



Welcome to the

2017 Annual General Meeting

17 October 2017

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Items of business

1. Report of the Chairman of Directors
2. CEO Report
3. Financial Report and Reports of the Directors and Auditor
4. Retirement by Rotation and Re-Election of Director, *Kerry Roxburgh*
5. Meeting close and refreshments



Report of the Chairman

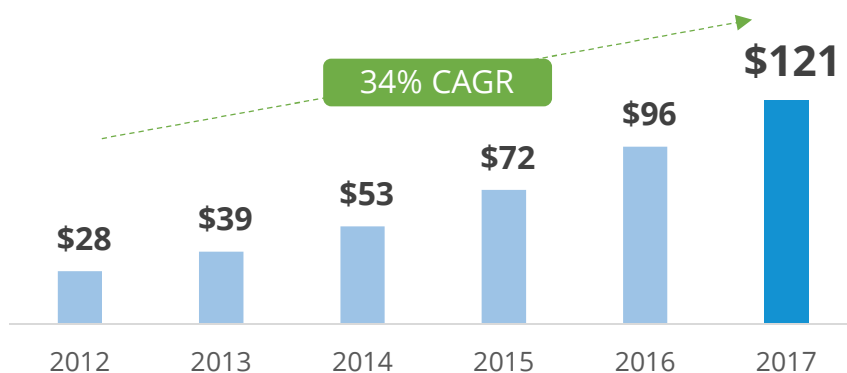
Kerry Roxburgh

Key indicators

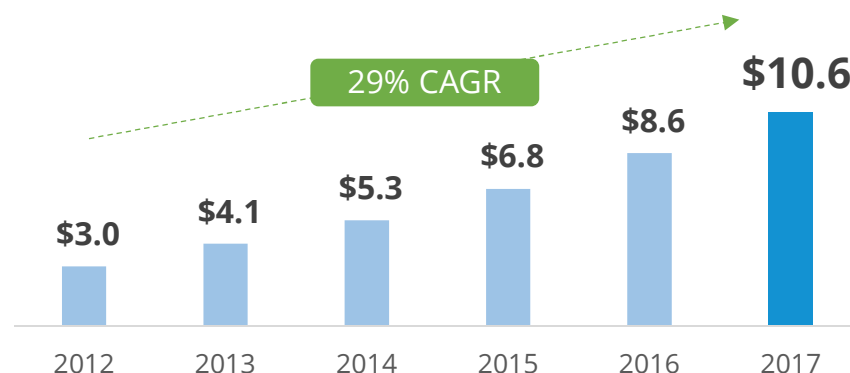
Sustained growth trajectory



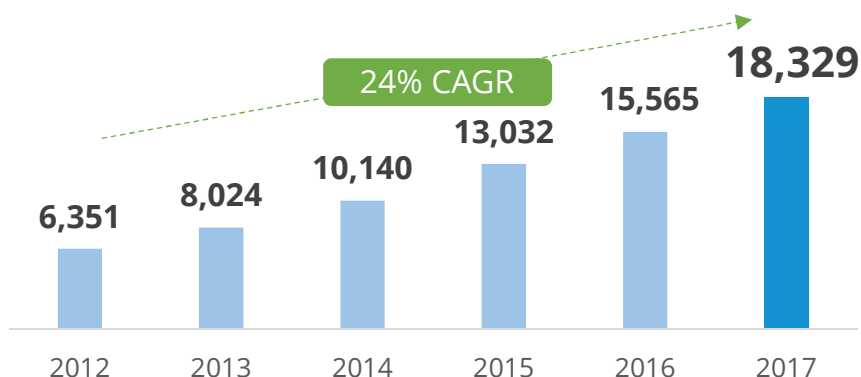
Revenue (\$m)



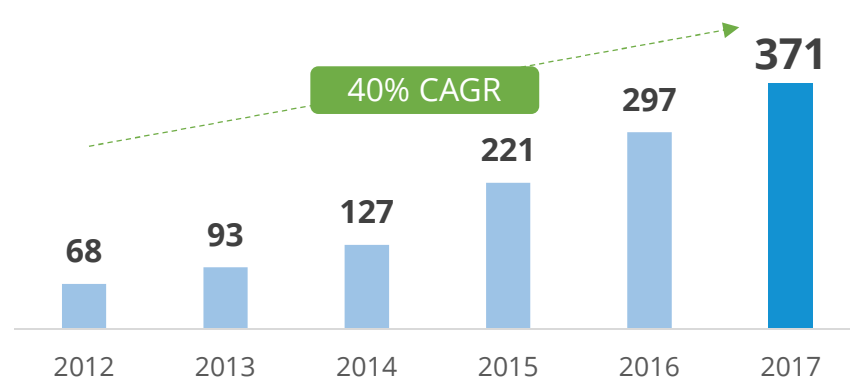
Transaction volume (\$b)



Merchants (#)



Employees (#)



Update on NED and CEO search

Good progress



Non-Executive Director

- Board renewal
- Currently considering candidates
- Chairman & at least one new NED

Chief Executive Officer

- Executive search firm engaged
- Screening and interviewing has commenced
- December 2017 to February 2018 target



Highlights

Today's speakers



Dave Coombes
Director of Engineering
Joined Tyro 2017



Josh Walther
Director of Sales
Joined Tyro 2017



Anna Ji
Head of Digital Marketing
Joined Tyro 2016



Yvette Mandanas
Director of HR
Joined Tyro 2016



Sascha Hess
Director of Operations
Joined Tyro 2008



Justin Mitchell
Chief Risk Officer
Joined Tyro 2007



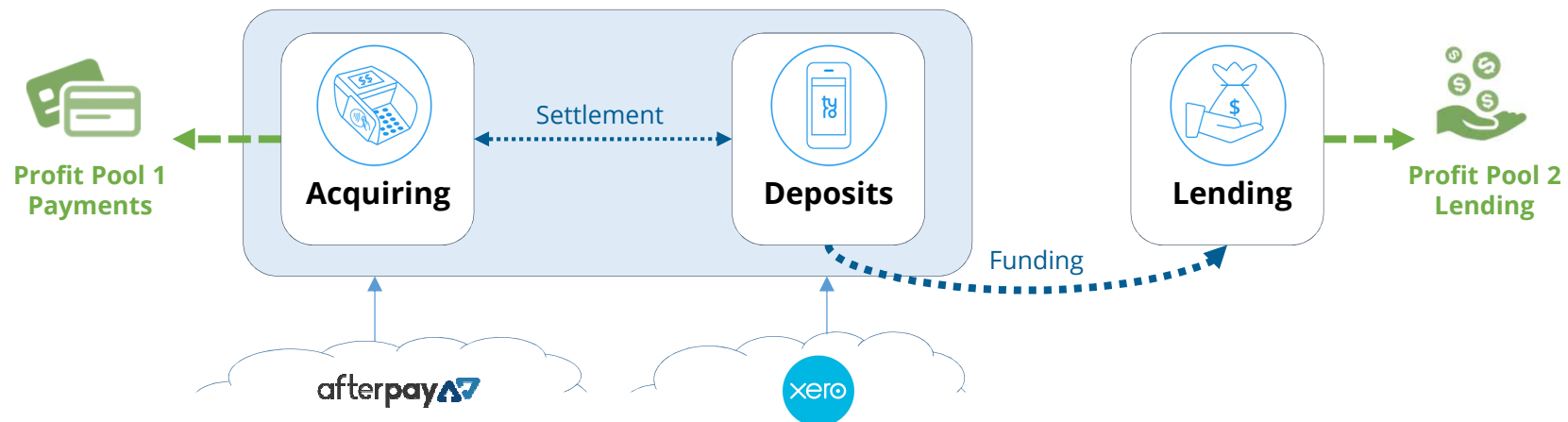
Praveenesh Pala
Chief Financial Officer
Joined Tyro 2014

Innovative integrated product portfolio

Business overview



Smart EFTPOS	Smart Account	Smart Growth Funding
<ul style="list-style-type: none"> Integrated to 200+ POS/PMSs End-to-end accountability Fast (sub 1.6 seconds) Reliable (99.9% uptime) Bespoke industry features 	<ul style="list-style-type: none"> Interest-bearing transaction account Unlimited free transactions (no fees) Integrated batch payments Government guarantee <\$250k Award winning app 	<ul style="list-style-type: none"> Pre-approved & unsecured loan Proactive assessment Fast funding (60 seconds) Automatic flexible repayments One simple flat upfront fee



We had a successful year

Progress on many fronts



Financial

- Continued **strong customer, transaction volume & revenue growth**
- Continued our **deliberate investment strategy** for sustainable growth
- Maintained strong capital position and **low risk profile**

Operational

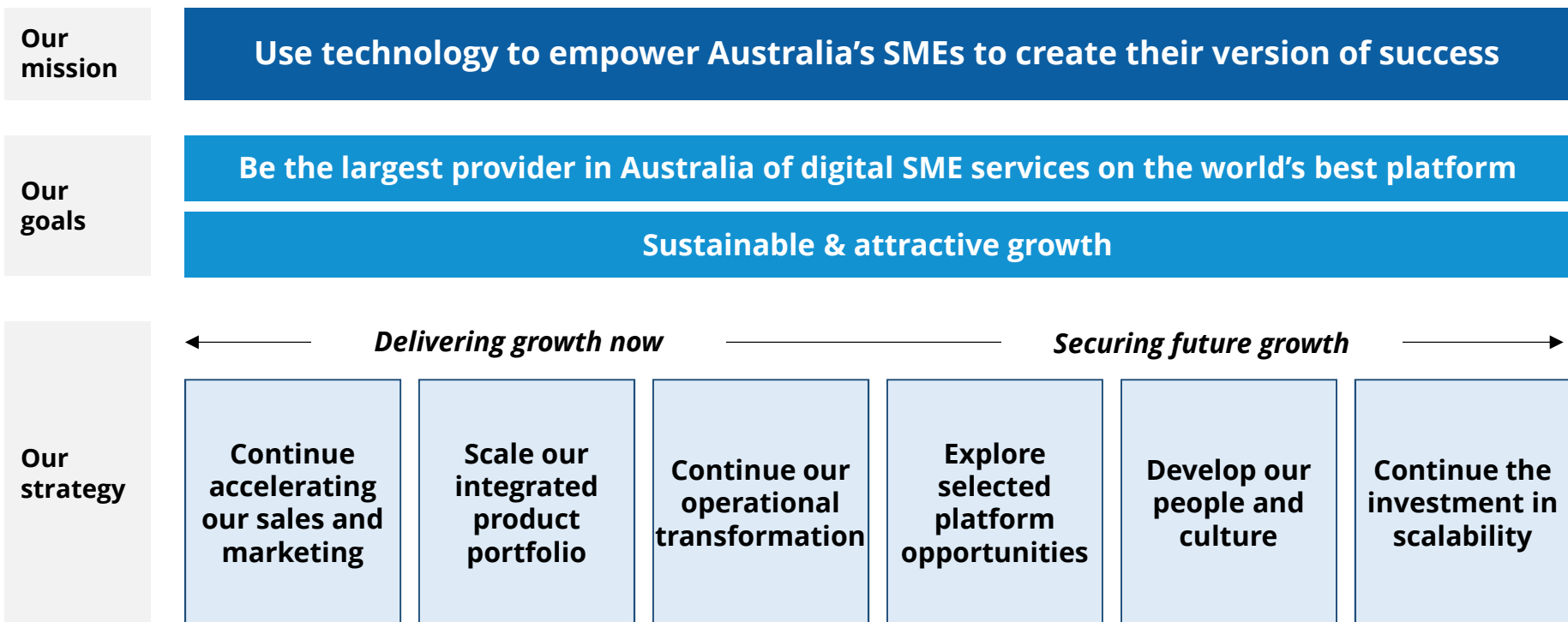
- Successfully launched a pilot of Tyro's **innovative lending product**
- Achieved a **customer Net Promotor Score (NPS) of +53**
- Maintained **attractive customer economics**

People & culture

- Grew our workforce from **297 to 371 'Tyros'**
- Achieved an **employee Net Promotor Score (NPS) of +23**
- Increased **investment in our people**

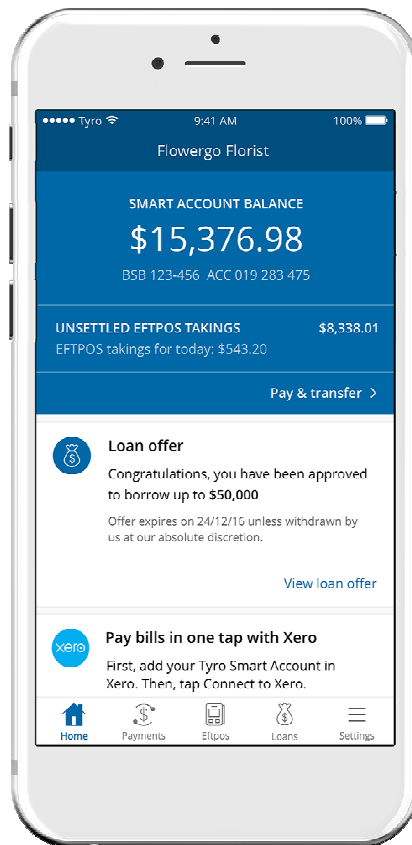
We are building a 'Services Platform' for Australian SMEs

Scalable, technology-based & customer-centric



Investment was across the product portfolio

Some select 2017 achievements



Acquiring

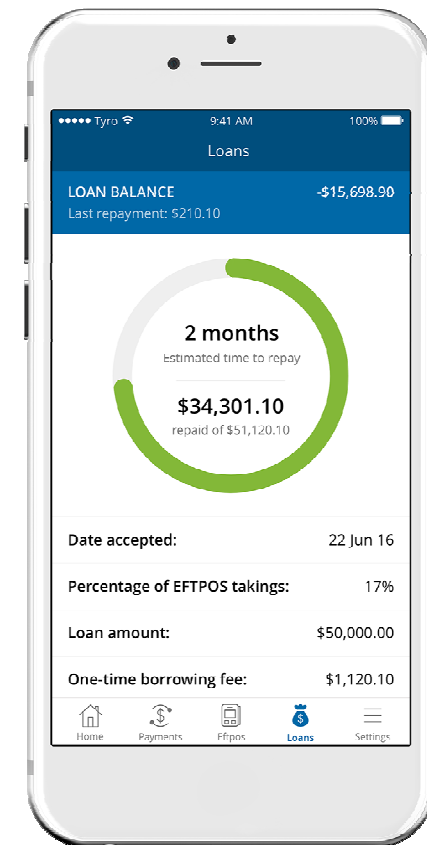
Online onboarding & simple pricing
Surcharging
Afterpay partnership

Deposits

Expansion outside of Xero and iPhone
Feature innovation & build (e.g. Pay Anyone)

Lending




Launched lending pilot
Risk engine development





Our products saw continued growth

Current focus on growing our existing product portfolio

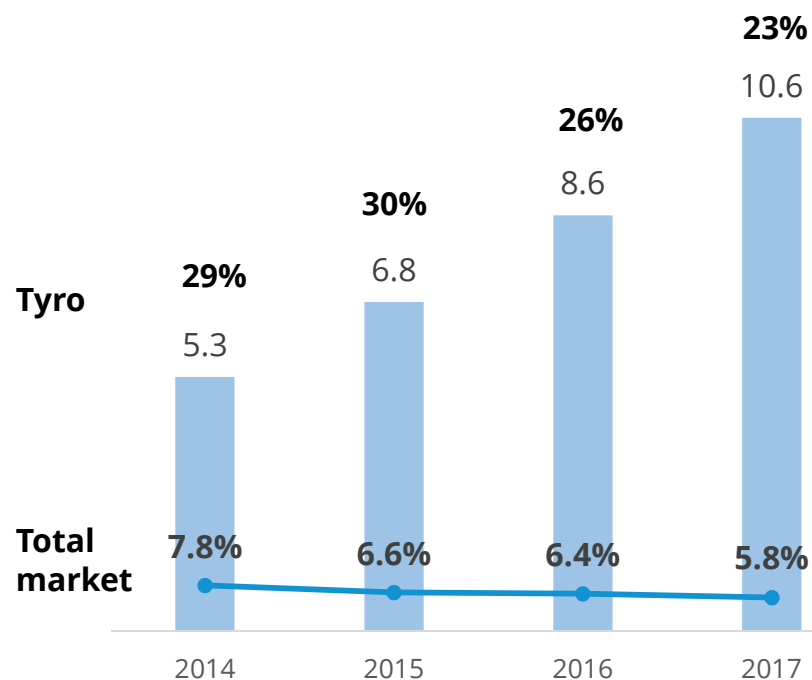
		Commentary	Key metrics	
Acquiring	 Smart EFTPOS	Fast, integrated & reliable EFTPOS terminals facilitating debit and credit card payments. There was a 22% increase in applications in FY17.	\$116m Revenue	5,740 Activated merchants
Deposits	 Smart Account	Fee-free business bank account with average balance of \$11k . During the year, 329 net new accounts were added.	\$3.9m Balance	355 Active accounts
Lending	 Smart Growth Funding	Fast, flexible and innovative unsecured business loans. There were 161 loans outstanding at end of financial year.	\$11.1m Originations	234 Originations

We are growing faster than our growing core market

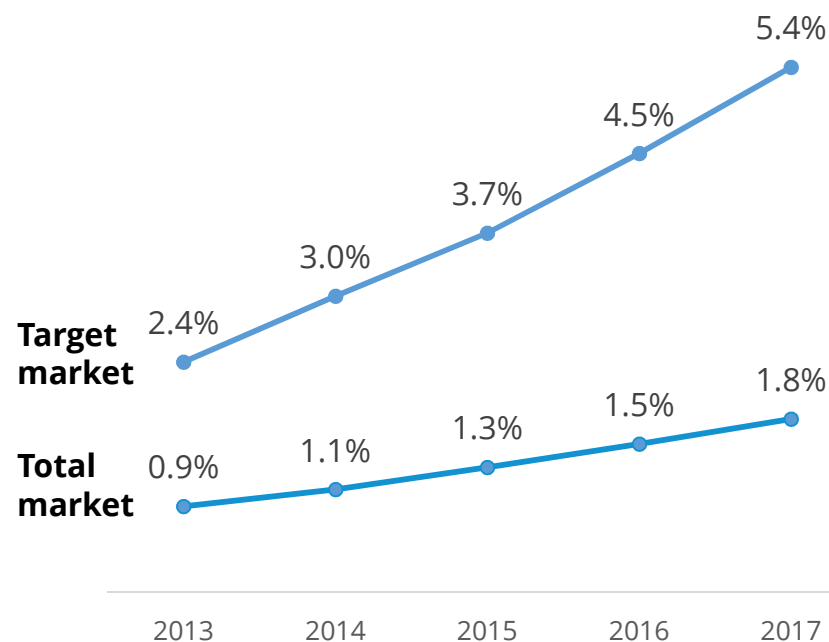
Increasing market share



Transaction volume (% YoY & \$b)



Tyro market transaction share (%)



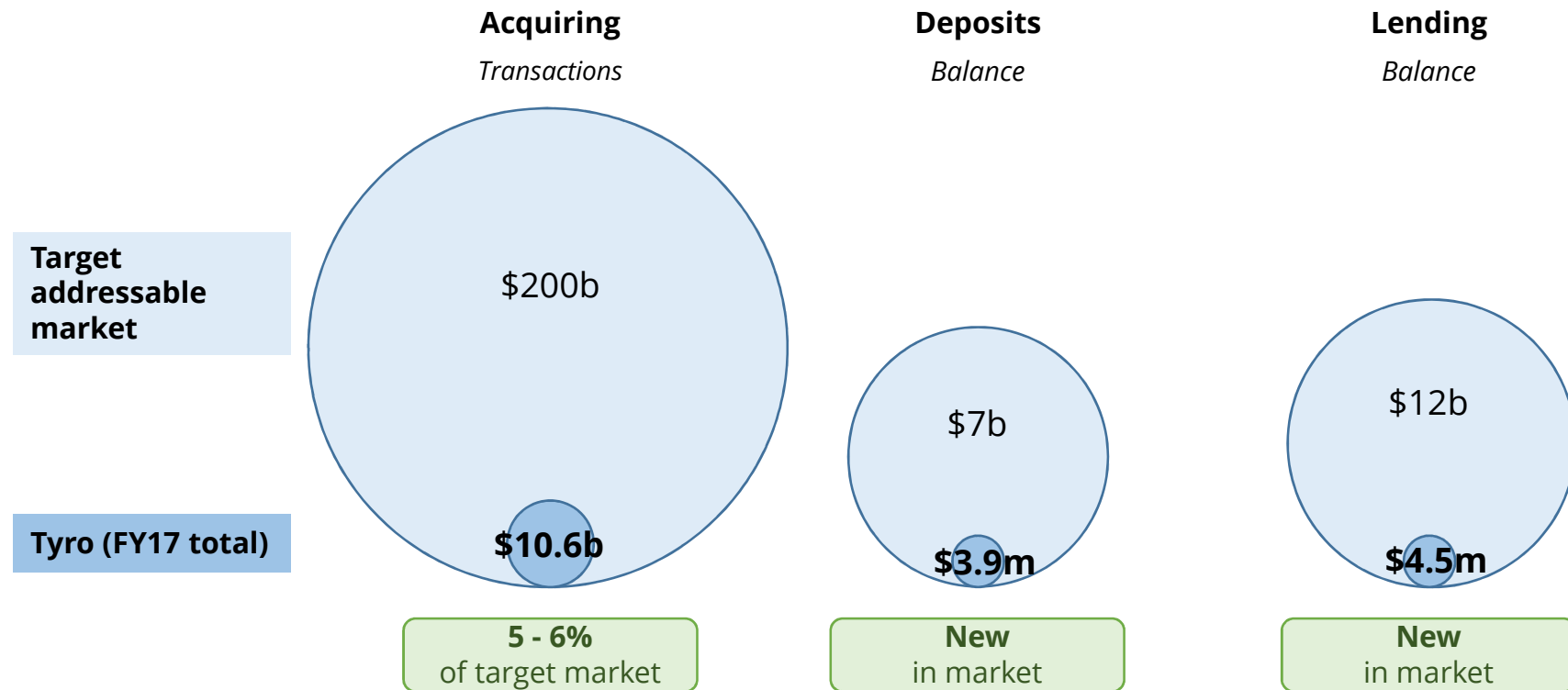
Note: 'Market' refers to Credit, Charge & Debit Total Transaction Value

14 Sources: RBA, internal data

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We still have enormous multi-market opportunities

Positive and growing contributions from banking

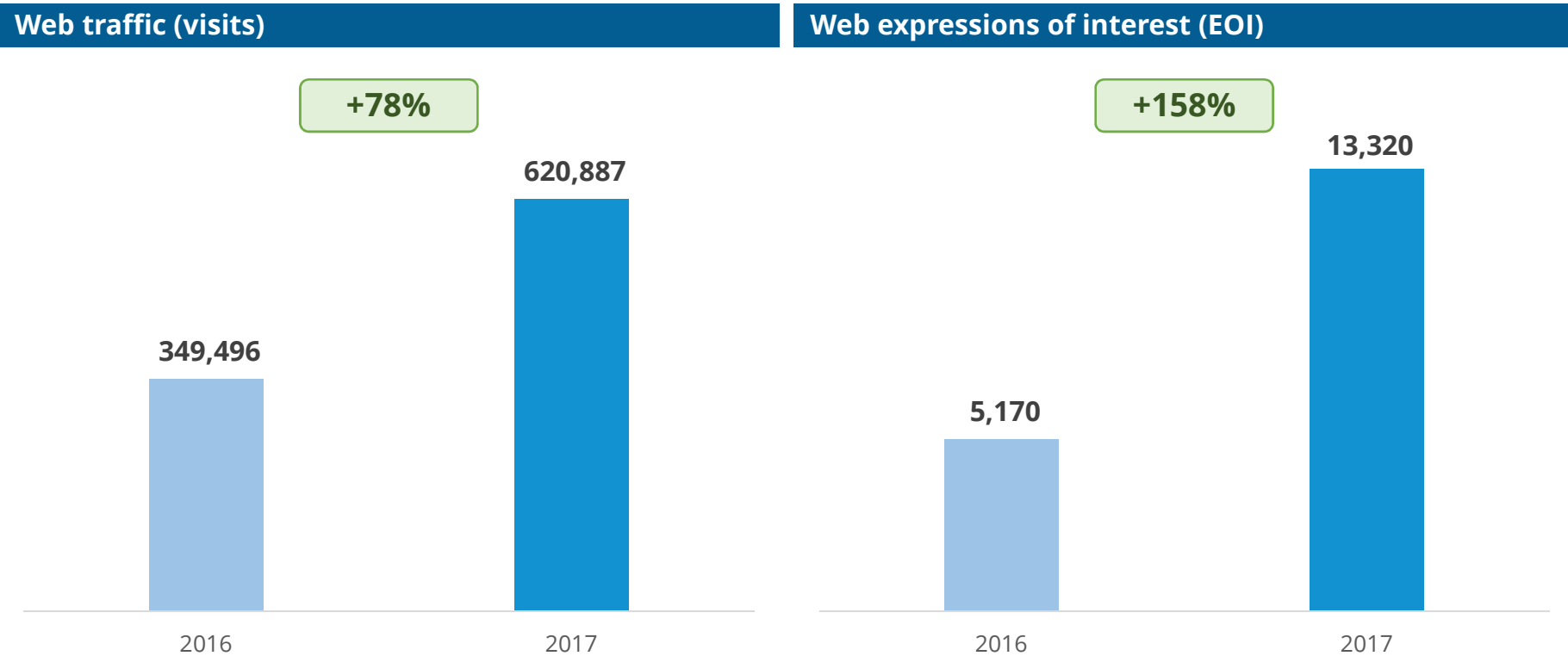


Note: Illustrative only – not to scale

15 Sources: RBA; APRA Macquarie research Australian banks; Deposit & Funding Debt Index; ATO Small Business Benchmarks; Treasury Australia Small Business Key Statistics Analysis

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We have increased awareness & interest



Notes: Web traffic = unique visits; EOI = a prospect express interest in our EFTPOS and volunteers their contact details via one of our web forms

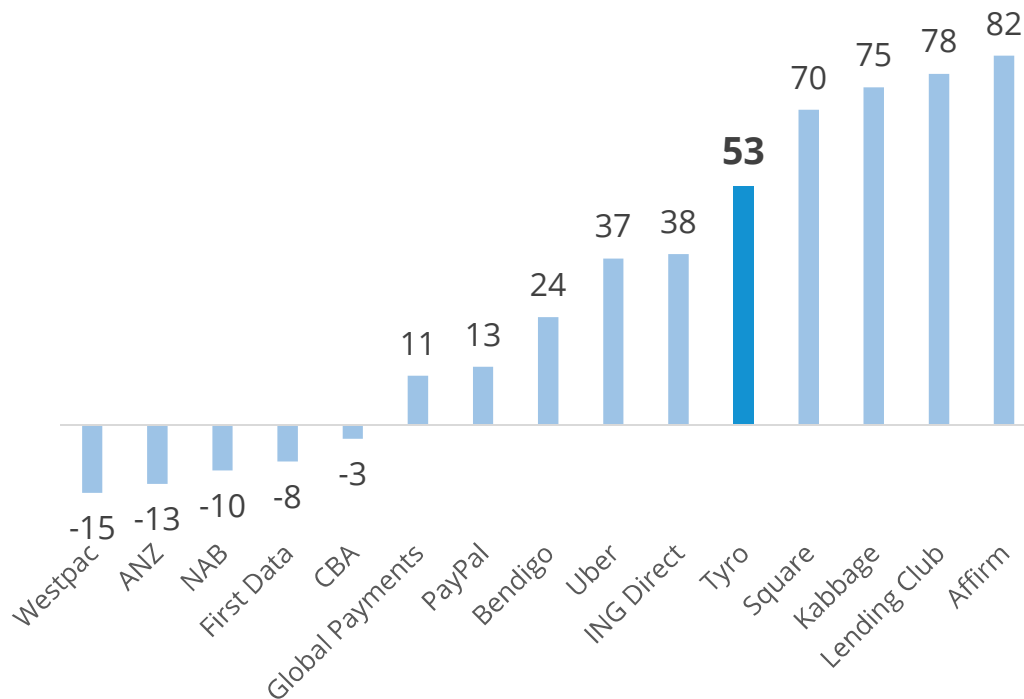
Sources: Google analytics

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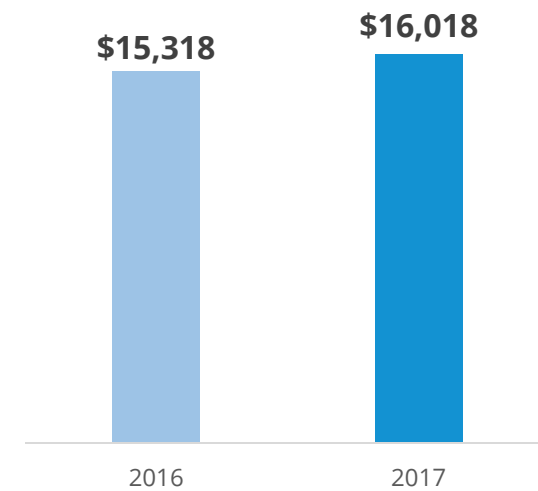
We have strong customer engagement



Net Promoter Score (NPS)



New customer Lifetime Value - LTV



Note(s): NPS is an index that measures customer willingness to recommend a company's products or services to others.

New customer lifetime value is defined as the average annualised margin per new MID divided by churn percentage.

Sources: Desktop research - company reports; npsbenchmarks.com; customer.guru.net

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We invested in our people

Development of talent & evolution of culture



Talent team

- 0 to 7 team members in 10 months
- ExCo appointment

Initiatives

- Inaugural employee NPS survey
- 'Great place to work' initiatives
- People leader development days
- Executive coaching
- Feedback coaching
- 360 feedback roll-out
- Salary benchmarking

We continue to invest in security, reliability and scalability



Security

- Secure operations - no known card holder compromise
- Continue to invest in security capabilities

Reliability

- Infrastructure refresh in both data centers
- Continue to strengthen the reliability of the acquiring service

Scalability

- Deliver to production more frequently
- Continue to re-architect some applications to allow for growth

Risk and regulatory



There is no reward without risk

- Understanding our merchants, new segments
- FY17 lending pilot, now about scaling
- Internal systems and rule-based risk engine

Regulatory

- Unqualified opinion on the AFSL and APRA controls
- Australian Financial Services Licence and reporting entity for AUSTRAC
- Enhanced disclosing entity
- Section 66 Consent for restricted words

Investors

- Our approach to investors



Financial Results

Prav Pala

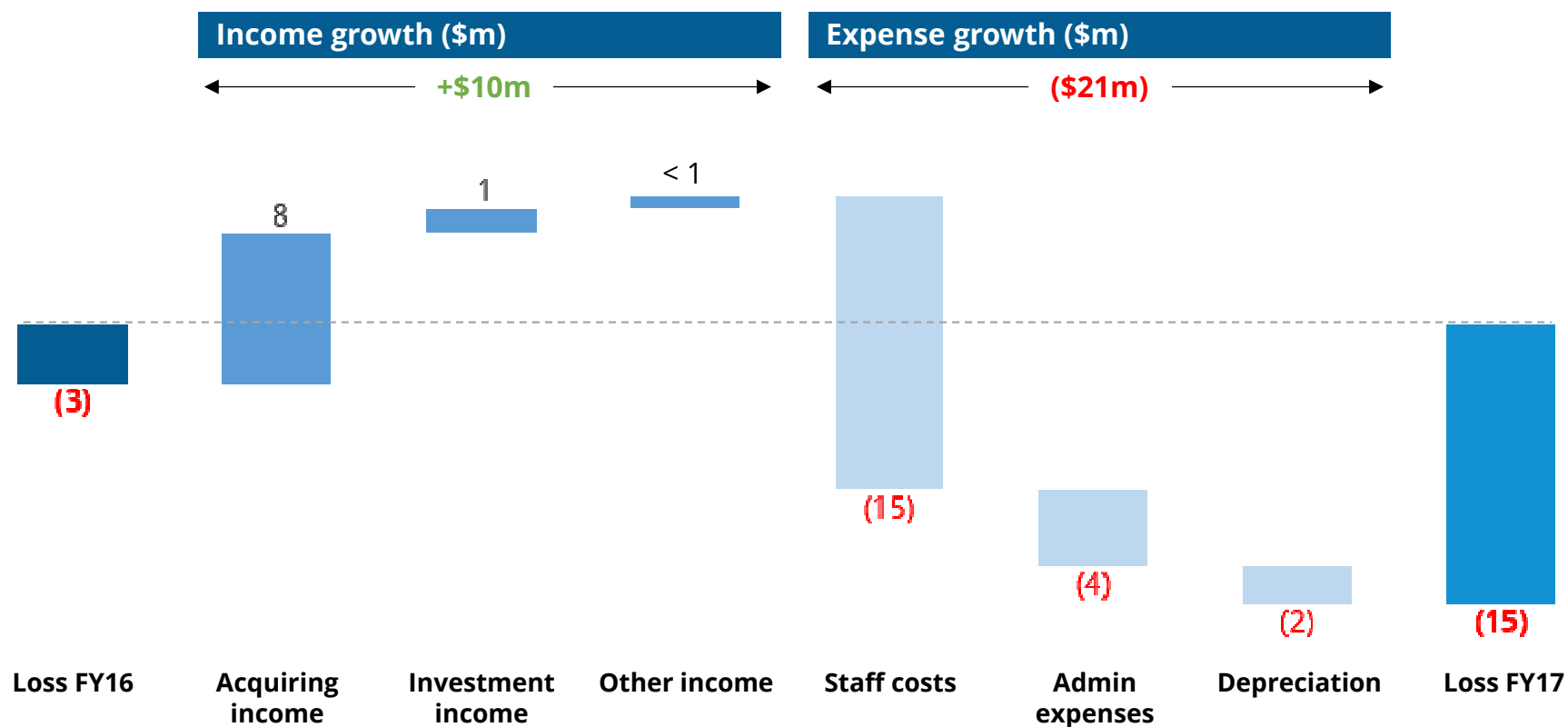
Chief Financial Officer

Financial review for the year ended 30 June 2017



Key Results	2017 \$'000	2016 \$'000	Movement \$'000
Total revenue	120,628	95,767	24,861
Gross margin	51,254	43,311	7,943
Gross margin (bps)	48 bps	50 bps	(2 bps)
Total operating income	56,090	46,183	9,907
Total operating expenses before SBP and depreciation	(62,970)	(44,410)	(18,560)
Cash operating earnings	(6,880)	1,773	(8,653)
Depreciation	(5,984)	(4,025)	(1,959)
Share-based payments (SBP)	(1,841)	(965)	(876)
Lending losses	(230)	-	(230)
Foreign currency (loss)/gain	(53)	10	(63)
Operating loss before tax	(14,988)	(3,207)	(11,781)

Movements in operating profit/loss since FY16



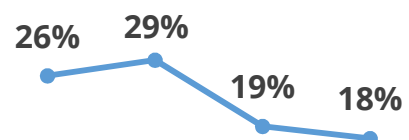
We continued our growth journey

Growth rates stabilising

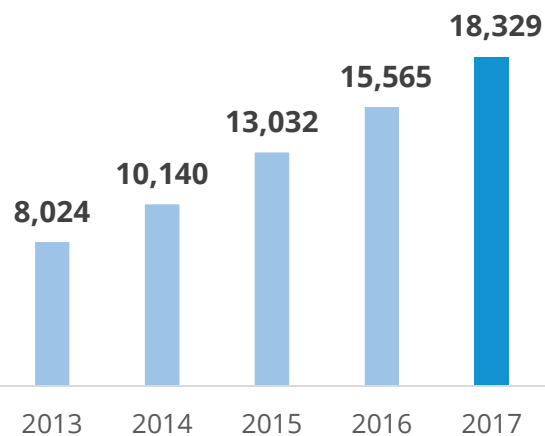


Merchants (#)

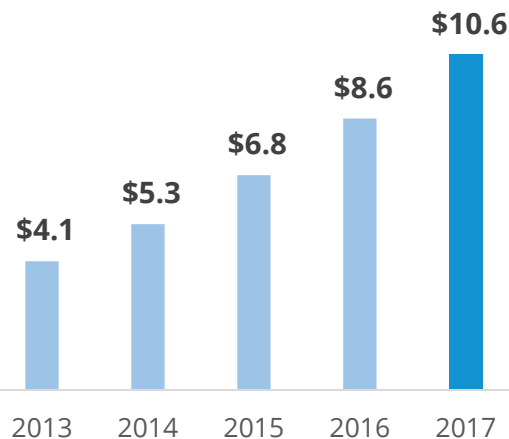
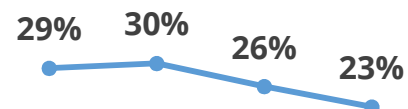
YoY growth (%)



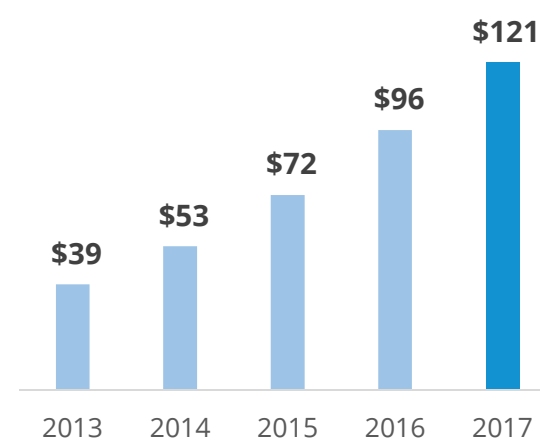
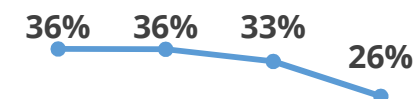
Actuals



Transaction volume (\$b)



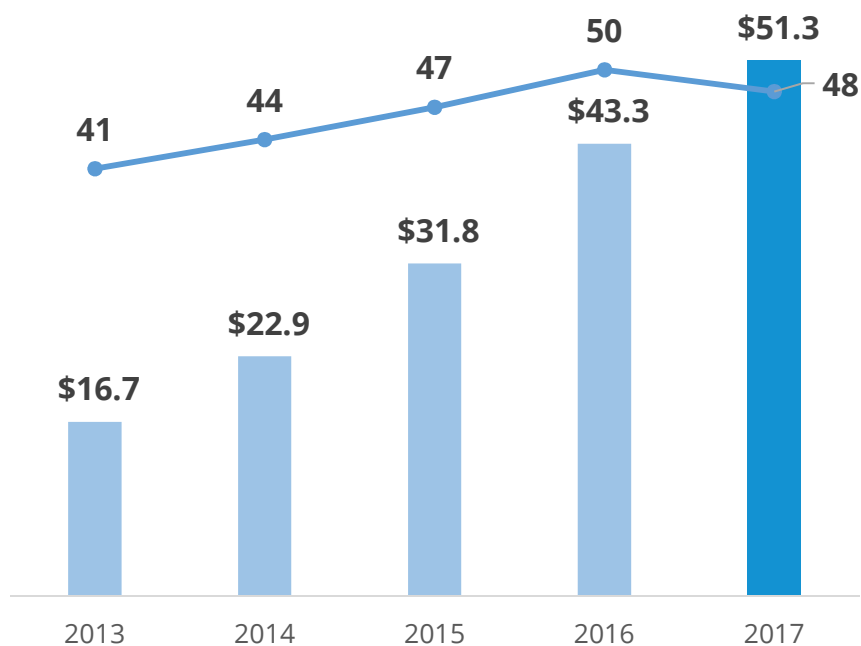
Revenue (\$m)



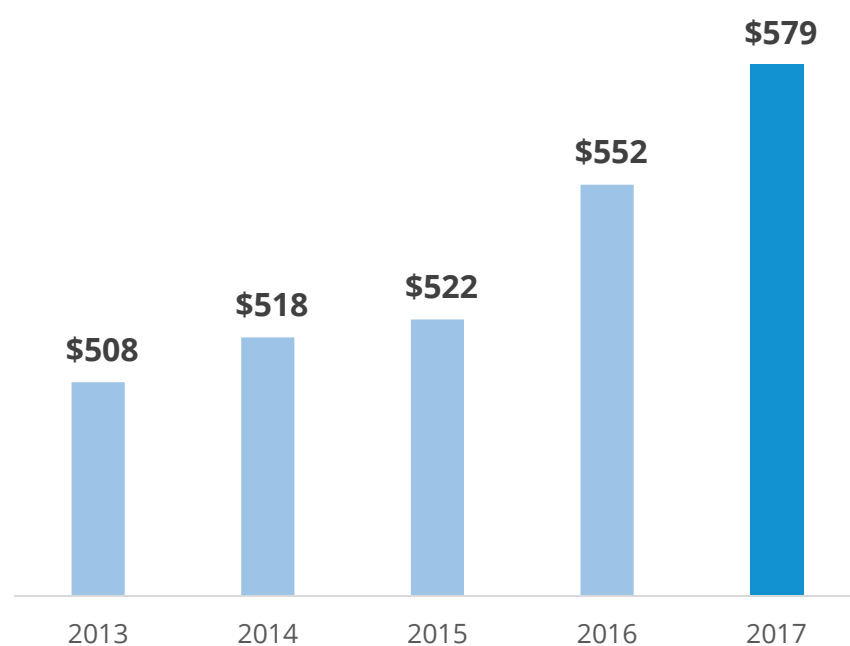
We maintained attractive customer economics



Gross margin (BPS & \$m)



Average merchant transaction volume (\$'000 p.a.)

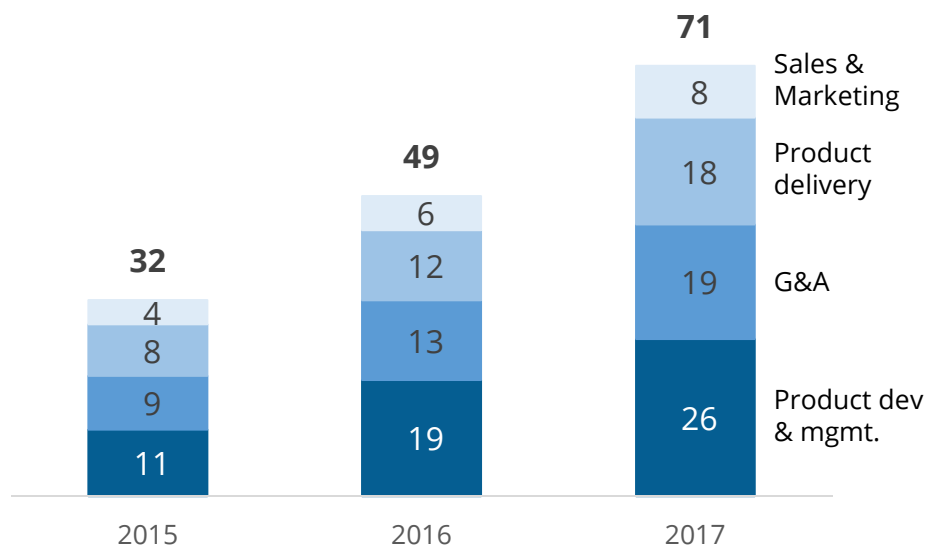


We invested for current and future growth

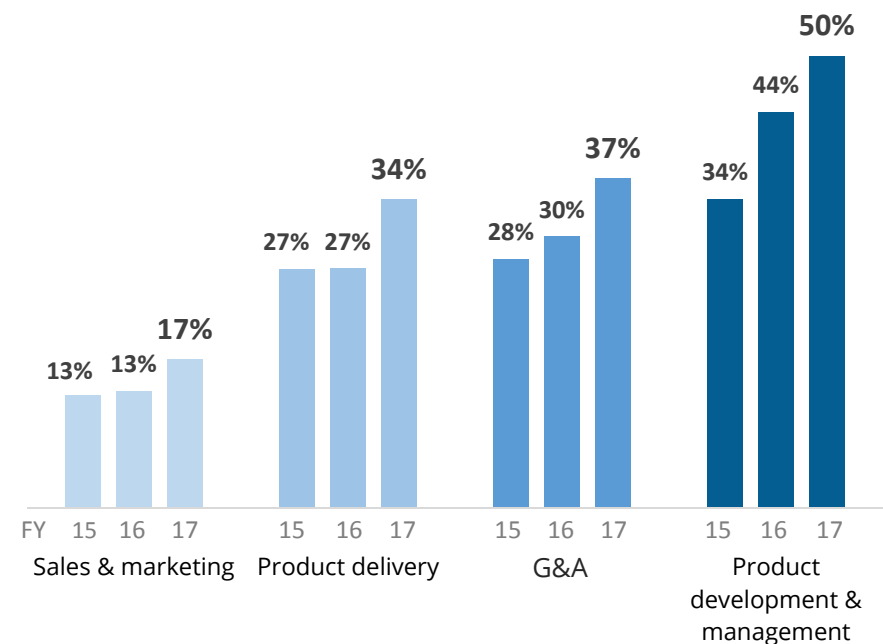
Focus on sales, marketing & product delivery



Departmental expenses (\$m)



Departmental expense / gross margin (%)



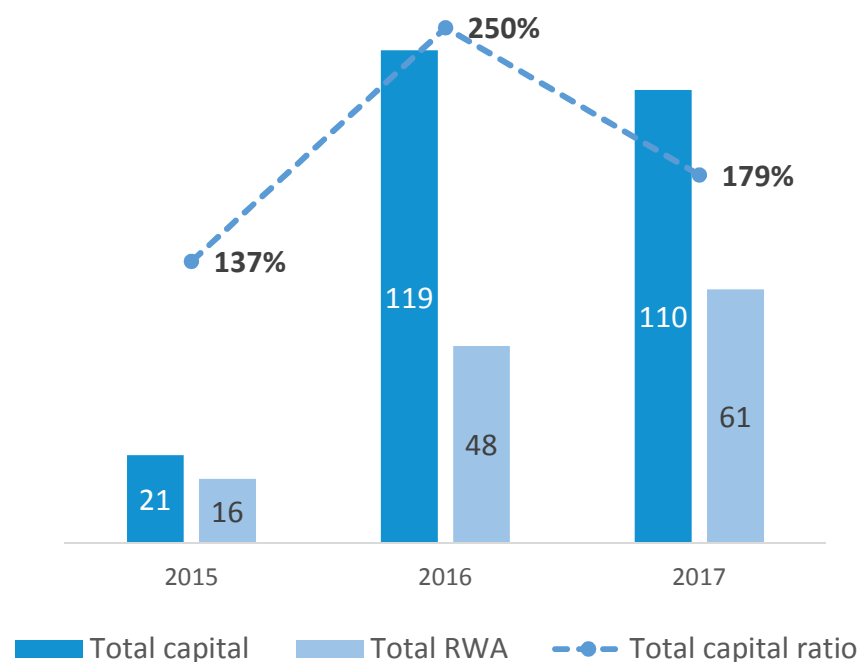
We maintained a strong capital position



Balance sheet

Cash and Investments	\$98m
Total Assets	\$140m
Total Liabilities	\$18m
Capital	\$110m
Capital Ratio	179%
Deposits	\$3.9m
Lending	\$4.5m

Capital position (\$m)



2017 Financial Year in review



- Continued delivery of growth
- Significant investment into enabling future scalability
- A year of new milestones – Tyro SME Growth Funding pilot, Annual Revenue, Transaction volume
- Strong capital position

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