

30 January 2024

2Q24 Appendix 4C Quarterly cash flow report

Zip Co Limited (ASX: ZIP) (“**Zip**”, or the “**Company**”) today provides its Appendix 4C Quarterly cash flow report in accordance with ASX Listing Rule 4.7B.

Release approved by the CEO on behalf of the Board.

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About Zip

ASX-listed Zip Co Limited (ASX: ZIP) is a digital financial services company, offering innovative, people-centred products that bring customers and merchants together. Operating in two core markets - Australia and New Zealand (ANZ) and the Americas, Zip offers 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. Zip is also a licensed and regulated credit provider and is committed to responsible lending.

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>.

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Zip Co Limited

ABN

50 139 546 428

Quarter ended ("current quarter")

31 December 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	226,284	431,005
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	(11,343)	(21,060)
	(d) leased assets	-	-
	(e) staff costs	(38,091)	(76,391)
	(f) administration and corporate costs	(51,461)	(125,365)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1,464	2,869
1.5	Interest and other costs of finance paid	(69,042)	(117,693)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)		
	- Net movement in customer receivables	(148,952)	(105,690)
	- Net movement in settlement with payment partners	110,934	126,069
1.9	Net cash from / (used in) operating activities	19,793	113,744
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(c) property, plant and equipment	(36)	(270)
	(d) investments	-	(1,544)
	(e) intellectual property	-	-
	(f) other non-current assets	(4,406)	(9,626)
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	3,132	3,132
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)		
	- Movement in term deposits	(830)	1,853
	- Settlement of deferred consideration	-	(2,028)
2.6	Net cash from / (used in) investing activities	(2,140)	(8,483)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	479,117	495,841
3.6	Repayment of borrowings	(409,054)	(512,976)
3.7	Transaction costs related to loans and borrowings	(6,915)	(6,915)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)		
	- Incentive payment in relation to convertible Notes	(29,419)	(31,496)
	- Repayment of convertible notes	-	(10,753)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	- Transaction costs related to modification of convertible notes	-	(3,632)
	- Repayment of principal of leasing liabilities	(765)	(1,522)
3.10	Net cash from / (used in) financing activities	32,964	(71,453)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	260,690	275,910
4.2	Net cash from / (used in) operating activities (item 1.9 above)	19,793	113,744
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,140)	(8,483)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	32,964	(71,453)
4.5	Effect of movement in exchange rates on cash held	(7,471)	(5,882)
4.6	Cash and cash equivalents at end of period	303,836	303,836

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	160,662	129,485
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Restricted cash)	143,174	131,205
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	303,836	260,690

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	47
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: During the current quarter, a payment of \$47k was made to Peter Gray for his investment in Class C Note in Variable Funding Note 2 (VFN2) in the Zip Master Trust. The investment was made as part of a public offer process during the financial year ended 30 June 2023, on the same commercial terms as offered to each of the Class C noteholders investing in VFN2 in the Zip Master Trust.

7.	Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	<i>Note: the term 'facility' includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	Loan facilities	2,937,885	2,565,178
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	2,937,885	2,565,178
7.5	Unused financing facilities available at quarter end		372,707
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

Facility	Lender	Facility limit \$A'000	Drawn \$A'000	Maturity
Zip Master Trust				
Rated Note Series				
*2021-1	Public ABS	475,000	475,000	Apr 2024
*2021-2	Public ABS	663,500	663,500	Sep 2024
*2023-1	Public ABS	190,000	190,000	May 2026
*2023-2	Public ABS	285,000	267,000	Oct 2026
Variable Funding Note	Private Facility	535,420	352,620	Mar 2024
Variable Funding Note 2	Private Facility	143,700	125,980	Mar 2025
ZipMoney 2017-1 Trust	Private Facility	116,620	80,225	Jul 2024
AR2LLC	Private Facility	328,947	214,869	May 2024
Zip NZ Trust 2021-1	Private Facility	18,573	14,859	Jul 2024
Zip Business Trust 2022-1	Private Facility	15,293	15,293	Mar 2024
Funding Box NZ	Private Facility	15,832	15,832	Run-off
Corporate Loan Note	Private Facility	150,000	150,000	Dec 2027
Total		2,937,885	2,565,178	

In December 2023, Zip executed an agreement to refinance its US receivables funding facility of US\$225.0 million for a three-year term to December 2026 with the facility live in January 2024. In January 2024, the senior funder in the Zip Business Trust 2022-1 facility was fully repaid following the sale of Zip Capital Australia customer receivables to a third-party buyer.

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	19,793
8.2	Cash and cash equivalents at quarter end (item 5.1)	160,662
8.3	Unused finance facilities available at quarter end (item 7.5)	372,707
8.4	Total available funding (item 8.2 + item 8.3)	533,369
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>		
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 January 2024

Authorised by: Authorised by the Disclosure Committee
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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