\$9,345.3m	+43.9%
ANZ	\$3,749.7m	+5.5%
Transactions	93.0m	22.1%
US	45.3m	+33.6%
ANZ	47.7m	+12.6%

Operational Performance	At 30 Jun 2025	YoY
Active customers²	6.29m	+4.6%
US	4.25m	+11.0%
ANZ	2.04m	-6.8%
Merchants³	85.5k	+7.9%
US	24.7k	+2.4%
ANZ	60.8k	+10.3%

Net Bad Debts (% of TTV)	FY25	FY24
Group	1.52%	1.66%

² Active customers defined as customer accounts that have had transaction activity in the 12 months to 30 June 2025.

³ Number of accredited merchants.

PRESENTATION, WEBCAST AND CONFERENCE CALL

Zip will hold a webcast and conference call to discuss the FY25 result at 10:00 AM AEST today, Friday, 22 August 2025. Participants can register for the conference call by navigating to either of the links below. Registered participants will receive their dial in details upon registration.

Webcast & slide presentation registration link: <https://ccmediaframe.com/?id=qjUbpSW8>

Conference call registration link: <https://s1.c-conf.com/diamondpass/10047950-hg8a1w.html>

Note: Q&A functionality is only available through the conference call line.

This announcement was authorised for release by the Board.

- ENDS -

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About Zip

Zip Co Limited (ACN 139 546 428) (ASX: ZIP) is a digital financial services company, offering innovative and people-centred products. Operating in two core markets - Australia and New Zealand (ANZ) and the United States (US), Zip offers access to point-of-sale credit and digital payment services, connecting millions of customers with its global network of tens of thousands of merchants.

Founded in Australia in 2013, Zip provides fair, flexible and transparent payment options, helping customers to take control of their financial future and helping merchants to grow their businesses.

For more information, visit: www.zip.co

For any shareholding and registry service enquiries, please contact Computershare. Phone: 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia). Shareholders who would like to receive email communications from Computershare for all future correspondence, visit <http://www.computershare.com.au/easyupdate/ZIP>.