20 August 2026

FY26 Results Update
Record results exceeding FY26 targets
FY27 cash EBTDA guidance of $340m up 26% with operating margin expansion

Zip Co Limited (ASX: ZIP) ("**Zip**", or the "**Company**") today announced its full-year results for the 12 months ended 30 June 2026 ("**FY26**").

KEY HIGHLIGHTS

- Record cash EBTDA of $268.9m (up 57.9% vs FY25)
- Significant operating margin expansion to 20.0% (vs 15.8% in FY25)
- Total transaction volume (TTV) grew to $16.7b (up 27.2% vs FY25), US TTV up 42.5% (in USD)
- Total income increased to $1,347.4m (up 24.6% vs FY25)
- Revenue margin of 8.1% (vs 8.3% in FY25) reflecting higher US contribution (now 76% of TTV)
- Transactions of 112.1m (up 20.5% vs FY25)
- Net bad debts at 1.77% of TTV (vs 1.52% in FY25) in line with management targets and strategic settings including US net bad debts at 1.73% of TTV (1.67% in 4Q26)
- Cash gross profit of $642.3m (up 26.2% vs FY25)
- Strong cash net transaction margin of 3.9% (vs 3.9% in FY25)
- Active customers grew to 6.5m (up 3.7% vs FY25)
- Merchants on Zip's platforms increased to 97.4k (up 13.8% vs FY25)
- Material increase in statutory net profit after tax to $116.4m (up 45.7% vs FY25)

Zip Group CEO and Managing Director, Cynthia Scott said:

> *"Consistent execution has built the platform to deliver our next phase of growth and innovation. In FY26, we exceeded our targets with record cash earnings of $268.9m, up 57.9%, underpinned by material cash earnings growth in both markets. We maintained strong unit economics, expanded operating leverage and reinforced the value of our differentiated business model.*
>
> *Our focus on exceptional customer experiences is translating into stronger engagement. In the US, we achieved more than 40% growth in both TTV and revenue for a second consecutive year while adding new customers at scale. In ANZ, we returned to revenue and Australian receivables growth, led by the continued success of our Zip Plus product.*
>
> *We delivered strong credit outcomes, strengthened our funding platforms and embedded AI across our people, processes and products. We also returned $150 million to shareholders through share buybacks and continue to optimise our capital structure, with new capital management initiatives announced today.*
>
> *Looking ahead, we are focused on executing on our FY27 strategic priorities to drive growth and innovation, and investing for long-term scale. In FY27, we are targeting strong Group cash earnings of $340m in FY27, representing material growth of 26%, and continued operating margin expansion."*

STRONG EXECUTION AGAINST FY26 STRATEGIC PRIORITIES

1. Growth and engagement

US

Zip US continued to perform very strongly, with TTV and revenue growth of 42.5% and 44.3% (in USD) respectively off an increasingly larger base. This was supported by active customer growth of 9.3% (+394k) and stronger customer engagement, with spend and transactions per customer increasing 30.5% and 23.1% respectively.

The majority of TTV continued to be derived from predominantly non-discretionary expenditure, with health, education, auto and transport the fastest growing categories. In-store also remained a key growth driver, up 67% to represent 27% of TTV supported by continued uptake of the physical card.

Net bad debts were 1.7% of TTV, within the FY26 target range of 1.5 - 2.0%. This reflects Zip's ability to profitably underwrite low-to-middle income Americans, supported by a short duration portfolio of circa seven weeks, low average order value of US$141 and strong repayment rates with over 98% of transaction volumes repaid in full.

Merchant growth accelerated, up 24.6% to 30.8k, including adding large enterprise merchants such as Temu, Optimum, BondVet, JD Sports and Rally House. Since achieving general availability for all Stripe merchants in the US in August 2025, 5,200 merchants have been added through the partnership, primarily small-to-medium sized businesses.

Zip US continued to scale volumes and merchants through Google Pay, and integrated with autofill on Google Chrome in August 2025.

ANZ

Zip ANZ delivered profitable growth, led by Zip Plus, with improved conversion of TTV growth to revenue, which increased 4.6%, and Australian receivables which grew 9.4%. The portfolio yield on Australian receivables remained healthy at 19.0%. The excess spread of 8.4% was strong with the year-on-year movement in line with yield reflecting product portfolio mix. Cash earnings approximately doubled to $69.5m, which was an outstanding result.

Customer engagement strengthened as the business continued to attract and retain highly engaged, loyal customers, with spend and transactions per customer increasing 15.4% and 16.7% respectively. Growth continued across both non-discretionary categories (including utilities, insurance, health, education and groceries) and discretionary categories (including solar, dining and entertainment), reflecting Zip's value proposition across both everyday spend and life's bigger moments.

The business added 5,800 merchants in targeted verticals, including The Iconic, Samsung, Expedia Group, Australian Outdoor Living, Didi and White Fox Boutique, and the business executed three new integrations with Xero via Stripe, Mint Payments and PingPong Payments.

In July 2026, Zip commenced the wind down of its New Zealand operations to simplify and streamline operations, reflecting Zip's focus on investment in its Australian business.

2. Product innovation

US

The US business continued to expand its Pay-in-Z platform with Pay-in-2 being made available to all customers in February 2026, with Pay-in-2 delivering transactions growth of 86% quarter on quarter in 4Q26. Pay-in-2 strengthens Zip's value proposition for everyday spend, including groceries and utilities, with an average order value of US$62. Zip US also scaled its My Bills feature in-app to 50% of customers, further supporting customers with recurring bill payments.

Zip US advanced its agentic capabilities through the launch of its AI-powered virtual agent Zia. To position Zip for the evolution of agentic commerce, the business joined Google's agent payment protocol, partnered with IXOPAY to create a Unified Trust Layer and announced its support of Stripe's Shared Payment Tokens.

ANZ

To support customers with greater flexibility to manage everyday and discretionary spend the business introduced a digital credit limit increase capability for Zip Plus. Customers with higher limits (>$8,000) are highly engaged and transact 2.6x more often than all other Zip Plus customers.

The business also enhanced the mobile app experience through greater personalisation of its AI-powered customer chatbot Zigi, the rollout of new Google Wallet features and the launch of a recurring payments hub to support customers with subscription and bill payments. In Australia, Zip also joined Visa's Agentic Ready Program to test and shape agentic commerce experiences.

Zip Australia launched its new mobile offering, ZMobile to existing customers in May 2026, which also delivers a new capital-light revenue stream for Zip. Early uptake and customer feedback is positive, with plans to rollout the offering to new customers in 1H27.

Embedding AI

Zip continued to deliver on its AI strategy with AI increasingly embedded across merchant onboarding, underwriting, collections, compliance, engineering and customer experience to accelerate speed to market. Within Zip's technology disciplines, 86% and 57% of all code is now AI-assisted in the US and Australia respectively, driving increased software development velocity.

3. Platforms for scale

Material operating leverage

Zip continued to deliver strong unit economics and significant operating leverage, with the Group operating margin expanding 420 basis points to 20.0%. Cash earnings grew 51.4% to US$154.7m in the US, and 98.6% to $69.5m in ANZ. Zip continued to invest in risk management, credit underwriting and technology platforms to support additional scale in both markets.

Strengthened platform

In the US, Zip established a new, two-year US$283.4m warehouse facility in October 2025 and has mandated underwriters for a rated ABS deal due to price and close in 1Q27, delivering a material improvement in funding costs, diversifying Zip's funding sources and supporting future growth.

In Australia, Zip successfully executed a new $400m rated note issuance in November 2025 and a five-year $300m rated note issuance in February 2026 at attractive margins.

Consistent with its capital management framework, Zip completed on-market share buybacks totalling $150m with 59.7m shares repurchased. Zip also acquired 5.9m of shares on market via its Employee Share Trust to minimise dilution from Equity Incentive Plan allocations in August 2025.

As at 30 June 2026, Zip had available cash and liquidity of $246.5m, up from $137.8m at 30 June 2025, providing ample capacity and flexibility to pursue future growth opportunities.

Sustainability

Zip refreshed its sustainability strategy which is underpinned by three pillars - Inclusion and Potential, Environment, and Governance and Risk. Key highlights for the year included maintaining strong customer NPS scores of +72 and +76 in the US and ANZ respectively, achieving a 79% Group employee engagement score and powering operations with 100% renewable electricity.

CAPITAL MANAGEMENT

Potential share consolidation

Zip is considering a consolidation of its shares to reduce the number of shares on issue to a level considered more appropriate for Zip's size and market position and may broaden the appeal of Zip shares to a wider range of investors.

If Zip proceeds with a share consolidation, the same consolidation ratio would apply to all ordinary shareholders, subject to the treatment of any fractional entitlements. The consolidation would require shareholder approval, which Zip currently intends to seek at its 2026 AGM. Further details would be provided in the required ASX announcements and in Zip's AGM Notice of Meeting.

On-market share buyback

Consistent with its capital management framework, Zip is announcing an on-market share buyback of up to $50m to be undertaken during FY27 (the Buy-Back Program). This reflects Zip's strong balance sheet position, continued free cash flow generation and outlook for future growth.

The timing and number of shares purchased under the Buy-Back Program will depend on several factors including market conditions, Zip's prevailing share price and opportunities to utilise capital within the business as they emerge. Zip reserves the right to vary, suspend or terminate the Buy-Back Program at any time.

Zip will conduct the Buy-Back Program in accordance with the Corporations Act and ASX Listing Rules. The Buy-Back Program is expected to commence following the completion of the first phase of the on-market share purchases for the Equity Incentive Plan and may continue for a period of up to 12 months.

FY26 Equity Incentive Plan

Zip intends to acquire up to $37.5m of Zip's ordinary shares via its Employee Share Trust to mitigate the dilution impact from Equity Incentive Plan (EIP) allocations. The final number of shares to be purchased will be dependent on the price paid.

On-market purchases are consistent with Zip's capital management framework and will be conducted in a phased approach in FY27. The first phase will commence on or around 31 August 2026 and is expected to conclude on or around 9th September 2026. The securities will be placed into the Employee Share Trust until allocation in accordance with the terms under the EIP.

In accordance with Listing Rule 4.10.22, the total number of securities purchased on-market during the reporting period and average price per security at which the securities were purchased will be disclosed in Zip's 2027 Annual Report.

CONSIDERATION OF DUAL LISTING

Zip continues to monitor market conditions and consider a potential dual listing on a US stock exchange. Any dual listing remains subject to Board and regulatory approvals and would proceed only if considered in the best interests of shareholders.

OUTLOOK

In FY27, Zip will execute on its two strategic priorities to drive growth and innovation, and invest for long-term scale. Subject to market conditions, in FY27 Zip expects to deliver:

- US TTV growth greater than 30% (in USD) from an increasingly larger base, balancing profitability and loss performance
- Group revenue margin of circa 8%
- Group cash net transaction margin of between 3.8% - 4.0%
- Group operating margin to expand to between 20% - 22%
- Group cash EBTDA of $340m, representing material growth of 26% year on year

BUSINESS PERFORMANCE

Financial performance (AUD)	FY26	YoY
Revenue	**$1,336.1m**	**+24.7%**
US	$903.1m	+37.3%
ANZ	$432.9m	+4.6%
TTV	**$16,654.7m**	**+27.2%**
US	$12,672.3m	+35.6%
ANZ	$3,982.4m	+6.2%
Transactions	**112.1m**	**20.5%**
US	60.9m	+34.5%
ANZ	51.2m	+7.4%

Financial performance (USD)	FY26	YoY
US revenue	$613.1m	+44.3%
US TTV	$8,604.3m	+42.5%

Operational performance	At 30 Jun 2026	YoY
Active customers[1]	**6.52m**	**+3.7%**
US	4.65m	+9.3%
ANZ	1.88m	-8.0%
Merchants[2]	**97.4k**	**+13.8%**
US	30.8k	+24.6%
ANZ	66.6k	+9.5%

Net bad debts (% of TTV)	FY26	FY25
Group	1.77%	1.52%

[1] Active customers defined as customer accounts that have had transaction activity in the 12 months to 30 June 2026.
[2] Cumulative merchants that have signed up to the Zip platform.

PRESENTATION, WEBCAST AND CONFERENCE CALL

Zip will hold a webcast and conference call to discuss the FY26 result at 10:00 AM AEST today, Thursday, 20 August 2026. 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=SnteCPZ2

Conference call registration link: https://s1.c-conf.com/diamondpass/10055578-jh12e6.html

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

UPCOMING INVESTOR ENGAGEMENT DATES

- B. Riley Fintech Conference, New York - Thursday, 10 September 2026
- Oppenheimer Fintech Conference, New York - Tuesday, 15 September 2026
- Zip 1Q FY27 results - Friday, 23 October 2026
- Evans & Partners SMID Caps Conference, Melbourne - Wednesday, 28 October 2026
- UBS Australasia Conference, Sydney - Tuesday, 10 November 2026
- Zip Annual General Meeting - Thursday, 19 November 2026

This announcement was authorised for release by the Board.

– ENDS -

For more information, please contact:

Investors
Vivienne Lee
Senior Director, Investor Relations & Sustainability
vivienne.lee@zip.co

Media
Chloe Rees
Senior Director, Communications & Corporate Affairs
chloe.rees@zip.co

For general investor enquiries, email investors@zip.co

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[3] (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

[3] On 17 July 2026 Zip announced a wind down of its New Zealand operations.

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.