



14 April 2021

**Zip announces A\$400 million senior convertible notes offering
to accelerate global expansion**

Zip Co Limited ACN 139 546 428 (ASX: Z1P) ("**Zip**" or the "**Company**") announced it has today launched an offering of A\$400m senior unsecured convertible notes due 2028 (the "**Notes**"), (the "**Offering**"). The Notes are convertible into fully paid ordinary shares of Zip (the "**Ordinary Shares**").

Zip Co-founder and COO, Peter Gray said:

"We are very excited to welcome a new group of global investors to the Zip ecosystem, embracing our journey and mission to be the first payment choice everywhere and every day.

The additional capital from this Offering will support the active pursuit of both core and international growth opportunities, as Zip becomes a truly global BNPL player, leveraging our very strong momentum and the worldwide shift away from the broken credit card, towards a better, fairer digital alternative".

The Offering is being marketed to eligible investors with the final terms and conditions of the Notes to be determined via a book-build process expected to be completed prior to market open tomorrow. A summary of the key terms and conditions of the Notes is set out in the Appendix of this announcement.

It is intended that the proceeds of the Offering (net of commissions, professional fees and other administrative expenses) will be used to drive growth in core markets, expand into new regions and for general corporate purposes.

It is intended that the Notes will be listed on the Official List of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). Conversion of the Notes will be physically settled by the issuance of new Ordinary Shares.

Jarden Australia Pty Limited ("**Jarden**") and Merrill Lynch Equities (Australia) Limited ("**MLEA**") are acting as Joint Lead Managers ("**JLMs**") on the Offering.

In connection with the Offering, to facilitate some or all of the hedging activity that may be executed in relation to the Notes:

- Jarden intends to sell ordinary shares (the "**Delta Placement**") to facilitate some or all of the hedging activity that may be executed in relation to the Notes; the manner of conducting the Delta Placement will be determined by Jarden, in consultation with Zip. The clearing price per Ordinary Share under the Delta Placement will be used as the reference share price for the Notes.
- One of the founders of Zip ("**Stock Lender**") intends to enter into a stock lending agreement with Merrill Lynch International (the "**Stock Borrower**") pursuant to which the Stock Lender will lend a certain number of Ordinary Shares to the Stock Borrower, and the Stock Borrower will

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be required to return the borrowed Ordinary Shares to the Stock Lender pursuant to the terms of the agreement ("**Stock Borrow Facility**").

Co-founders Larry Diamond and Peter Gray have expressed an intention to sell a small portion of their holdings (up to 1.5 million and 0.5 million Ordinary Shares respectively). Proceeds from the sale will be used primarily to fund their respective tax liabilities. This sale is intended to be executed in conjunction with the Delta Placement.

An independent sub-committee of the Board has determined that it was in the best interests of Zip's shareholders to enable this transaction.

Release approved by the Chief Executive Officer on behalf of the Board.

– ENDS –

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About Zip

ASX-listed Zip Co Limited (Z1P: ASX) is a leading player in the digital retail finance and payments industry. The company offers point-of-sale credit and digital payment services to the retail, home, health, automotive and travel industries. Zip has operations across Australia, New Zealand, South Africa, the United Kingdom and the USA. Zip also owns Pocketbook, a leading personal financial management tool. The company is focused on offering transparent, responsible and fairly priced consumer and SME products. Zip's platform is entirely digital and leverages big data in its proprietary fraud and credit-decisioning technology to deliver real-time responses. Zip is managed by a team with over 100 years' experience in retail finance and payments and is a licensed and regulated credit provider.

For more information, visit: www.zip.co

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Appendix:

Key terms of the Notes:

Issuer	Zip Co Limited
Issue Size	A\$400m
Status	Direct, unconditional, unsubordinated and unsecured obligations of the Issuer
Maturity Date	23 April 2028 (7 years)
Investor Put Date	23 April 2025 (4 years)
Redemption Price at Maturity	112.97% - 116.96% of the principal amount
Early Redemption Amount	The amount that would provide a holder who purchased the Notes at the Issue Price on the Closing Date with a gross compound yield of 1.75% - 2.25% per cent per annum (calculated on a semi-annual basis)
Coupon	Zero
Conversion Premium	32.5% - 42.5% above the Reference Share Price
Reference Share Price	The clearing price of the Delta Placement
Settlement	The conversion of the Notes will be physically settled by the issuance of new Ordinary Shares determined by dividing the principal amount of the Notes to be converted by the applicable conversion price.
Conversion Price Adjustment	Standard anti-dilutive adjustments including a Conversion Price adjustment for all dividends paid by Zip.
Listing	SGX-ST
Selling Restrictions	Reg S (Cat 1) only
MiFID II professionals/ECPs – only/No PRIIPs KID	Manufacturer target (MiFID II product governance) is expected to be eligible counterparties and professional clients only (all distribution channels). No PRIIPs key information document (KID) has been prepared as not available to retail in the European Economic Area.
UK MiFIR professionals/ECPs – only/No PRIIPs KID	Manufacturer target (UK MiFIR product governance) is expected to be eligible counterparties and professional clients only (all distribution channels). No PRIIPs key information document (KID) has been prepared as not available to retail in the United Kingdom.

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This announcement does not constitute or form part of any offer to purchase, a solicitation of an offer to purchase, an offer to sell or an invitation or solicitation of an offer to sell, issue or subscribe for any Notes. No prospectus, product disclosure document or other disclosure document as that term is defined in the Corporations Act 2001 (Cth) ("**Corporations Act**") has been or will be lodged with the Australian Securities and Investments Commission in relation to the Notes. Each Joint Lead Manager has severally warranted and agreed that it has not and will not offer, or invite applications for the issue of any Notes or offer any Notes for issued or sale in Australia (including an offer or invitation which is received by that person in Australia) except in accordance with the Corporations Act. Any offering of the Notes in Australia will be open only to select investors who are sophisticated or professional investors within the meaning of sections 708(8) or 708(11) of the Corporations Act and who are not "retail clients" within the meaning of section 761G of the Corporations Act.

Neither this announcement nor any copy hereof may be taken into or distributed in the United States.

This information contained in this announcement is not for distribution, directly or indirectly, in or into the United States. This announcement does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States. The Ordinary Shares and the Notes mentioned herein have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold in the United States except pursuant to registration or an exemption from the registration requirements of the Securities Act. No public offering of the Ordinary Shares or the Notes will be made in the United States.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The JLMs, together with their respective related bodies corporate, shareholders and affiliates, and each of their respective officers, directors, employees, affiliates, agents and advisers (each a "**Limited Party**") have not authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this announcement and there is no statement in this announcement which is based on any statement made by the JLMs or any other Limited Party. To the maximum extent permitted by law, the JLMs and each other Limited Party expressly disclaim all liabilities (including for negligence) in respect of, and take no responsibility for, any part of this announcement, and make no representation or warranty (whether express or implied) regarding any part of this announcement, including as to the currency, accuracy, reliability or completeness of any information in this announcement.

Neither the JLMs nor any other Limited Party makes any recommendations as to whether any potential investor should participate in the Offering. Further, neither the JLMs nor any other Limited Party accepts any fiduciary obligations to or relationship with any investor or potential investor in connection with the Offering or otherwise, and by accessing this announcement each recipient expressly disclaims any such fiduciary relationship and agrees that it is responsible for making its own independent judgements with respect to the Offering and any other transaction or other matter arising in connection with this announcement.

The JLMs and other Limited Parties may have interests in the securities of Zip. Further, they may act as market maker or buy or sell those securities or associated derivatives as principal or agent. Such persons may receive fees or other benefits for engaging in their activities.

Determination of eligibility of investors for the purposes of the Offering is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and

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the discretion of Zip and/or the JLMs. To the maximum extent permitted by law, Zip, the JLMs and the Limited Parties each disclaim any duty or liability (including for negligence) in respect of the exercise of that discretion or otherwise. The JLMs may rely on information provided by or on behalf of institutional investors in connection with managing, conducting or underwriting the Offering without having independently verified that information and the JLMs do not assume responsibility for the accuracy or completeness of the information.

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