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Zebit, Inc.

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<https://zebit.com/investor-center/>

Zebit, Inc. (“**Zebit**” or the “**Company**”), a mission-focused eCommerce company committed to changing the lives of US credit-challenged consumers, presents its results to shareholders for the quarter ended 30 June 2022 (“**2Q22**”). The results below are unaudited and expressed in US dollars under US GAAP unless otherwise noted.

2Q22 HIGHLIGHTS

- Revenue of US\$10.2 million¹;
- Average Order Value of US\$279²;
- Product Margin of 27.8%³
- Gross Margin of 26.9%⁴;
- Provision for Bad Debts of 9.3%⁵;
- Contribution Margin of 17.6%⁶; and
- Unrestricted cash at end of the quarter of US\$5.4 million.

1H22 HIGHLIGHTS

- Revenue of US\$19.2 million;
- Average Order Value of US\$281;
- Product Margin of 28.5%
- Gross Margin of 27.3%;
- Provision for Bad Debts of 11.4%; and
- Contribution Margin of 15.9%.

SUMMARY

Zebit deliberately dampened revenue in 1H22 to extend the Company’s cash runway during the ASX delisting process and to allow management time to secure a capital raise to fund business operations. During this period, the Company limited marketing investment to acquire new customers, raised down payments at check out, tightened underwriting thresholds at registration and the point of sale, and removed most e-certificates from its website that have historically comprised 50%+ of monthly revenue. In addition, the Company reduced its cost structure by renegotiating major data provider agreements and eliminating approximately US\$1.8 million of staffing and related costs.

¹ Revenue is the gross merchandise value (GMV) plus shipping revenue plus net margin on warranties sold less any post month adjustments for customer rebates. Revenue is recognized at the point the product is delivered to the end buyer.

² Average Order Value (AOV) is defined as revenue divided by the number of orders delivered to the end customer base.

³ Product Margin is defined as the sales price for a product less its cost of goods sold.

⁴ Gross Margin is defined as the Product Margin less shipping profit or loss, logistics costs, and refunds.

⁵ The provision for Bad Debts is the estimate of Bad Debts that Zebit expects to book for historical revenue vintages with a positive underlying Accounts Receivable balance. The initial provision is estimated for each monthly revenue cohort by applying historical loss data against a segmented view of the monthly revenue cohort that considers prior repayment history, customer tenure and repayment methods. The initial provision is net of any expectation of recoveries related to payments received after the receivable has been written off. The provision for Bad Debts is not a static number at any point in time, as it is influenced by new revenue months, potential adjustments from prior periods as collection experience matures, and offsets related to recoveries of written off debt and other factors.

⁶ Contribution Margin is Gross Margin less the provision for Bad Debts.

Zebit ended 2021 with US\$7.7 million of unrestricted cash and US\$15.4 million drawn in debt from its facility (“**Facility**”) with Bastion Consumer Funding II (“**Bastion**”). By the end of 1H22, the Company had US\$5.4 million of unrestricted cash on the balance sheet, US\$4.96 million drawn against the Facility, and successfully paid down Bastion over US\$10.4 million in principal balance and US\$626K in interest and account fees. In May 2022, the Facility was amended to increase the borrowing base limitation from 80% to 90% of the cost of goods sold on all eligible receivables. Given the growth in accounts receivable during June-July, the Company drew US\$1.5M in cash from the Facility on 1 August.

The Company secured US\$10 million in cash via a capital raise in the form of a convertible note. Information about the raise was email or physically mailed to all shareholders and was posted on the Company’s investor website at <https://zebit.com/investor-center/>. The cash came into the business across five separate financial closings dated 6 May, 15 June, 30 June, 29 July, and 5 August, where the Company raised approximately US\$3.8 million, US\$237.5K, US\$1.94 million, US\$3.65 million, and US\$355K to total US\$10 million cumulatively. The cash is expected to fund the business to EBITDA and cash flow profitability by the end of 2024. Starting in 3Q22, Zebit we will restart its marketing channels to acquire customers and grow the business carefully and selectively through this macro-economic uncertainty.

OUTLOOK

The Company continues to focus on improving its financial performance by lowering its overall cost structure and focusing on profitable growth through acquiring better quality new customers and continuing to drive high lifetime value with tenured customers that produce a material part of revenue at a higher Contribution Margin per order. This strategy was implemented in November 2021 and remains the strategic approach being executed in FY22. The Company’s overarching goal is to achieve EBITDA profitability by FY24. Key projects related to customer engagement, credit and fraud risk, cost reduction, and automation have been, and will continue to be, implemented to support this goal throughout 2022.

Zebit advises that it will be holding a Special Meeting of Stockholders (the “Special Meeting”) in Australia on Wednesday, October 5, 2022, commencing at 11:00 am (Sydney time) and in the US at 5:00 pm (Pacific Time) on Tuesday, October 4, 2022. There will be no physical meeting in which Stockholders can attend the Special Meeting. Attendance is only via the virtual online facility. The matters to be considered and voted on at the Special Meeting are described the Notice of the October 2022 Special Meeting of Stockholders (“Notice of Meeting”) and Proxy Statement that will be emailed or physically mailed to all stockholders starting in mid-August.

CONTACTS

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