

Company: Tyro Payments Limited

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[START OF TRANSCRIPT]

Operator: Thank you for standing by and welcome to the Tyro Payments Limited FY25 Results. All participants are in a listen only mode. There will be a presentation followed by a question-and-answer session. If you wish to ask a question, you will need to press the star key followed by the number one on your telephone keypad.

I would now like to hand the conference over to Mr Martyn Adlam, Head of Investor Relations. Please go ahead.

Martyn Adlam: . Good morning and thank you for joining today's call. My name is Martyn Adlam and I am Head of Investor Relations for Tyro.

I would like to acknowledge that I'm hosting this meeting in Sydney on the land of the traditional owners, the Gadigal people. I pay my respects to Elders past, present and emerging.

This morning, we released our results for the 2025 financial year. All the documents, including today's presentation have been released through the ASX and are available on our investor centre. This call is being recorded and transcribed and a replay will be available on our investor centre shortly.

On today's call you will hear from Jon Davey, CEO and Managing Director, and from Emma Burke, our Chief Financial Officer. There will time available for Q&A at the end of the presentation. I would now like to turn the call over to Jon and ask the audience to turn to Slide 7.

Jon Davey: Good morning and thank you to everyone for joining our call. My name is Jon Davey and it's my pleasure to share our FY25 results with you.

On today's call, Emma and I will provide an update on how we performed over the past 12 months and we will share why the strategic initiatives we prioritise give us confidence for the future.

Our results can be summarised across three key things. First, in FY25 we laid the foundations for future growth, the delivery of our strategic initiatives has accelerated and there is good momentum in both payments and banking as we head into the new financial year.

Second, we've delivered top-line growth and margin expansion in line with our FY25 guidance and we've continued to drive financial discipline in the business.

Third, we're well positioned to continue delivering profitable growth, facilitated by entry into new verticals with a large addressable market and high barriers to entry and an improving economic outlook.

Before we get into the details, as noted, we have delivered against our financial guidance for the year, with gross profit of \$220.1 million and an EBITDA margin of 28%. I will share details about our FY26 guidance towards the end of today's presentation.

Ahead of talking to FY25 results, I wanted to share a snapshot of how our business performance has improved over the three years since we became profitable.

Our financial position today and moving into the future, is fundamentally different with this change driven by a clear strategic focus and greater financial and operational discipline.

At the top line, gross profit has grown by a compound annual rate of 14%. At the same time, our total expenses have increased by a significantly lower rate of just 3.7%. As a result, our FY25 EBITDA of \$61.6 million has a three-year CAGR of almost 80%.

We've seen an increase in our EBITDA margin from just 7.2% to 28% and from this improvement in our operating performance, we've moved from a loss of \$16.1 million to a \$17.7 million profit in FY25.

If we also reflect on the economic environment during this time, it's been crucial that we reshaped the business to become more resilient. Our significantly improved operating efficiency has enabled us to perform and puts us in great shape for when economic headwinds recede, as we would expect most of that top line value to drop through to EBITDA.

Moving now to look closely at FY25 and recent performance. We are encouraged by the trends in payment volumes. Specifically, if we look at Tyro core volumes in FY25, there was no clear trend in transaction value growth for much of the year. This was driven by softer consumer spending, elevated levels of business closure and ongoing competition in the more discretionary verticals of our portfolio.

In Q4 however, Tyro core volume improved quite meaningfully, growing at 5.3% compared with Q4 last year and in the first seven weeks of FY26, Tyro core volume growth is tracking even higher. Supporting this recent improvement has been the increase we've seen in front book volumes, a measure we use to track first month TTV for different cohorts of merchants.

In FY25 new Tyro merchants processed 19% more than merchants that joined in FY24. Within hospitality and retail, this was even higher at close to 30%.

We've also seen stronger results in banking. At the half year, we saw the front book attach rate for banking reach close to 25%. In the second half, this has been over 30%, leading to a significant increase in active accounts which have grown by 43% to almost 11,000.

In lending, originations were 15% higher at \$157.3 million. This reflects stronger penetration across a larger group of merchants, and improvements in the customer experience, which has led to higher conversion of applications, demonstrating once again improved performance in the back end of the year, whilst loan originations were up 15% for the year, originations in Q4 were almost 30% higher than in the same period last year.

We've spoken in the past about how banking merchants make a much greater gross profit contribution, with merchants using our cash flow products having three times higher gross profit contribution.

Our FY25 results have been strengthened by an addition 4,000 merchants, who not only benefit from an integrated payments and banking offering, but from whom we will see significantly better economics.

Over the next slides, I would like to highlight some important changes we've prioritised to make payments the easiest part of doing business.

A core part of our solution is the payment terminal. Customer research continually highlights to us how important it is to have a fast, reliable terminal with sophisticated POS integrations. Our latest fleet includes the Tyro Pro Touch, which has been rolling out over the last 18 months and the more recently released Tyro Pro Key, which includes the best features of the Touch with the additional convenience of the physical keypad.

This is particularly important for many customers, including our health merchants, where there is strong demand for devices that are highly accessible and cater to consumers with disabilities.

Tyro has long been known for leading the market with the number and breadth of our point-of-sale software integrations. Twenty years ago, we led the market with these integrations, delivering real productivity benefits to merchants by removing double keying on both the POS and the terminal. We were also first to use these partners in a sales distribution channel.

Today, our integrations are across all our industry verticals and customer segments and this year we added 34 new POS integrations to our network, so there are now more than 450 software and distribution partners integrated with Tyro.

We passionately believe that our merchants should be able to take payments anywhere, whether that's the countertop, at a restaurant table or in a queue. Our embedded payments SDK provides the ability to access Tyro's payment network on a merchant's own device. As form factor preferences change, our SDK provides a simple way to get Tyro payments into a wide range of non-traditional payment devices. This year, we have completed nine partner integrations and we're excited to further expand this capability in FY26.

Another way we are making it easy for merchants to take payments is our Payment Links feature which we launched this year. Connected to the same day single settlement as our card present payments, this allows merchants to send payment requests to customers by SMS or email.

For Tyro Health, the 2025 financial year has seen another year of strong growth. Total transaction value grew by 15%, far outpacing system growth of 8%. Over the past three years, we've invested to build the market-leading proposition, one that can meet the varied needs of doctors, medical specialists, dentists and allied health professionals. We have a majority market share with GPs, but in many sub-verticals mentioned our share is in the low single digits. This highlights the great growth potential.

I outlined the scale of the opportunity when we presented our half year results in February, noting that 97% of all our payment volumes in health are through EFTPOS machines, but more than 20% of our merchants use us only for online payments and claiming. A new Tyro Pro Key device unlocks more of the power of an integrated EFTPOS and online solution that will allow us to grow both by cross-selling EFTPOS payments to our existing customers and to new customers in the various sub-verticals where we have low market share. With such a fantastic opportunity ahead, we will continue to invest in both product and go-to-market activities.

I also want to share with you some examples of larger merchants that have recently rejoined Tyro. As we've improved our product and increased operating efficiency, we are better placed to offer a more compelling solution to larger merchants. On this slide, you can see a few of the large merchants that have joined Tyro this year. The first is El Jannah and their legendary charcoal chicken. This is one of Sydney's most talked about and fastest growing food brands.

The second is Hunter St. Hospitality, who operate over 40 venues across Australia, including brands such as Rockpool Bar and Grill and Fratelli Fresh. Hunter St. Hospitality have rejoined

Tyro after just two years with one of our key competitors. The third on this page is Mister Minit. Mister Minit provides shoe repair, engraving and key cutting services at hundreds of locations across the country. Adding big names like these and seeing the growth in front book volumes that I spoke about earlier is a strong validation of both our strategy and the way we are executing and so far, I've only spoken about what we've been doing in our existing markets.

As you know, we've been focused on growing our addressable market and in FY25 we've made huge progress by setting up our business to grow into new verticals. Much of this will be familiar to you as we've shared updates through the year. Over the past 12 months, we've been investing in the development of capabilities that allow us to provide specialist payment solutions into the pet insurance, aged care and unattended device verticals. To do this, we are leveraging capabilities that are unique to Tyro and working with important industry partners.

We've also been doing work that positions us to enter the automotive industry and we've already signed a sizable partner in the automotive sales and service vertical who we believe will provide a gateway into the wider ecosystem of automotive merchants. Overall, we estimate that by targeting these industries where we currently have no share, we've expanded our addressable market by over \$40 billion. It has taken a lot of work to get to this point, but it's exciting to head into FY26 with good momentum in core payment volumes and great foundations for growth in new verticals.

Earlier, I highlighted numbers that showcased the strong uptake of our banking products and spoke to our confidence in building upon this momentum in FY26. I am very excited to announce that yesterday we launched our new banking platform with partner Constantinople. Launching a new core banking platform in nine months is a fantastic effort and our teams have put in a huge amount of work to get us to this point.

The new products are far superior to anything we've had before and provide a richness in functionality that truly differentiates us and will help our integrated payments and banking solution win in market. The solution is currently available to a select group as we test it in a live environment. But this will be fully available to all new Tyro merchants in the coming weeks. I am confident this will be the catalyst to drive adoption rates well above 50% and for banking to represent 20% of total gross profit, targets that we continue to strive for internally.

Before I hand over to Emma, I want to share how we're leveraging the power of AI. There are three broad pillars against which we think about AI. The first is productivity, which includes process automation and data-driven decision making. We're already seeing productivity benefits by not needing to backfill roles in some teams when we have had employee attrition. The second pillar is centred around service. As we build out our support model, our merchants will have access to 24/7 support on any device, with predictive service and faster time to resolution.

We're now using AI tools across some of our customer support teams and we've seen good improvements. In our contact centre, we've rolled out call wrap-up bots and we're leveraging Salesforce AI tools to better inform our agents. These changes have led to a 10% reduction in average call duration and higher customer satisfaction. For Tyro Health Online, 45% of queries are now being handled entirely by AI. This has led to a 50% reduction in average time to close a customer chat and an increase in customer satisfaction.

The third pillar is product innovation and we believe AI will allow our teams to take product innovation to a new level. We're already seeing faster testing and development cycles and we

believe this is translating to shorter times to shift product features. Our engineering teams have embraced the AI opportunity and currently 75,000 lines of code are being generated or modified by an AI code editor weekly.

From a product perspective, we see fantastic opportunity to leverage the massive amounts of data that we have to better support merchants and we believe we can do this by offering agentic products and personalised offerings. Product innovation and the use of AI will be key to helping improve sales, retention and ultimately customer lifetime value. Tyro's roots are in innovation and disruption and I've been pleased with the enthusiasm our teams have shown when adopting tools and pushing the boundaries. We look forward to sharing more examples of how we are leveraging AI over the coming months and years.

With that, I will now hand over to Emma, who will talk through our financial performance.

Emma Burke: Thank you, Jon and good morning to everybody joining the call. Jon has taken you through the key themes for our FY25 results. I will spend some time talking to the financials. FY25 has been focused on delivering profitable growth in a fairly challenging environment, whilst also improving our operating performance. You can see on slide 23 that we delivered gross profit of \$220.1 million, equivalent to 4.4% annual growth and an EBITDA margin of 28%. Both these results were in line with the guidance we set this time last year and contributed \$61.6 million of EBITDA and \$19.6 million of free cash flow.

Diving into the payments contribution towards our performance for the year, we saw gross profit in payments increasing by 4.4%. This was supported by the benefit to our gross margin from the pricing transformation activity that we completed last year, which cycled through the margin in FY25. Our net MAF reached 38.9 basis points in half 2, up from 37.1 in half 2 last year and from 37.6 in half 1 this year. Our pricing transformation is now largely complete and any future changes will be more BAU in nature, aside from potential changes that come out of the RBA proposals.

Turning to volumes, it's been encouraging to see how performance has progressed over the year. For the full year, we processed \$43 billion of TTV, which is 0.2% higher than last year. Within this, Tyro Core increased by 1.7%, supported by another year of strong growth in Health, which grew at 15% and reached almost \$7.5 billion in TTV for the year. In our larger, more discretionary verticals of Hospitality and Retail, volumes were down 2.1% and 0.2% respectively for the year as we saw ongoing softness in household consumer spending and elevated business closures.

In fact, in the last year in Australia, almost one in 10 of all food and beverage businesses closed down. We are hoping for improvements in this space in FY26 and a return to more normalised levels. So whilst our discretionary TTV was down for the year, Hospitality and Retail both delivered positive growth in half 2 and we saw encouraging signs exiting the year.

On the next slide the chart shows growth in volumes for the month compared with the same month in FY24. You will see that for most of FY25 it was quite inconsistent and we had several months of negative growth. But Q4 marked a turnaround and volumes for Tyro Core were up 5.3%, a growth rate we haven't seen for some time. Encouragingly, growth in July and August have been solid too and we're seeing stronger trading across our core verticals.

Linked to these half 2 improvements is what we're seeing in TTV churn. Over the past couple of years, this has been much higher than our historical norm. As I called out, business closures have increased and that's one of the biggest drivers of churn. We also had one-off impacts to

churn in FY25 driven by Lightspeed, which is now washing through our metric. Looking forward to the FY26 year, the early signs in July and August have been positive and we're optimistic about an improvement in trading conditions for SMEs.

There are likely to still be some challenges across the macro in FY26, but a combination of continued strength in Health, improving trends in discretionary and the launch of new sub-verticals, we are optimistic that FY26 should deliver a material improvement in performance for payments.

Moving now to Banking, like Jon, I'm excited about the launch of the new banking platform. I've seen the app in action and I think it is great. In FY25, Banking gross profit increased by 6.7% and this was driven by two main things. Firstly, our deposit costs reduced substantially in the year, which reflects the transition away from more expensive wholesale deposits to only deposits from our merchants. This supported an overall improvement in the net return on deposits to 2.7%. Deposit balances also closed the year 5% higher at \$93.4 million.

Secondly was an increase in gross profit from lending, which predominantly reflected an overall better credit quality, leading to a fair value gain in the year. The 15% increase in loan originations was predominantly in the second half, so it's had less of an impact on gross profit this year. As Jon mentioned earlier, Q4 saw a 30% growth in origination and the benefits will flow into FY26. The net return on loans, excluding the fair value gain, was 20.9% and we controlled lending losses despite a more challenging environment. As a result the overall net return on Banking increased to 11%, up from 8.3% last year.

On slide 27 you will see how we've continued to make strong progress in improving our operating efficiency with the ratio of operating expenses before lending and non-lending losses over gross profit reducing to 69%. This contributed to our operating jaws widening and more gross profit dropping through to EBITDA.

There have been some areas of our cost base where inflation has been high, particularly across some of the major business software platforms. But overall, we've been able to stay focused on expenses this year. We're pleased that we were able to achieve a good balance of hitting our EBITDA guidance while also investing appropriately to deliver the strategic initiatives that Jon talked about.

As we explore emerging technologies and stay focused on where we have a right to win, our expectation is that we can deliver continued improvement in efficiency without compromising our product strategy and tech requirements. Tying all of this together, we're pleased that we exited FY25 having delivered guidance on gross profit and EBITDA margin and there are positive signs for FY26.

Below EBITDA, FY24 and '25 were quite different at a statutory level. As you will recall, last year we benefited from some one-off items, which included a \$9 million legal settlement. That meant that statutory PBT last year was artificially high at \$22.4 million. This year, our statutory PBT was \$17.8 million, equivalent to an EPS of 3.39 cents per share. Free cashflow was the same and benefited from one-offs last year. This year, we generated \$19.6 million of free cashflow, which will contribute to an already healthy balance sheet, as I will now talk through.

Given the strength of our balance sheet, investors and analysts have been asking us recently to clarify how much of the cash and financial investments on our balance sheet are our own. On slide 29, we've set out a table that simplifies how to think about this. Essentially, we have cash

at the central bank and financial investments, such as investment grade corporate bonds. We then have a net position with the schemes, sometimes a payable and sometimes a receivable. In June '25, this was a net payable to merchant.

Then we have our banking products and the net of the deposits, less the loans outstanding, is what is owed to merchant in respect of banking. At June, that was \$44.3 million. We also have guarantees that we hold off balance sheet, which we can't use as operating funds. What's left, after adjusting for customer banking and the net scheme position, is \$137.8 million.

The final consideration is that we have a portion of restricted capital and liquidity to ensure we meet our capital requirements. While we aren't able to share exactly what level of capital is restricted, we currently have a capital ratio of 84%, which is multiples above the requirement.

So what does that mean? Ultimately, our balance sheet is solid and we have significant surplus funds to deploy to accelerate our strategic delivery. As we've previously explained, we will consider using these funds for internal capital investment in the business, inorganic growth opportunities and returning to our shareholders where it makes sense to do so.

With that, I will now hand back to Jon.

Jon Davey: Thank you, Emma. I would like to finish by summarising why we are well positioned to deliver strong outcomes to shareholders. First, we are clear on our strengths and will continue to leverage these to our benefit. Our scalable, proprietary tech stack gives us the flexibility to launch new services and enter new verticals. Our industry and segment-focused partners provide market-leading customer experiences and a highly effective sales distribution channel and our integrated payments and banking solution provides the market-leading integrated payments and cashflow management solution.

Second, we've spent a lot of time aligning our product and tech investment with our strategic goals. In FY26, we will double down on our omnichannel, offering hardware agnostic solutions. We will prioritise merchants in new and existing verticals in our traditional SME heartland, but also large merchants who need both card present and e-commerce payment solutions and we will prioritise the development of agentic payment and banking experiences to significantly uplift customer experience and productivity. By driving greater adoption of banking, our overall customer economics will improve and by continuing to drive operating efficiency, we will deliver greater profitability.

Within the business, we continue to set targets consistent with the Rule of 40 principle that we introduced last year. If we deliver our strategic priorities and our medium-term banking plan, we expect that we'll be operating some way ahead of 40 in the medium term.

With greater clarity on the RBA proposals for payments and surcharging and the benefits coming through from an improvement in the macro environment, we have great confidence in the quality of earnings we can produce over the medium term.

Turning finally to our expectations for FY26. The 2025 financial year saw soft consumer spending and business closures that have been unusually elevated. Encouragingly, however, payment and lending trends exiting FY25 and entering FY26 have been promising. We remain cautious, but we believe that we can grow gross profit at a faster rate in FY26 than we did in FY25.

Just how fast it grows will depend on several things, but we believe that the target of between \$230 million and \$240 million of normalised gross profit is achievable based on what we know today.

Further, reflecting the ongoing work to improve operating efficiency coupled with the high drop-through of gross profit that comes with receding macro headwinds, we believe that we can deliver an EBITDA margin of between 28.5% and 30%. We believe this range captures some of the risk of continued softness in the macro environment, but also some of the upside potential from a bounce back in consumer spending, demand for credit and the benefits coming from our growth initiative.

To summarise, FY25 is about delivering the foundations for future growth, and we've seen good momentum into FY26 across both payments and banking. We achieved top-line growth in EBITDA margin expansion in line with our guidance, and we continue to embed greater financial discipline in the business. We believe Tyro is well-positioned to deliver profitable growth, and we're excited about the opportunities in the new year.

That concludes our presentation. I'd now like to open the call to Q&A.

Operator: Thank you. If you wish to ask a question, please press star 1 on your telephone and wait for your name to be announced. If you wish to cancel your request, please press star 2. If you are on a speakerphone, please pick up the handset to ask your question.

Your first question comes from Owen Humphries and Canaccord. Please go ahead.

Owen Humphries: (Canaccord, Analyst) Good morning, guys. Well done, good results, good guidance. Just to confirm here, the \$230 million to \$240 million you're talking about, that's largely volume growth, there's no pricing initiatives put through this year to achieve that GP growth?

Emma Burke: That's correct. As I spoke to, the pricing transformation is complete and so any pricing that we see now will just be more BAU before we have the changes from the RBA.

Owen Humphries: (Canaccord, Analyst) Good one, and just that customer origination growth of 30%, that's for the final quarter. Is that right? Do we have that right?

Jon Davey: Sorry, the customer origination growth of 30% in the hospitality and retail, no, that was across the full year.

Owen Humphries: (Canaccord, Analyst) Got you, okay. Do you have for the last quarter or the last six months, maybe? Has that accelerated?

Jon Davey: We don't have that with us, Owen. We can - it'll obviously be higher because it averages out at 30% across the year, but we can have a look at that number, and we'll see if we can bring that into one of the meetings we have.

Owen Humphries: (Canaccord, Analyst) Good one. Thanks for the transparency around your available liquidity; I get asked that a lot. Part of those initiatives include inorganic opportunities. Can you just talk through, in the last maybe six months, how many you've investigated, how active you are in that process, what you believe the correct strategic fit would be for your business?

Jon Davey: Yes. Owen, this is an area that we continue to really focus on. Obviously, the Smartpay transaction was one that was disclosed and obviously we're quite open about that.

When we think about the opportunities, we think about them in four key areas. Number 1, those that will give us scale; secondly, those that will provide us - a bit like Medipass has done in terms of our health business in driving growth, you provide new payment type capabilities. Third area we think about is software, and the fourth we think about is banking.

I'd say that it's fair to say that over the last half, we've looked at several opportunities and it's fair to say probably across that range of opportunities, some I'd say are pretty small which would give us an immediate capability, a new capability, some of which are larger, but we're pretty focused. We see some great opportunities there, so it's just making sure we get the right one at the right price.

Owen Humphries: (Canaccord, Analyst) Yes, for sure. I know it's early days just on the new banking platform that's launched in the last couple of days, but you said before you're doing some trials with some customers. Maybe can you give an indication of some of the economics you're seeing now that this trial has been going on for some time around the breadth of products available and the gross profit uplift that you're seeing when they migrate to that platform?

Jon Davey: Well, I think, Owen, if you think about the economics associated with the new platform are really no different to what we see in terms of gross profit contribution, et cetera, from our existing back book customers. What we've done at the moment is we've launched it; we've got a pilot underway for our new transaction account and debit card as well as our term deposit product. That will be launched to front book customers over the coming weeks, so I'd probably say within the next three to four weeks we will have that for front book customers.

Our merchant cash flow product will be launched before Christmas, so we're probably thinking November type timeframe. The economics with it are really - we moved to more of a platform-based fee and more of a variable cost model on our internal costs. I think that's probably all I can say. Is there anything you'd add to that, Emma?

Emma Burke: The other thing is given we have a better platform now with more functionality, it's likely to lead to high deposits because our merchants will be able to leverage the account for more activity. Therefore, it will make more sense for them to hold funds in there so that they can make payments, they've got the card availability, and so we do believe it will roll through that way.

Owen Humphries: (Canaccord, Analyst) Good one, and maybe the last one here just on that guidance there, just the variance in that guidance which is how much is controllable versus non-controllable, i.e. the macro versus some of the new products or verticals you're launching into.

Emma Burke: I think from our perspective we're obviously comfortable with that guidance range over the year. Depending on what happens with macro and the like it is probably more pushing up to the higher end of the range if things continue to perform well over the coming period. Obviously, there's a lot that we're focused on from a product strategy and so we can't determine what's going to happen from a macro perspective. We're really just focused on delivering everything within our product strategy, continuing to focus on each of those aspects so that we can continue to grow both from a banking perspective and from a payments perspective.

Owen Humphries: (Canaccord, Analyst) Good one guys. Thank you, well done.

Operator: Your next question comes from Jack Daley and Shaw & Partners. Please go ahead.

Jack Daley: (Shaw & Partners, Analyst) Hi guys. Thanks for answering my question and well done today. Firstly, from me, just on health. Does this still include 15% TTV year-on-year? It looks like it was about 14% year-on-year in the second half. It looks like it's maybe come back slightly just in terms of year-on-year growth and then also sequential TTV added. Can you make any comment there as to how we should be thinking about the outlook of health moving forward and the growth opportunity you're seeing there?

Jon Davey: Yes. Jack, thanks for the question. We remain really, really positive about health. It did drop back slightly in the second half. There's probably two things I'd say. Number 1 would be that the government made some changes to bulk billing, which have increased the level of bulk billing, which has an impact on the transaction value that we process.

I think probably the other thing I'd say is that we often talk about health as being non-discretionary. There is elements of discretion in the health space. We're very comfortable and confident in maintaining growth rates around that mid-teen level.

I mentioned the opportunity, the market share that we have in some of the sub-verticals where it's low. We've got some fantastic new products and features that will continue to push and increase our investment from a go-to-market perspective. So, there's nothing there that worries us at this stage.

Jack Daley: (Shaw & Partners, Analyst) That's great. Thank you. Then just on the RBA review, it seems like you guys, maybe from a direct perspective, are quite well positioned. I know obviously a lot of your sales do come through partners. Can you maybe just give a sense of those who do bundled software selling, or even surcharge selling, if there's any early read-through on how they might be changing their business model and if there's going to be any impacts from the partner on sales?

Jon Davey: Jack, I think it's probably too early to comment too much at the moment. Certainly, from our perspective, yes, we do drive a lot of sales through third-party partners. I wouldn't say that those third-party partners are pushing any of the surcharging or no-cost EFTPOS-type solutions any more than anyone else. We make merchants aware of the capability and then provide that choice as we are required to do by the RBA today.

Where we see the opportunity is really based on the fact that we've got the pricing structures in place today that allow us to be able to adapt quickly, and we certainly know that many of our competitors do not have that capability. I see it as less a question about which channel we're originating the sales through, but more about the way that we manage pricing structures and put those in place to leverage the opportunity.

Jack Daley: (Shaw & Partners, Analyst) Sure. Then I guess, we've just seen that you put out a little bit about potential talks with parties interested in the business. Is there any comment you can make further to that?

Jon Davey: Jack, there's really no more than I can say other than what was in the ASX disclosure on 13 August. As a reminder, we have received unsolicited and non-binding interest from separate parties regarding the acquisition of Tyro.

We had also said that we are very prepared to engage with approaches, but at this stage the interest we've received is not at a level that the Board has considered representative of our value. We will provide further updates as and when we are required to do so, but at this stage we've got nothing to say beyond what was in that announcement.

Jack Daley: (Shaw & Partners, Analyst) Then just a last one just on the new verticals that you said they're coming in FY26. Are you maybe just able to give a sense in terms of the go live and then what do you expect by way of ramp up in volumes and merchants signing up?

Jon Davey: Yes. When we think about the new verticals, we're starting to see some traction in some of those. From a planning perspective, we've really included several hundred million dollars' worth of transaction value in our forecast for next year. That could be higher. If you remember, the profile of the different verticals is quite different in that some will require a fresh go-to-market approach, others will allow us to be able to turn volume on more quickly.

There's obviously also - you might be aware that the government has put some delays into the Aged Care Support at Home program, which originally was meant to be launched in July, which is now being delayed to November. We've got all the foundations in place now. It's just a matter about how we can go to market and really start to capture share. As I say, from a next year perspective, we've got several hundred million dollars in the plan.

Jack Daley: (Shaw & Partners, Analyst) Got it. Thanks for that. Appreciate it.

Operator: Your next question comes from Cameron Halkett and Wilsons Advisory. Please go ahead.

Cameron Halkett: (Wilsons Advisory, Analyst) Thank you. Good morning, Jon, Emma and Martyn. Per the slide that talks about the TTV growth post balance date accelerating, I'm just wondering if you can talk through some of the drivers of that acceleration.

I appreciate, Jon, you mentioned at the start certainly some help around the front book, but I suppose just whether you can comment on whether there's any shadows of merchant churn beginning to ease a little bit, whether existing merchants are seeing consumers starting to spend a little bit more with rate cuts coming through, and whether you can make any differences between discretionary and non-discretionary to call out, please.

Emma Burke: I can answer that, Cam. I think there's a couple of things. We have been seeing encouraging trends from churn, and we believe we might be at a point of inflection. We look at 12-months rolling and six-months rolling and we've definitely seen our six-months rolling is encouraging, still higher than the overall historical average but definitely some positive trends in that aspect.

I think also if you think about the front book growth we talked about, particularly as that continues to improve in the second half, we start to see the benefits of that plus some of the new larger merchants that Jon talked to. All of those I think contribute to the improved trend that we're starting to see at the first part of the year.

I think from our perspective, from a macro perspective, there's obviously been a number of rate cuts already. We are hoping to see continued improvement, and we're definitely seeing some stronger growth that we believe would be partially contributed by that.

Cameron Halkett: (Wilsons Advisory, Analyst) Yes, okay. That's helpful. Thank you, Emma. I appreciate that slide in particular was only around Tyro Core. It looks like Bendigo suffered further in the second half. Any comments you can make around how Bendigo has exited or at least Bendigo powered by Tyro, sorry, how that has exited FY25?

Jon Davey: Yes, Cam, I'll take that one. From a gross profit contribution, we're really pleased with the margin that we've now got on the Bendigo book. It's really pretty consistent and aligned with

what we have for Tyro Core. We have, as you would have, seen the book, the overall transaction value go back further but from a contribution perspective, Bendigo is pretty small now, \$4.2 billion out of the \$43 million.

So, while it is something that we're focused on, we're seeing some - and you probably heard me say this before, but we think we're seeing some good traction with the Bendigo team and we know that the guaranteed commission payment, that's ended, that ended in May. I think that from a financial perspective that's a benefit to us. Overall, we've got more work to do, we've got our new Tyro Pro [Lite] which we'll launch in the coming months, and we think that that's the device that's really required into that customer base.

Cameron Halkett: (Wilsons Advisory, Analyst) Yes. Thanks, Jon. If I can go back to Owen's questions around the guidance for the year ahead. I know you've mentioned macro pressures and the various time points at which they ease or persist. Can you share with us just the thoughts and/or views around expectations around I suppose when merchant share and perhaps gets back to its historical levels? When you see consumer spending and discretionary come back in earnest, it implies top end of guidance is a bit more second-half skew. Is that about right, and just any comments you can make on thoughts around churn and consumer spending coming back in terms of timing?

Jon Davey: Look, I'd probably say, Cam, that the bottom range of guidance for us is 4.5% gross profit growth. The top end is 9%. As Emma said, we've been encouraged by what we've seen through Q4 and through the early phases of Q1 FY26. If we continue to see improvement, then it would be fantastic if we could get towards that top end of guidance. We'll be able to have a look at performance over the first half and then, as required, perhaps adjust at the half.

Cameron Halkett: (Wilsons Advisory, Analyst) Yes, but I suppose unless there's a massive Christmas, for example, it's probably looking a bit more second-half skew, in terms of when things come back in earnest to get you a bit more to the top end?

Jon Davey: It's difficult. Typically, H1 is pretty strong for us. We have things like - so, Friday sales and Christmas from a volume perspective are in H1. I think we just need to see what happens from a continued performance basis over the next couple of months. It may well be that it's more in H2, but from a plan perspective, as I touched on, early days, but we're encouraged by the signs that we see.

Cameron Halkett: (Wilsons Advisory, Analyst) Yes, and just last one around automotive. Can you just share with us a bit more colour on the partner and how the relationship then works onto the merchants you're targeting here? Just be good to understand the go-to-market here and I suppose the complexity, the solution you're trying to solve for and the additional expansion in this vertical.

Jon Davey: Well, I think this is where our positive integration's become so important because the dominant sales and servicing platform that is used in the automotive industry is a practice management point of sale system called Pentana and we have now - we now have an integration into Pentana. We've signed our first merchant, a large sales and servicing business in South Australia, and so we continue to - probably continue - we've really got our account teams focused on really continuing to grow that part of our business, but it's all been enabled because we've managed to get an integration into point of sale there.

Cameron Halkett: (Wilsons Advisory, Analyst) Okay. Well done. Thanks for the colour.

Operator: Your next question comes from Wei Sim and Jefferies. Please go ahead.

Wei Sim: (Jefferies, Analyst) Hi. Jon, can you hear me?

Jon Davey: Yep, got you.

Wei Sim: (Jefferies, Analyst) Oh, great. Thank you. So my first one is just in regard to the new vertical. Can you just give us a bit of a timeline as to the contribution? I got you on the hundred – several hundred million TTV in terms of FY26 budgeting, but for example, you mentioned that aged care would start to come in November '25. How should we think about that contribution starting throughout the year?

Jon Davey: Look, I mean, I probably don't want to break it down too much across those subverticals. We are absolutely seeing transaction value coming from those new verticals today so that is good. I would say that we will get a couple of hundred million dollars through the financial year and that will come from a combination of the verticals that have been highlighted there.

Wei Sim: (Jefferies, Analyst) Okay.

Jon Davey: I can't break it down much more than that for you, sorry.

Wei Sim: (Jefferies, Analyst) No worries. Okay. That's fine. Then maybe one for you, Emma. Just in terms of churn, I guess we've spoken about it qualitatively. Are there any numbers that you might be able to disclose to put around it?

Emma Burke: We probably don't want to talk to the specific numbers on it other than that we're last year continued to have or to hold it at those higher levels and we're starting to see improvements as we hit Tier 1 of this year and so we're confident that if this trend continues, that we will be starting to see a bit more of a turnaround. As I said, our six-month rolling average is better than our 12-month rolling average and that gives us confidence that we're heading into a more improved area.

Wei Sim: (Jefferies, Analyst) Yeah, okay. No, that makes sense. Then with Bendigo right now, should we consider this as kind of like being normalised going forward?

Emma Burke: Sorry, when you say normalised, do you mean around the trends?

Wei Sim: (Jefferies, Analyst) I guess just the quality of the [unclear], how we should think about the business going forward, is it kind of like just...

Emma Burke: I think what I would say is so Jon's touched a little bit more on the Bendigo earlier. I think the only other thing I would add to it is when we look at the Bendigo book, it is particularly a more regional demographic and I do think that that means that the macro trends that we saw in 2025 probably hit that part of the books harder. I think with the continued focus with the Bendigo team on front foot growth, the new terminals that we're looking to launch this year, we hope to see improvements from trends historically.

Wei Sim: (Jefferies, Analyst) Okay. No, that's helpful. Then probably the last one for you, Jon, just in terms of the suitors for Tyro when the Board's not seeing the bids come at Tyro's intrinsic value. Are you able to give any colour as to how the Board thinks about what Tyro's intrinsic value is? Like what framework they use and.

Jon Davey: Look, I'm obviously not going to go into any detail, but I'd say that the Board is very reasonable in expectation, that we look at things such as trading comps, transaction comps, those sorts of things. We've done DCF modelling, et cetera. But yeah, so from a reasonable perspective, I think that we're very aware of what the market's like and where value sits, so I probably wouldn't put much more into that. As I also said, of course, that we're very happy to engage so we'll continue to do so as appropriate.

Wei Sim: (Jefferies, Analyst) Okay. Great. Yeah, very positive and bullish outlook, especially from fourth quarter and the trading update going forward. Thanks for the update. I'm looking forward to the future.

Jon Davey: Great.

Wei Sim: (Jefferies, Analyst) That's all from me.

Jon Davey: Thank you.

Emma Burke: Thank you.

Operator: There are no further questions at this time. I'll now hand back to Mr Davey for closing remarks.

Jon Davey: Well, thank you. I'd just like to thank you all for joining our call today. Emma, Martin, and I look forward to meeting many of you over the coming weeks. So thank you very much, we'll end the call there.

Operator: That does conclude our conference for today. Thank you for participating. You may now disconnect.

[END OF TRANSCRIPT]