

20 October 2025

1Q FY26 results update

Significant earnings growth and operating leverage with accelerated momentum across both markets

Zip Co Limited (ASX: ZIP) (“**Zip**”, or the “**Company**”) today announced its first quarter update for the three-month period ended 30 September 2025 (“**1Q26**”).

1Q26 GROUP HIGHLIGHTS

- Record cash EBTDA of \$62.8m (up 98.1% vs 1Q25)
- Total transaction volume (TTV) of \$3.9b (up 38.7% vs 1Q25)
- Total income of \$321.5m (up 32.8% vs 1Q25)
- Revenue margin of 8.2% (vs 8.6% in 1Q25), reflecting higher US contribution
- Transactions of 26.0m (up 21.9% vs 1Q25)
- Net bad debts of 1.6% of TTV (vs 1.6% of TTV in 1Q25)
- Cash net transaction margin (NTM) of 4.0% (vs 3.9% in 1Q25)
- Active customers at quarter end of 6.4m (up 5.3% vs 1Q25)
- Merchants on Zip’s platforms increased to 87.5k (up 9.1% vs 1Q25)
- Continued focus on operating leverage resulted in an operating margin (cash EBTDA divided by total income) of 19.5% (vs 13.1% in 1Q25)

Zip Group CEO and Managing Director, Cynthia Scott said:

“Zip continues to deliver sustainable, profitable growth at scale, with record cash earnings of \$62.8m up 98.1% year on year. This was underpinned by strong unit economics, material operating leverage and disciplined execution, driving a significant increase in operating margin to 19.5%.

We are committed to delivering exceptional experiences for our customers, with engagement deepening across both markets. In the US, TTV and revenue increased (in USD) 47.2% and 51.2% respectively, with customer growth of 12.2% (+483k) year on year ahead of the holiday trading period. In ANZ, TTV increased 11.1% year on year driven by growth in Zip Plus, and pleasingly both revenue and AU receivables returned to year on year growth.

We continued to optimise our funding portfolio with initiatives to improve capital efficiency, cost of funds, capacity and flexibility in both markets. We have also increased our on-market buy-back program from \$50m to \$100m of ordinary shares, consistent with our approach to maximise shareholder value.

Following a strong start to the year, we have upgraded our expectation for US TTV growth to be above 40% (in USD) for the year and reconfirm the remainder of our target ranges as previously announced in August. We remain focused on executing our strategic priorities of growth and engagement, product innovation and platforms for scale.”

BUSINESS PERFORMANCE

All key operating metrics are based on Zip's unaudited management financials as of 30 September 2025.

Financial performance (AUD)	1Q26	vs 4Q25	vs 1Q25
Revenue	\$318.5m	+11.3%	+32.8%
US	\$213.1m	+17.2%	+55.1%
ANZ	\$105.4m	+1.1%	+2.9%
TTV	\$3,902.5m	+8.8%	+38.7%
US	\$2,934.1m	+12.0%	+51.0%
ANZ	\$968.4m	+0.2%	+11.1%
Transactions	26.0m	+6.2%	+21.9%
US	13.6m	+12.3%	+33.0%
ANZ	12.4m	+0.1%	+11.7%
Cash NTM	4.0%	-6bps	+7bps
US	3.7%	-6bps	-19bps
ANZ	5.0%	+5bps	+90bps

Financial performance (USD)	1Q26	vs 4Q25	vs 1Q25
US revenue	\$139.2m	+19.2%	+51.2%
US TTV	\$1,916.7m	+13.8%	+47.2%

Operational performance	At 30 Sep 2025	vs 4Q25	vs 1Q25
Active customers¹	6.4m	+1.8%	+5.3%
US	4.4m	+4.0%	+12.2%
ANZ	2.0m	-2.8%	-7.4%
Merchants²	87.5k	+2.3%	+9.1%
US	24.9k	+0.6%	+2.6%
ANZ	62.6k	+2.9%	+11.9%

Net bad debts (% of TTV)	1Q26	4Q25	1Q25
Group	1.65%	1.34%	1.59%

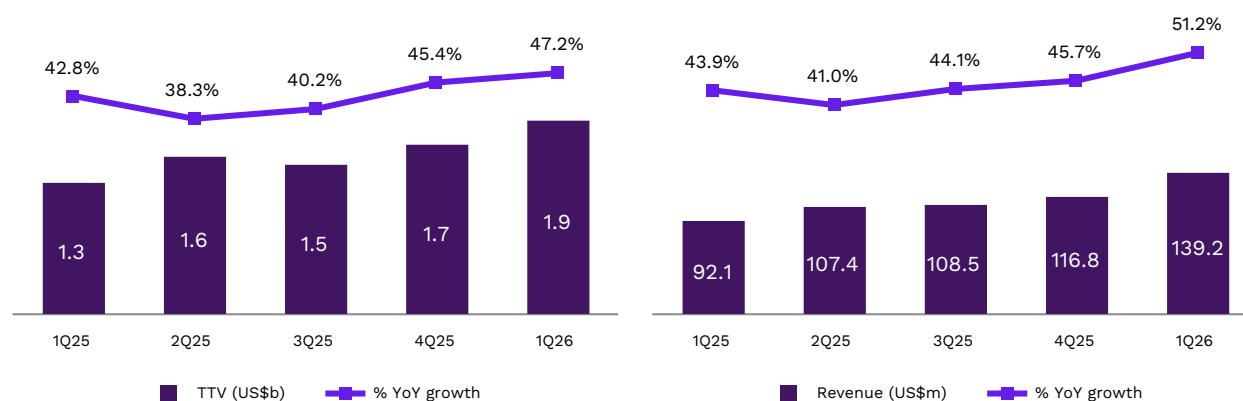
¹ Active customers defined as customer accounts that have had transaction activity in the last 12 months.

² Number of cumulative merchants that have signed up to the Zip platform.

REGIONAL UPDATES

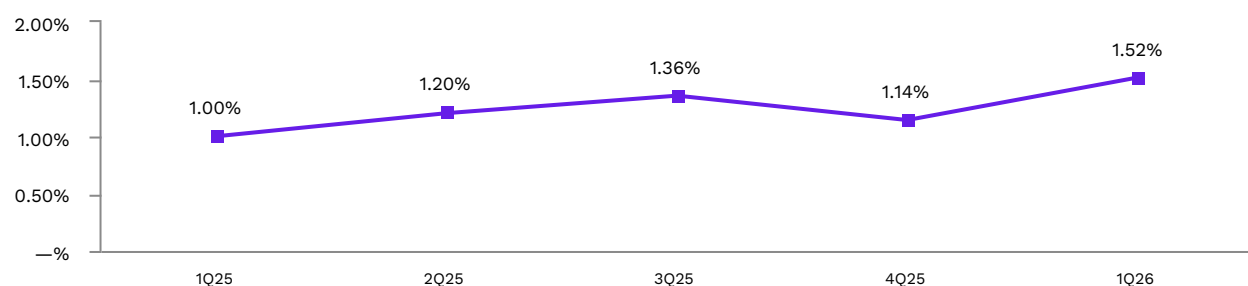
Zip US

Continued delivery of strong TTV and revenue growth



Active credit loss management supporting strong volume growth and unit economics³

(Net bad debts written off including recoveries as % of TTV)



Credit performance (USD)	1Q26	4Q25	1Q25
Net bad debts written off ³	\$29.0m	\$19.3m	\$13.1m

Key highlights in the US included:

- The US business continued to grow very strongly, with year-on-year TTV and revenue up 47.2% and 51.2% respectively, driven by growth from new and existing customers through the App and in-store. Top line growth with well managed cost of sales has delivered strong unit economics with a cash NTM of 3.7% for the quarter
- Active customers grew 12.2% (+483k) year on year providing strong momentum into the holiday trading period. Customer engagement continues to deepen with average spend and average transactions per customer increasing 27.4% and 17.8% year on year respectively
- As the business continues to expand its Pay-in-Z platform, US credit reporting has been revised to measure actual net bad debts written off, including as a proportion of TTV. The movement in net write offs reflects the accelerated growth in TTV and active customers, while supporting outcomes within our targeted unit economics

³ Net bad debts written off reflect losses fully matured and written-off in the P&L including recoveries and any fees associated.

- Merchants on the platform increased to 24.9k, up 2.6% year on year. Zip became available to all businesses on Stripe in the US in August 2025, which is yielding early results
- Embedded finance continued to build momentum, including scaling volumes and merchants through Google Pay, and integrating with autofill on Google Chrome in August 2025. Early Zip customer feedback on the autofill integration has been positive, with customers finding the checkout flow with Zip smooth and 86% of surveyed customers expressing intent to use again
- The business continued to expand its 'Pay-in-Z' platform by commencing the pilot of 'Pay-in-2', allowing payments over two weeks to further support customers with smaller, everyday purchases such as groceries and utilities
- Investment in strategic brand awareness initiatives including on-site activations in sports with the Philadelphia Phillies and Comcast Spectacor (owner of Xfinity Mobile Arena, Philadelphia Flyers and Philadelphia Wings) to drive product awareness and scale App usage, both online and in-arena. In addition, Zip has partnered with Opportunity Knocks, the nationally televised reality series on PBS that transforms lives of underestimated Americans through hands-on financial guidance
- On 23 September 2025, the CFPB informed Zip US that in relation to the Notice and Opportunity to Respond and Advise (NORA) process the matter has been closed

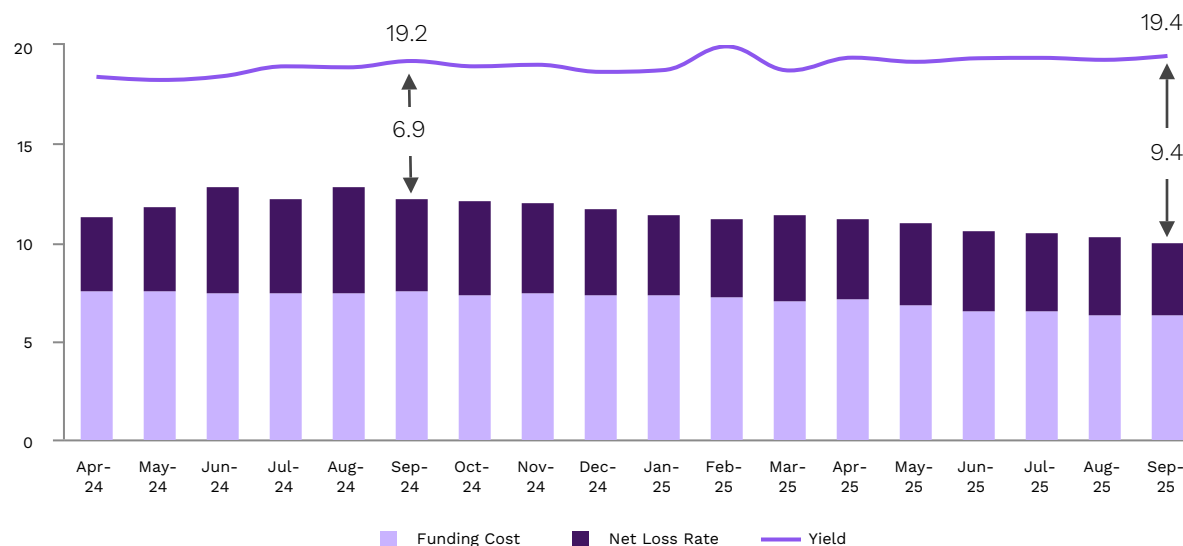
Zip ANZ

Portfolio yield ⁴	As at 30 Sep 25	As at 30 Jun 25	As at 30 Sep 24
AU consumer receivables	19.4%	19.3%	19.2%

Credit performance (AU) ⁴	As at 30 Sep 25	As at 30 Jun 25	As at 30 Sep 24
Arrears ⁵	2.53%	2.77%	2.92%
Net bad debts ⁶	3.33%	3.67%	4.18%
Receivables	\$2,085.7m	\$2,108.5m	\$2,032.5m

Zip AU portfolio yield and excess spread increased year on year

Zip AU book performance (excess spread)
(% of AU consumer receivables)



⁴ Calculated on receivables related to Zip AU's Master Trust facilities and funding vehicle 2017-1 Trust.

⁵ Gross arrears are greater than 60 days past due.

⁶ Net bad debts are calculated as annualised net write-offs in the months of September 2025, June 2025 and September 2024 (net write-offs for the month x 12) over opening receivables for the month.

Continued positive net bad debts performance

(% of AU consumer receivables)



Key highlights in ANZ included:

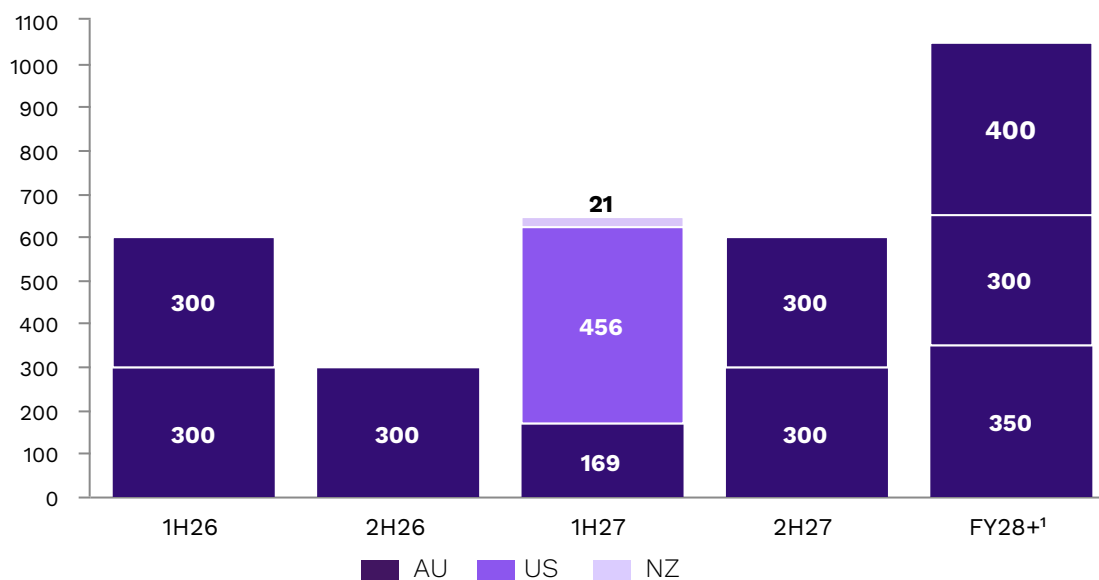
- Momentum continued to accelerate with TTV increasing 11.1% year on year reflecting growth in Zip Plus, increased customer engagement, and strategic marketing and merchant go-to-market activities
- Following initiatives to position the business for growth in FY26, revenue and AU receivables increased 2.9% and 2.6% year on year respectively. Growth in AU receivables and ongoing operating discipline are expected to drive future profitable growth
- Portfolio yield of 19.4% was up 26 basis points year on year, reflecting product portfolio mix. Excess spread expanded 246 basis points to 9.4% reflecting improved funding costs benefitting from favourable outcomes on receivables refinancing, and strong credit outcomes. Pleasingly arrears rates, a future indicator of net bad debts, also continued to improve
- Customer adoption of the new Google Wallet features rolled out in collaboration with Google in June 2025 has supported increased engagement
- Merchants on the platform increased to 62.6k, up 11.9% year on year. The business expanded across targeted verticals, adding Advanced Hair (AU), Buy Kiwi (NZ), IAG (HomeHub, MotorHub and First Rescue NZ) and Online Meats (NZ)
- Zip integrated with Xero Invoicing via Stripe in Australia, enabling small businesses on the Xero platform with a Stripe account to add Zip's flexible payment solutions directly on their invoices, providing customers with greater payment flexibility and helping small businesses reduce payment friction and support cash flow management

FUNDING FACILITIES

(as at 30 September 2025)

	Facility vehicle	Facility limit	Drawn at Sep 2025
AU	Various	\$2,578.0m	\$1,945.8m
US	AR3LLC	US\$300.0m	US\$235.0m
NZ	Zip NZ Trust 2021-1	NZ\$20.0m	NZ\$5.5m

Maturity profile (\$m)



¹ \$350m in 1H28, \$300m in 1H29 and \$400m in 2H30.

Key highlights included:

- As at 30 September 2025, Zip AU had \$632.2m undrawn and available facilities to fund receivables
- In July 2025, Zip AU completed a new \$300m bond issuance (2025-1) at a weighted average margin of 1.79%, compared to 2.13% achieved on the previous public ABS term deal in September 2024
- Zip US has progressed strategic funding initiatives that provide improvements in capital efficiency, cost of funds, funding capacity and flexibility. In July 2025, the business enhanced its short-term financing arrangements with its existing third-party bank partner, providing additional capacity ahead of the 2Q26 holiday season

Cash and liquidity

As at 30 September 2025, Zip had \$451.5m of total cash on the balance sheet with \$212.0m in available cash and liquidity, up from \$137.8m on 30 June 2025.

Capital management

Zip announced today an increase to the limit of its existing on-market share buy-back from \$50m to \$100m of ordinary shares. The buy-back began in late April 2025 for a period of up to 12 months. As at 3 October 2025, 17.8m shares had been purchased for total consideration of \$43.4m.

The increase in the on-market share buy-back is consistent with Zip's capital management framework and reflects the strength of the Zip balance sheet, the continued delivery of operating cash flows and Zip's outlook for future profitable growth.

OUTLOOK

Following a strong start to the year and continued momentum, Zip now expects its US TTV growth for FY26 to be above 40% (in USD) (previously greater than 35%). Zip reconfirms the remainder of its FY26 target ranges as previously announced in August 2025 and will report on progress at the 1H26 result.

In line with its announcement to the market in August 2025, Zip continues to consider a dual listing on the Nasdaq, while maintaining its primary listing on the Australian Securities Exchange. 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.

This announcement was authorised for release by the Group CEO and Managing Director on behalf of the Board.

- ENDS -

Disclaimer

The figures presented in this document are based on preliminary data and have not been audited. While every effort has been made to ensure the accuracy of the information, these figures are subject to change.

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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>.