



# 2022 ANNUAL GENERAL MEETING

24 NOVEMBER 2022



**Tyro Payments Limited**  
ABN 49 103 575 042



# CHAIR'S ADDRESS

# Approaches from parties expressing interest in a potential change of control transaction

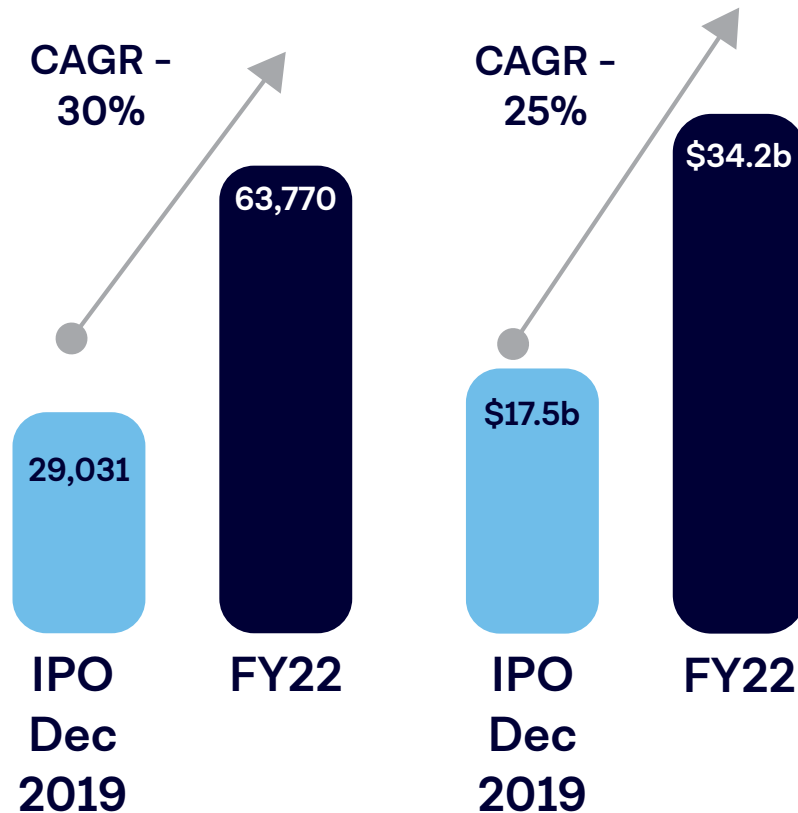
- Tyro is currently engaging in preliminary discussions with selected parties in the context of maximising value for all shareholders
- The Company notes that these approaches are non-binding and highly conditional in nature, and there is no certainty that a binding offer or a transaction of any kind will eventuate
- The Board remains open to discussions with any party regarding credible change of control proposals

# Tyro Operating at Scale



## Number of merchants<sup>1</sup>

## Transaction value<sup>1</sup>



## Our Purpose

- Setting businesses free by simplifying payments & commerce

## Our Mission

- We are a customer-obsessed fintech - setting the standard in payments and commerce

## Our Value Proposition

- Core Payments Products that are:
  - › Fast
  - › Reliable
  - › Cost Effective
  - › Greatest Number of POS Integrations
- Complementary Value Adding Products:
  - › Health Claiming
  - › Deposit Accounts
  - › Lending Product
  - › Tyro Connect - Assisting Hospitality Business' to Thrive

<sup>1</sup> FY22 includes 17,394 Bendigo merchants and \$5.2 billion in transaction value as part of the Bendigo Alliance.

# Terminal Connectivity Issue



- Issue occurred on 5 January 2021
- 70% of Tyro's merchants were *unaffected* by the incident
- 18-year history with no equivalent event
- Impacted merchants -
  - › 11% of merchants partially impacted (multi-terminal outlets with at least one functioning unit)
  - › 19% of merchants were fully impacted
- Remediation program in place to compensate impacted merchants:
  - › all financially impacted merchants invited to register with Tyro to enable remediation claims to be assessed
  - › ~94% of all merchants that sought remediation settled - \$5.2 million in remediation claims settled
  - › the remediation process remains available for claims - providing a fast & straightforward process without the costs, delay & uncertainty inherent in legal proceedings
- Proceedings have been filed in the Federal Court of Australia in relation to the terminal connectivity issue
- Our defence of these proceedings continues to progress through the Court

# Path to Net Zero

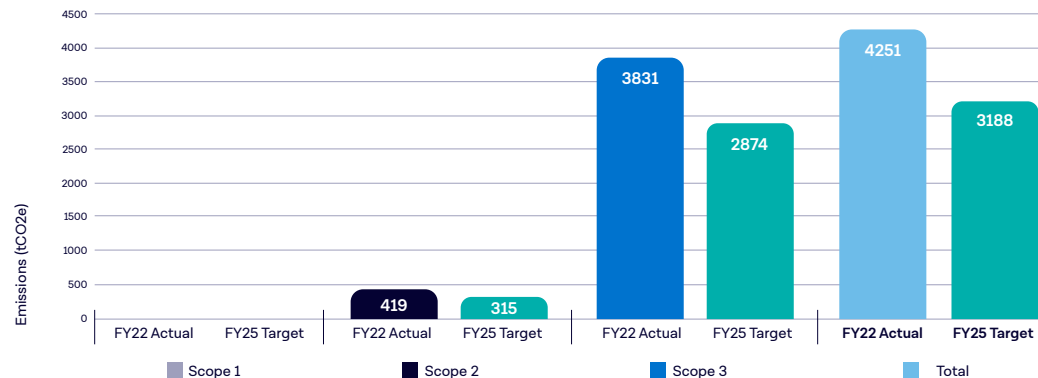


To better understand the impact Tyro's operations have on the environment and climate change, we have undertaken a technical assessment of our emissions inventory through Climate Active Australia with FY21 being our baseline for reporting going forward. This technical assessment is different to the high-level assessment of our carbon footprint conducted in FY21 as it uses the guidance set out by Climate Active Australia that covers all our scope of emissions.

SCOPE	EMISSIONS (tCO2e)	% OF TOTAL	tCO2e/FTE
Scope 1 - direct GHG emissions	-	-	-
Scope 2 - indirect GHG emissions from purchased electricity, heating and cooling	419	9.9%	0.58
Scope 3 - other indirect GHG emissions	3,832	90.1%	5.28
<b>Total Emission</b>	<b>4,251</b>	<b>100.0%</b>	<b>5.86</b>
Carbon offsets to be acquired	(4,251)	(100.0%)	-

We will be acquiring 4,251 tCO2e carbon offsets in early 2023 for those emissions indicated above that cannot yet be reduced in order to obtain our status as a carbon neutral company through the support of environmental sustainability projects in Australia and internationally.

## Emissions



## Carbon Offsets



Carbon offsets to be acquired in 2023

*“Tyro’s Board is committed to transitioning Tyro to a net zero carbon footprint by 2030 through a targeted reduction in our direct consumption of resources, through investments in carbon offset projects, together with enhancing our procurement processes so that environmental impacts are a key consideration in purchasing decisions”.*

# Diversity

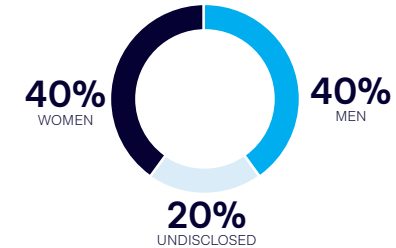


Below is a summary of our diversity results achieved in FY22 against our targets.

MEASURE OF SUCCESS	FY22 OUTCOME	TARGET
Representation of gender groups.	Our overall Tyro team has a gender balance of 36% female, 62% male and 2% undisclosed/other.	A gender balance of 40:40:20 achieved across the whole of Tyro with a balance of 40% female, 40% male and 20% undisclosed to be achieved by 30 June 2023.
Gender balance for Directors.	Our Board has a gender balance of 57% female and 43% male.	A gender balance of 40:40:20 to be achieved by 30 June 2022.
Eliminate gender pay gaps.	A salary review and benchmarking exercise was conducted across the whole business in January 2022 as part of the fixed remuneration review for Tyro. Any gender pay gaps were addressed as part of this review.	Remuneration equity across all genders.
Launching Tyro's own LGBTQIA+ advocacy network, Tyro Pride	In FY22, Tyro Pride was officially launched	Ensure Tyro is a leading employer for the LGBTQIA+ community.
Completed Tyro's inaugural submission to the Australian Workplace Equality Index (AWEI) for FY22	Received data to benchmark ourselves against other organisations.	Ensure Tyro is a leading employer for diversity in the workplace.



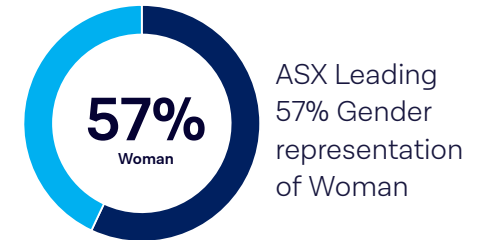
## FY22 Diversity Target - Tyro Team



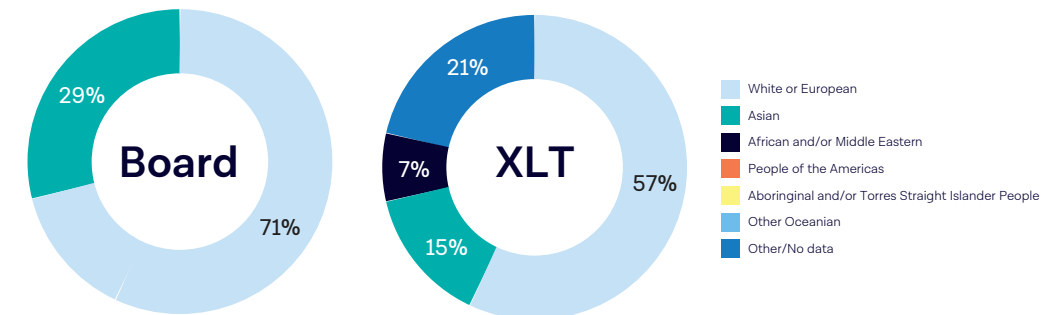
- Our overall Tyro team has a gender balance of 36% female, 62% male and 2% undisclosed/other
- Work to be done to improve diversity on the XLT

## FY22 Diversity Target - Tyro Board

A gender balance of 40:40:20 to be achieved by 30 June 2022



## TYRO RACIAL/ETHNIC COMPOSITION FOR THE BOARD OF DIRECTORS AND XLT<sup>1</sup>



# Board of Directors



David Thodey, AO	Chair, Non-executive Director and Chair of Nominations Committee	Independent	Appointed November 2018 + Chair since October 2019	Standing for Re-election
David Fite	Non-executive Director	Independent	Appointed July 2018	
Claire Hatton	Non-executive Director	Independent	Appointed January 2022	Standing for Election
Aliza Knox	Non-executive Director	Independent	Appointed April 2021	
Fiona Pak-Poy	Non-executive Director & Chair of People Committee	Independent	Appointed September 2019	
Paul Rickard	Non-executive Director & Chair of Risk Committee and Audit Committee	Independent	Appointed August 2009	Standing for Re-election
Shefali Roy	Non-executive Director	Independent	Appointed January 2022	Standing for Election

## Board Renewal:

- David Thodey announced intention to resign effective 1 March 2023 - To be succeeded by Fiona Pak-Poy
- We continually evaluate the skills and competencies required for effective board governance
- Claire Hatton and Shefali Roy were added to the Board in FY22
- Hamish Corlett and Catherine Harris retired from the Board over the past 12-months
- Robbie Cooke resigned as CEO in June 2022 and resigned from the Board as Managing Director on 3 October 2022



# CEO ADDRESS



# A Refocused Tyro



## FY23 Cost Reduction Program:

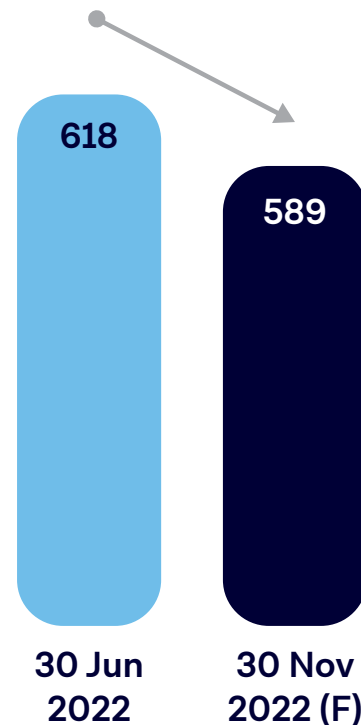
- Reduction of an annualised \$11 million in the cost base of Tyro - \$5 million<sup>1</sup> to be realised in FY23
- Program implemented in October 2022
- Areas of cost reduction:
  - › Headcount to be reduced by 10% by June 2023
  - › Savings in key areas of discretionary spending
  - › Rationalise software licencing costs
- No impact on revenue generating projects and growth trajectory

## Foundational Initiatives:

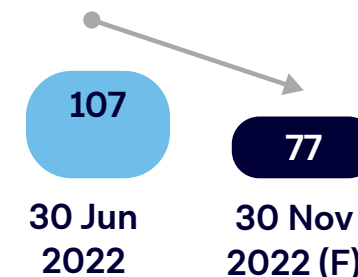
- Roll-out of Tyro Go Readers
- Roll-out of new Tyro Pro Terminal
- Digital on-boarding of Merchants

<sup>1</sup> Excludes one-off termination payments.

Permanent Headcount  
June 2022 compared to Forecast  
November 2022



Contractor Headcount  
June 2022 compared to Forecast  
November 2022



# Key Call Outs - FY22



## Transaction Value

**\$34.2B**

↑↑ 34% GROWTH YEAR-ON-YEAR

## Merchants

**63,770**

↑↑ 10% GROWTH YEAR-ON-YEAR

## Gross Profit

**\$148.5M**

↑↑ 24% GROWTH YEAR-ON-YEAR

## EBITDA

**\$10.7M**

H1 FY22: \$2.8M  
↑↑ H2 FY22: \$7.9M

### STRONG BALANCE SHEET

TARGETING POSITIVE FREE CASH FLOW EXITING FY23

### Q4 FY22 OPERATING LEVERAGE

**88.6%**

TARGETING OPERATING LEVERAGE OF ~82% FOR FY23

## Bendigo Transaction Value

**\$5.2B**

↑↑ 4% UP ON ANNOUNCEMENT OF OCTOBER 2020

## Churn

**9.2%** transaction value churn

8.7% TRANSACTION VALUE CHURN IN FY21

## Loan Originations

**\$99.1M**

↑↑ 283% GROWTH YEAR-ON-YEAR

## Exclusive Telstra Partnership

**+4,500** new leads

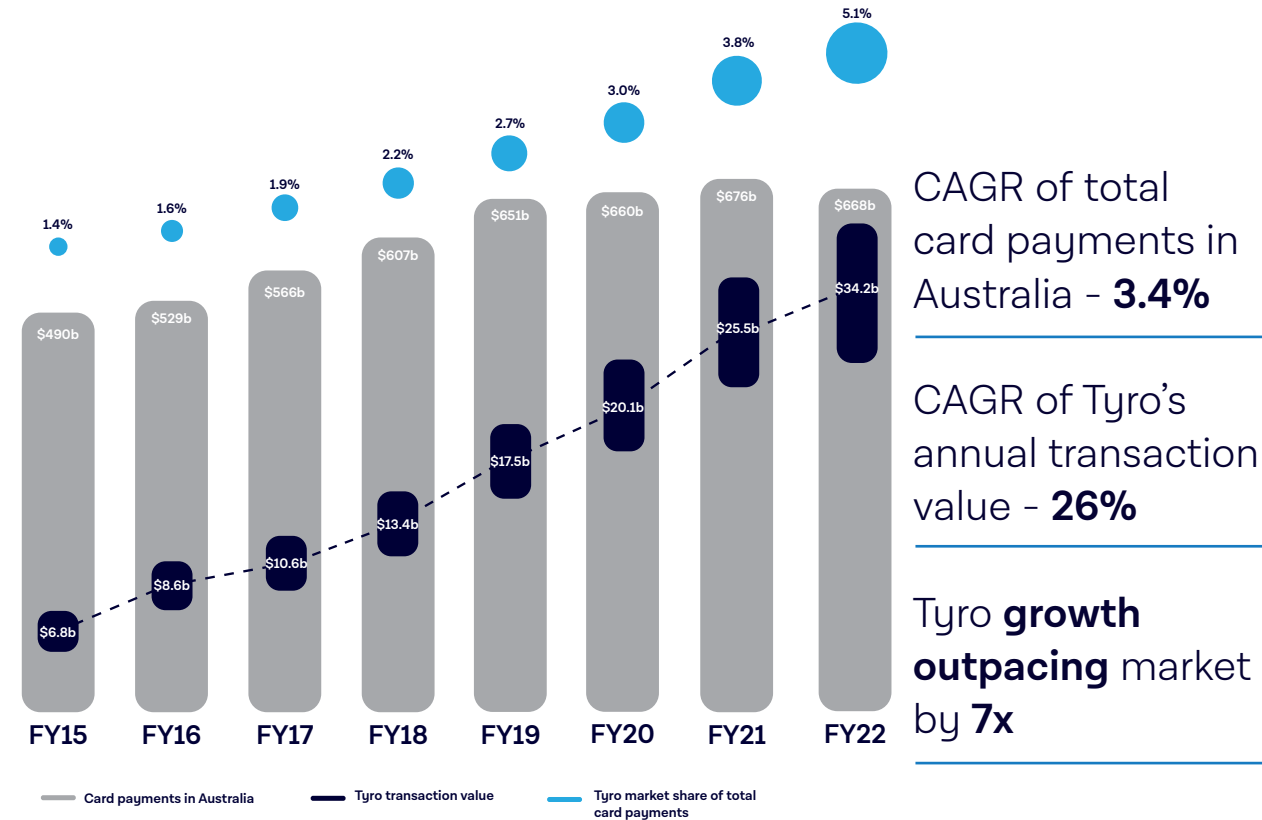
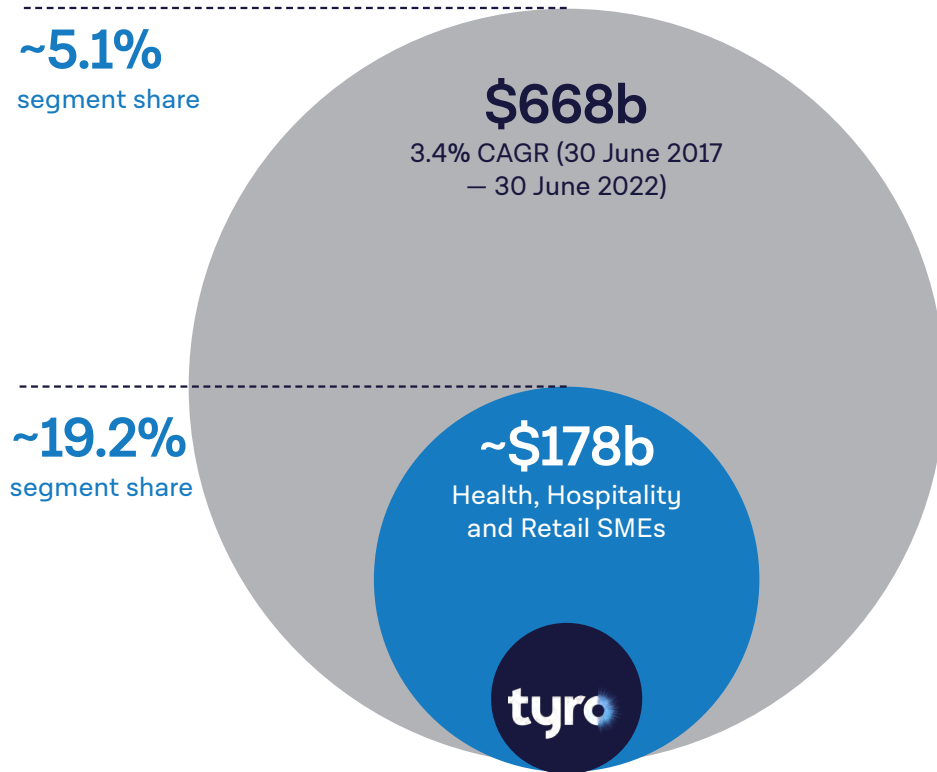
EXCLUSIVE PARTNER TO TELSTRA OFFERING MERCHANT ACQUIRING

# Tyro Payments Business



Annual transaction value of card payments acquired in Australia<sup>1</sup> (\$'billion) - as at 30 June 2022

Tyro's estimated segment share of total card payments acquired in Australia - as at 30 June 2022



<sup>1</sup> Source: RBA C1.1 (Credit and Charge Cards - Original Series - Aggregate Data); RBA C2.1 (Debit Cards - Original Series); RBA C2.2 (Prepaid Cards - Original Series); internal company data.

Source: Internal management estimates based on available RBA statistical data available at time of results


<sup>1</sup> Includes the total value of transactions acquired in Australia for credit and charge cards, and debit cards and the total value of transactions for prepaid cards. While our payments product can be used by businesses across different verticals and size of merchants, we provide our assessment of annual transaction value for small and medium-sized enterprises in our core verticals of Health, Hospitality and Retail. This has been estimated by multiplying the count of SMEs in these core verticals at 30 June 2022 by the estimated proportion of these merchants that accept card payments and average transaction values by vertical per merchant across 'card-present' and 'card-not-present' by reference in particular to our aggregated merchant data, and applying a growth rate (based on CAGR of total industry transaction value acquired from 30 June 2017 to 30 June 2022) to determine a figure as at 30 June 2022. Market sizes and subsets of those amounts are provided to illustrate their sizes relative to our relevant performance metrics and do not imply that we could achieve 100% penetration of them. Market share is based on our FY22 transaction value.

# Tyro Payments Business (continued)




## Significant Scale to Drive our Health Business

- Enhanced practice management system (PMS) + 3<sup>rd</sup> party software integration



52 Tyro PMS integrations

+



25 Medipass PMS integrations

=

~77 PMS integrations (limited overlap)

- 31% increase in health merchants in FY22

11,035 Tyro health merchants

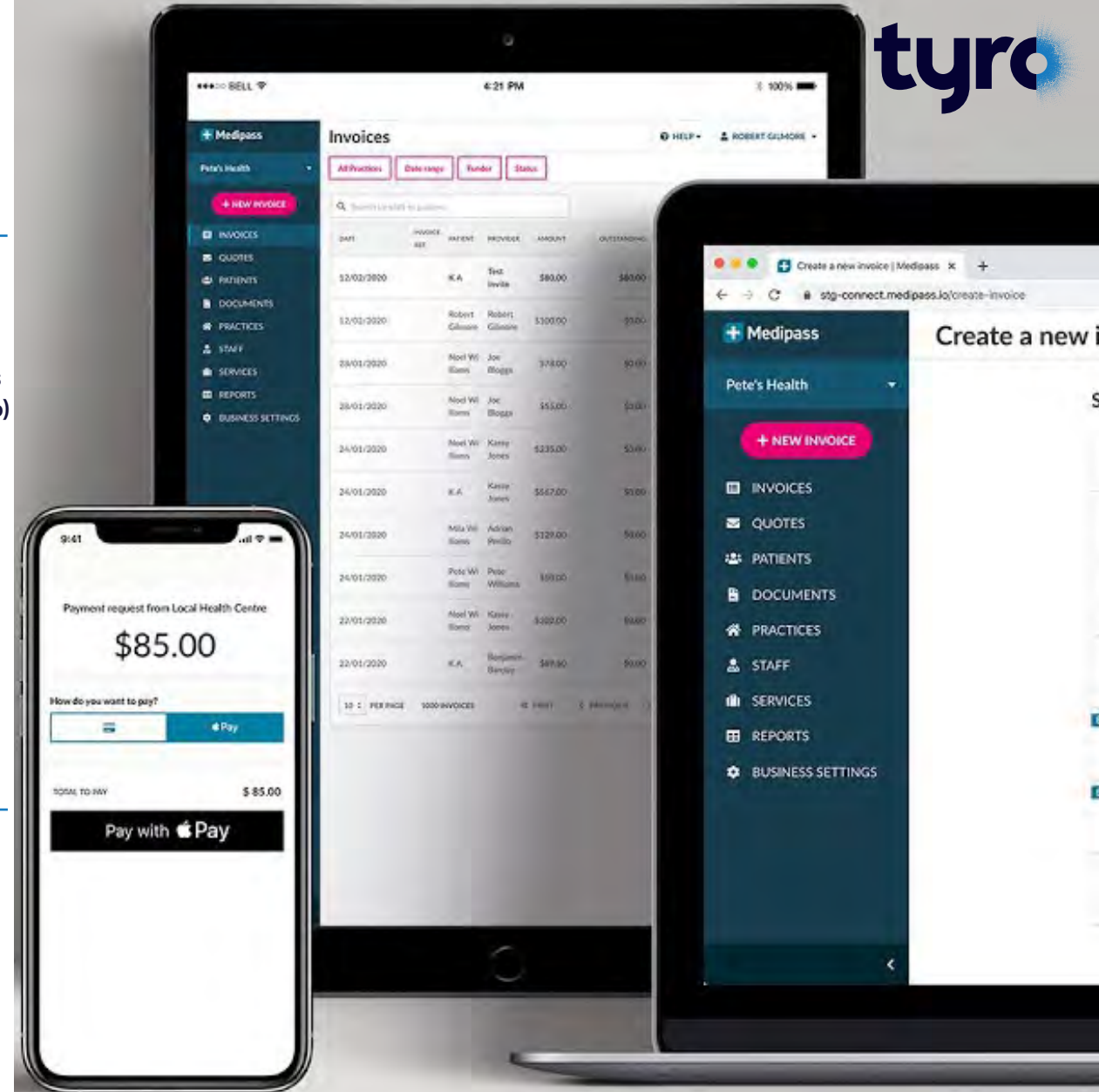
+

1,428 Medipass health merchants

= 12,463<sup>1</sup>

- 
 60-strong team of deep health industry experts covering sales, support, marketing, engineering + product development

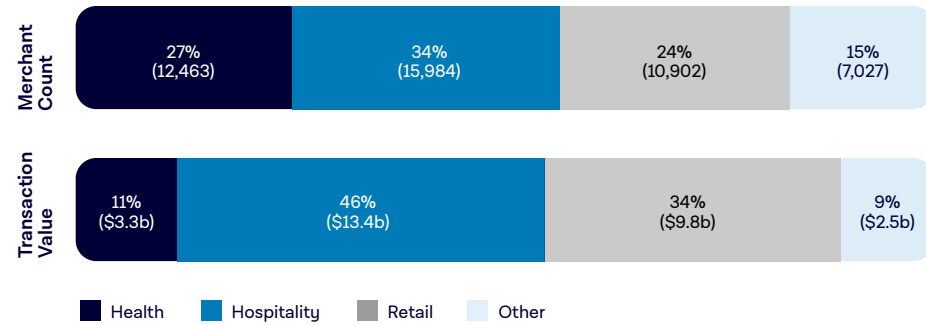
<sup>1</sup> Excludes 1,526 health businesses that use Medipass for digital claiming but do not have a payments settlement relationship with Tyro.



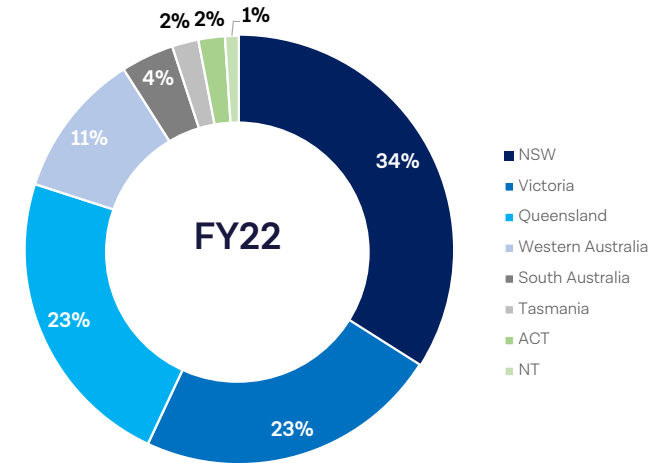
# Tyro Payments Business (continued)



Merchant Count + Transaction Value by Vertical - FY22 (Tyro core only)<sup>1</sup>

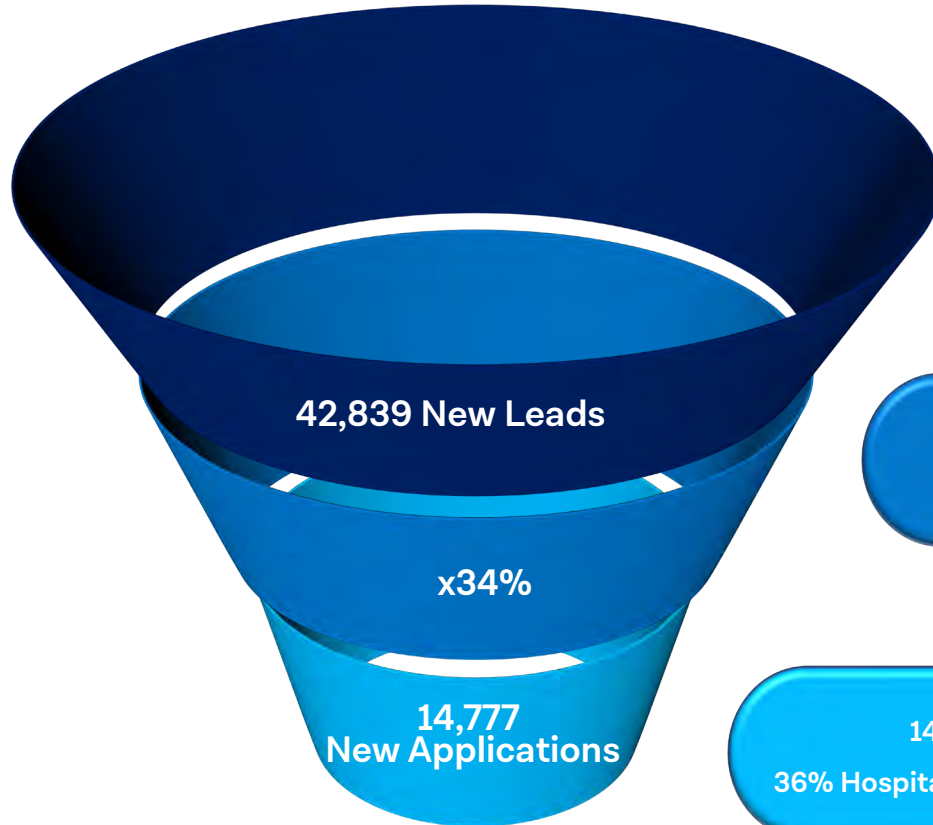


Proportion of Total Transaction Value by State - FY22 (Tyro core only)<sup>1</sup>



<sup>1</sup> The data in the above charts relates to Tyro merchants only and excludes Bendigo merchants

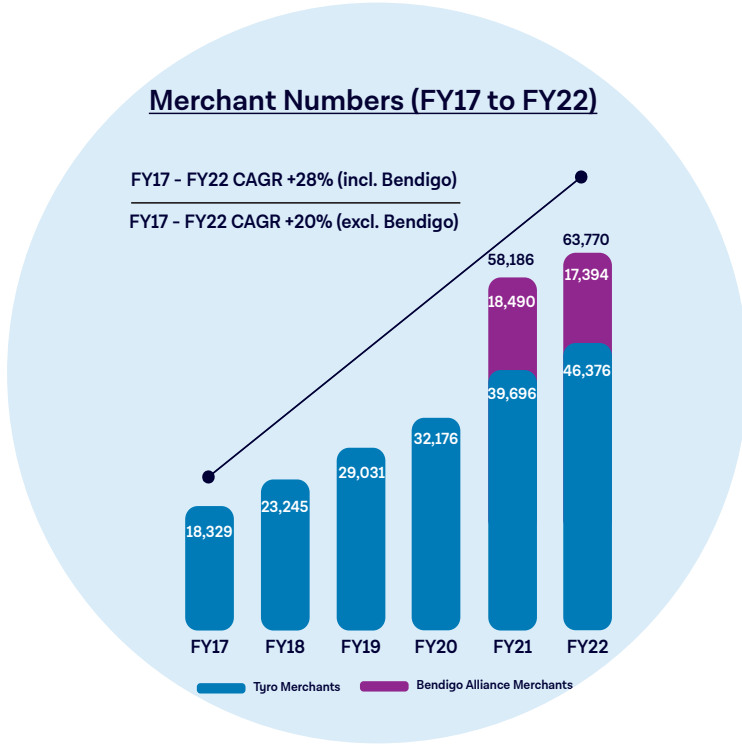
# Merchant Acquisition - FY22



Lead Generation: 55% Digital & ATL  
45% Partners & Referrals

34% Conversion Rate from Lead to Application

14,777 Applications  
36% Hospitality | 23% Retail | 19% Health



63,770 Merchants - up 10% (FY21: 58,186)

9.2% Transaction Value Churn (FY21: 8.7%)

10.5% Merchant Number Churn (FY21: 11.3%)

Average application run-rate of 1,231 per month (FY21: 984 per month)

# Tyro Banking Business

	FY22 \$'000	FY21 \$'000		GROWTH %
<b>Loan Originations</b>	<b>99,071</b>	<b>25,843</b>	<b>▲</b>	<b>283.4%</b>
Revenue	5,504	3,222	▲	70.8%
Interest income on loans	4,877	1,952	▲	149.8%
Fair value gain on loans	627	1,270	▼	50.6%
Gross Profit	5,230	2,843	▲	84.0%
<b>Gross Profit margin as % of Revenue</b>	<b>95.0%</b>	<b>88.2%</b>	<b>▲</b>	<b>6.8pts</b>

## Tyro Business Loan

- Record \$99.1 million in loan originations (FY21: \$25.8 million) - with record highest ever month in June 2022 of \$12.7 million
- Maximum loan amount increased to \$350,000
- Positive non-cash fair value adjustment \$0.6 million - reflecting better than expected repayment velocity
- Average loan size \$47,100 (FY21: \$35,500)
- \$39.5 million loans on the balance sheet at 30 June 2022 (FY21: \$15.4 million)
- \$0.6 million in lending loss ↓16.9% (FY21: \$0.7 million)
- Lending loss to origination ratio of 0.6% (FY21: 2.8%)

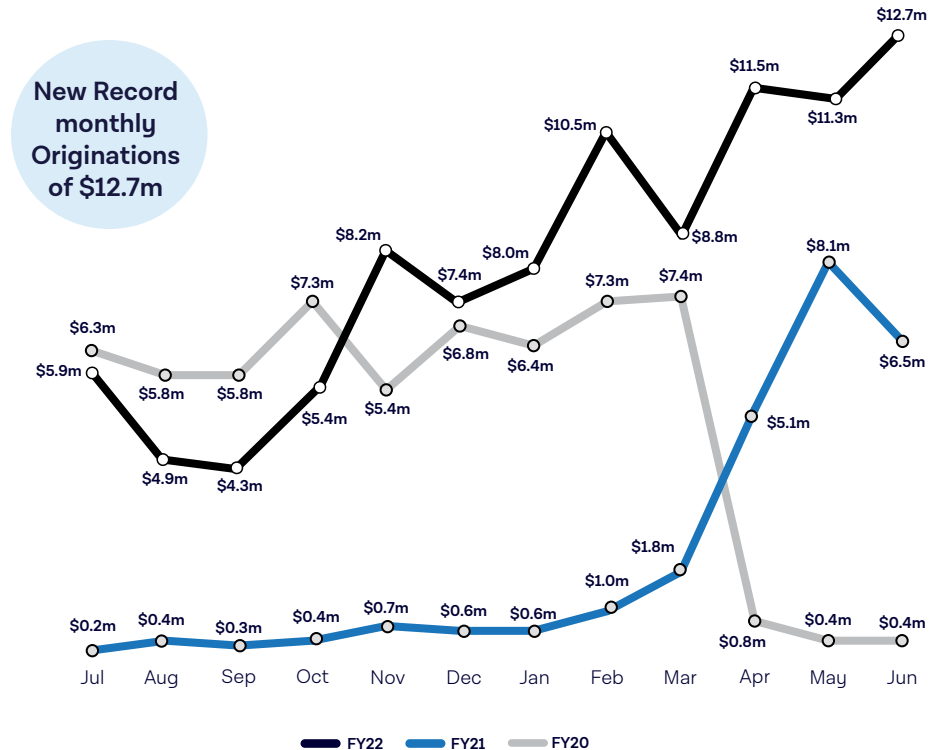
## Tyro Bank Account

- \$79.2 million in at-call deposits at 30 June 2022 ↑9.3% (FY21: \$72.5million)
- 5,097 active accounts (FY21: 4,603)
- Average account balance of ~\$15,500 (FY21: ~\$15,700)
- Average interest rate 0.26% (FY21: 0.43%)

## Tyro Term Deposit Account

- \$4.1 million in term deposits at 30 June 2022 (FY21: \$3.0 million)
- Average account balance of ~\$57,300 (FY21: ~\$50,200)
- Average interest rate 0.66% (FY21: 1.01%)

FY22 Growth in Monthly Originations Since Impact of Covid (\$'million)





# Trading Update<sup>1</sup>



## PAYMENTS BUSINESS:

- Very strong start to FY23
- Results to 31 October 2022 trending towards top end of guidance of all operating metrics provided on 10 October 2022
- Transaction value 1 July 2022 to 31 October 2022 - \$14.0 billion, up 52% on pcp
  - › Victoria ↑84%
  - › NSW ↑93%
  - › Queensland ↑30%
  - › WA ↑21%
  - › SA ↑37%
  - › Other (includes Bendigo Alliance) ↑22%
- eCommerce transaction value achieved for 1 July 2022 to 31 October 2022 - \$172.5 million

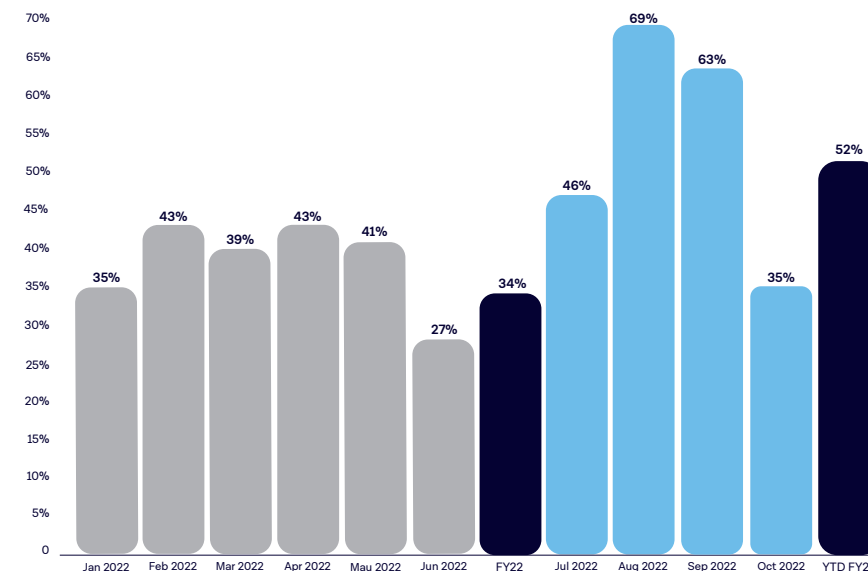
## BANKING BUSINESS:

- Loan originations 1 July 2022 to 31 October 2022 \$48.7 million, ↑137% (\$20.6 million in pcp)
- Deposits balance at 31 October 2022 - \$87.6 million

## GROUP:

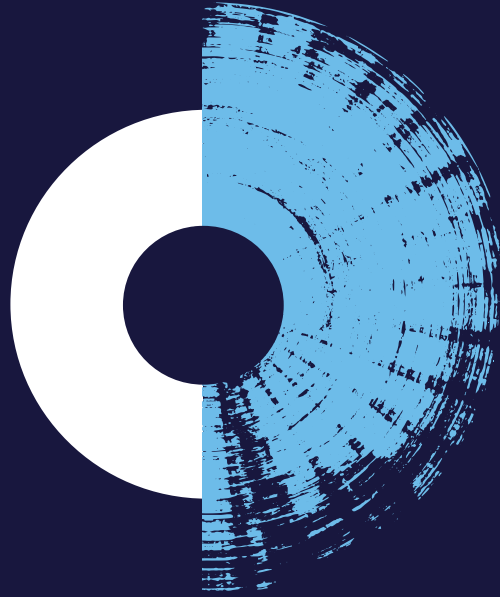
- Gross Profit YTD FY23 - \$61.9 million, ↑57% on pcp
- EBITDA YTD FY23 - \$10.4 million
- Operating leverage YTD FY23 - 83%

Monthly Transaction Value Growth - YTD FY23



<sup>1</sup> These numbers are based on unaudited management accounts that have not been independently reviewed or verified.

THANK YOU



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