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# E-commerce meets buy now, pay later in \$200m IPO hopeful Zebit

Sarah Thompson, Anthony Macdonald and Tim Boyd

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Jul 27, 2020 – 9.34pm



ASX-aspirant Zebit will look to harness [the momentum that's built behind e-commerce and buy now, pay later stocks](#) through the pandemic, when it starts its run at the local bourse in September.





Zebit is primarily an e-commerce platform.

Street Talk understands Zebit was gearing up to launch an investor roadshow for its initial public offering as soon as reporting season wrapped up and had tapped stockbroker Shaw and Partners to give it a hand.

It is understood the company will look to raise \$US30 million (\$42 million) for the IPO, which would imply a \$200 million market capitalisation on the local bourse.

The US-based Zebit is primarily an e-commerce business, that sells more than 90,000 products from 75 suppliers but it also has an in-house buy now, pay later offering specifically targeted at customers that can't get credit elsewhere.

Its business model has proved successful in the past three years, with Zebit's revenue compound annual growth rate hitting 102.8 per cent from fiscal 2017 to fiscal 2019 and its gross profit CAGR nudging 138 per cent over the same period.

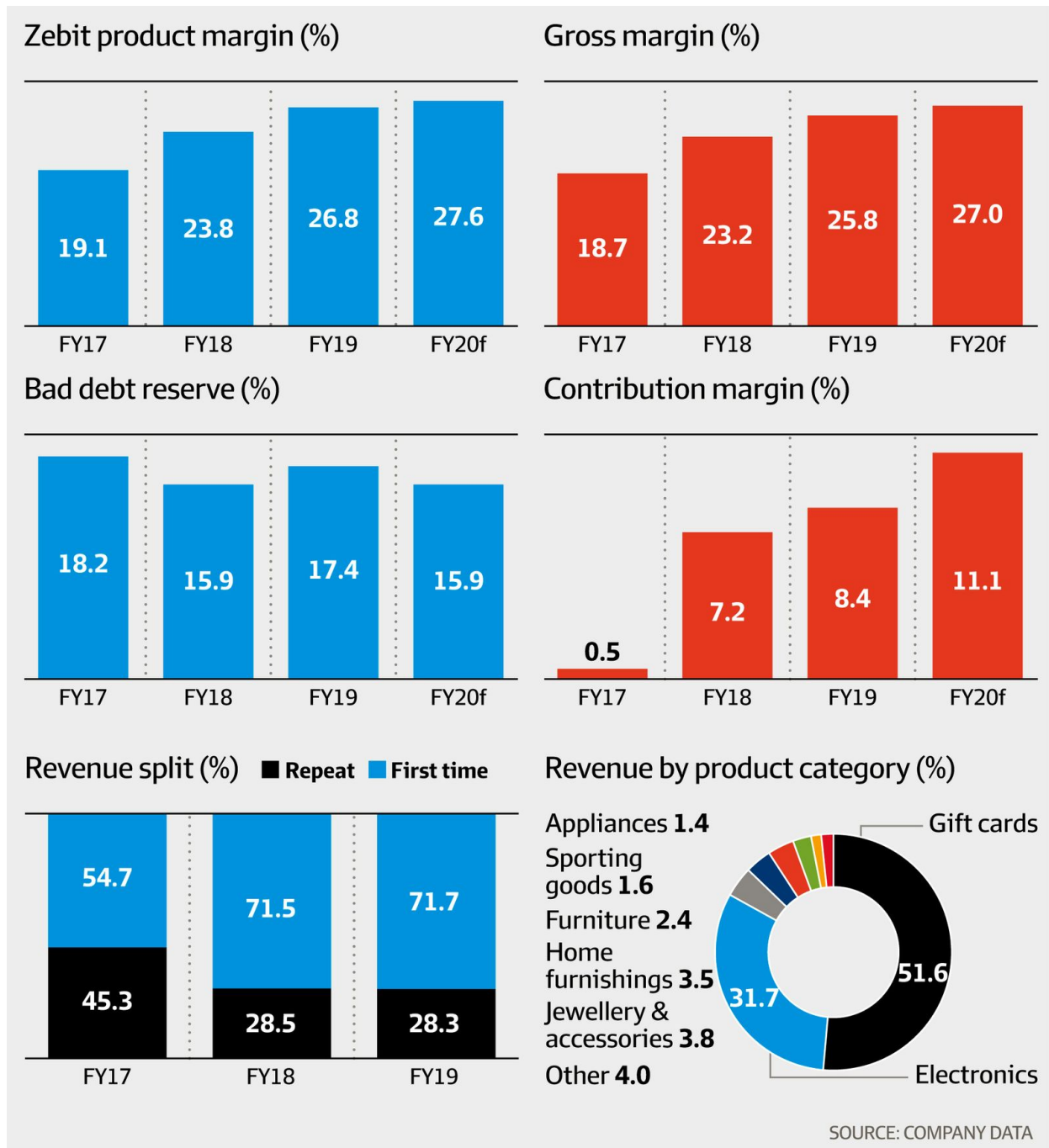
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The company posted \$US85.5 million in revenue for the 2019 financial year, with 71.7 per cent of that coming from repeat patronage, according to a slide deck that landed in front of funds this month as part of an early-look roadshow.

Almost all of Zebit's customers use its in-house buy now, pay later system because they typically do not qualify for mainstream credit products, as their FICO scores – a US credit rating – aren't good enough.



The company reckons it's a market that BNPL rivals like Afterpay and Sezzle don't go after but was a lucrative opportunity, with 154 million under-served customers in the US and an \$US85 billion addressable market.

In the 2019 financial year, Zebit's bad debt expenses as a percentage of revenue were 17.4 per cent but the company is in the process of rolling out a new registration system to bring the proportion of bad debts down.

Potential investors were told the company does not own any warehouse facilities or inventory of its own but rather puts orders through to its suppliers who then dispatch the products to customers on its behalf.

Shaws helped Zebit close a \$US5.5 million pre-IPO funding round in December last year, which was backed by New York-based Brasidas Investment Management, led by Aussie Jon Withaar.

Zebit was founded in 2015 and is led by co-founder and chief executive Marc Schneider.

He is supported by a board of heavy-hitting American businesspeople, including former PayPal president Scott Thompson, ex-deputy general counsel at Google Miriam Rivera and former FICO CEO Larry Rosenberger.

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