

**TYRO PAYMENTS LIMITED  
2022 ANNUAL GENERAL MEETING  
CHAIR'S ADDRESS TO SHAREHOLDERS**

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Good afternoon and on behalf of my fellow Directors and the entire Tyro team, I am pleased to welcome you to Tyro's 2022 Annual General Meeting. My name is David Thodey, and I am Chair of Tyro Payments Limited.

Before we begin today, I would like to acknowledge the Traditional Owners and Custodians of the land, sea and waters from where I am joining you today. For me, that is the Gadigal people of the Eora Nation. I also acknowledge the Traditional Owners and Custodians of the various lands from which you are all joining this virtual meeting today, and I wish to pay my respect to elders past, present and emerging.

It certainly is wonderful to have an in-person AGM again and I am so pleased to see so many of our shareholders and guests present here today. We will also be web-casting the meeting to shareholders who cannot attend in person and while the online meeting format may be familiar for some of our shareholders online, I recognise that it may be less so for others.

Before I provide a few brief comments on FY22 I want to talk about the unsolicited approaches Tyro has received from several parties. We continue to engage in preliminary discussions with these selected parties in the context of maximising value for all Shareholders but note 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.

Over the past 12 months, as bond yields and interest rates started to increase, many investors have changed their focus from revenue growth to a free cash flow valuation perspective. This shift in valuation dynamics has had a significant impact on Tyro's share price which started FY22 at \$3.76 a share and finished the year at \$0.60 a share. The Board was acutely aware that \$0.60 did not reflect the fundamental value of our Tyro business and we undertook a significant amount of work to determine the intrinsic value of the business, taking into account our attractive growth prospects as we continue to take share in the Australian payments and business banking markets, our expectations to achieve strong and improving operating leverage in the near term and that we are well funded and capitalised to support our growth ambitions.

The results we have achieved in the first four months of FY23 and our FY23 guidance are a clear indication that Tyro is now on a path to profitability and positive free cash flow in the near term. As such, whilst the Board will consider any credible change of control proposal we will only recommend such a proposal if we believe it represents compelling value for all Shareholders.

FY22 was another year of challenge both in Australia and Internationally for us all having to deal with geo-political tensions, the impact of still having to live with COVID and significant changes in our operating environment as a result of heightened inflationary and interest rate pressures and global supply chain issues for our terminals due to chip shortages. Unfortunately, the next 12-months looks like it will

continue to be a challenging economic period with high energy prices, constrained supply chains, and a slow-down in global economic growth.

However, what continues to stand out for us here at Tyro is the resilience of our SME merchants to continue to thrive through these challenging times by adapting to the needs of their customers with the continued strong growth in our transaction value clearly demonstrating this resilience. In the light of these challenges we were pleased with the top line performance of the business in FY22.

Tyro now operates on a much larger scale compared to when we listed in December 2019 – only three years ago. We have nearly doubled annual transaction value from \$17.5 billion as recorded in FY19 to \$34.2 billion for FY22. This equates to an annualised constant growth rate of 25% over the 3-year period notwithstanding the significant disruption of Covid on our business for most of that time.

We have more than doubled our merchants from 29,000 at IPO to just over 63,700 at 30 June 2022, operating over 109,000 terminals, reinforcing our position as Australia's 5th largest merchant acquirer by terminal numbers. This increased scale has translated to Tyro generating positive EBITDA and nearing positive free cash flow.

The \$668 billion Australian payments industry is an ever-changing environment in which we are well positioned to accelerate our growth and capture a much larger market share. Cash, as a means of payment, will continue to decrease with customers preferring contact free payments, eCommerce payments and QR code-based payments. Tyro still only represents approximately 5% of the total cards payment market and as such have a large addressable market as we look to capitalise on the opportunity in front of us. We are seeing a greater appetite from micro and small businesses to adopt new payment technologies and digital payments specifically in the core segments of the market that we operate in and with our new suite of products and technology, the Board remains very optimistic about Tyro's future as we focus on top line growth, our margins and operating expenses.

Our fundamental value proposition remains the key driver of our growth. We offer payments products that are fast, reliable, cost effective, and offer the greatest number of direct integrations to point-of-sales systems for our merchants compared to any other provider in Australia and the release of our Tyro Go reader, Tyro Pro terminals and digital on-boarding firmly place us on the path to regain our mantle as Australia's leader in payments technology.

Our banking licence and related deposit and lending products are a further significant value proposition for our merchants providing them with access to a lending product they cannot obtain from the banks. Following our tight control over lending risk through Covid, we are now starting to see the true potential of these products as we start to scale our banking business to become a more meaningful part of Tyro.

Although we continue to have the best payments products in market, we are now at the point where we must show strong operating leverage, profitability and positive free cash flow in the business. As such, we as a Board are very pleased with the

work Jon and his team have done to implement the cost reduction program and to drive efficiencies in the business.

Jon has settled into the role of CEO exceptionally well and is driving the organisational, cultural and productivity changes needed by Tyro in our next chapter of growth and profitability. As announced to shareholders on 10 October 2022, we re-forecasted an improved operating leverage of 82% for FY23 and we will exit FY23 on a positive free cash flow basis. Jon will be providing you with more details on his vision for Tyro as CEO going forward and the strong results for the first 4-months of FY23.

Although the terminal connectivity issue we experienced in January 2021 and short-selling attack was close to 2-years ago now, our focus on doing the right thing for our merchants has yielded very positive results as evidenced by the absence of any noticeable increase in merchant churn together with our merchant application numbers returning to record highs.

All financially impacted merchants were invited to register with Tyro to enable remediation claims to be assessed. To date, we have engaged with all merchants who have sought remediation and settled claims to the value of approximately \$5.2 million.

In October 2021, we were served with proceedings filed in the Federal Court of Australia in relation to the terminal connectivity issue. Our defence of those proceedings continues to progress through the Court.

Notwithstanding those proceedings, Tyro's remediation program remains open for merchants claiming any impact to register for remediation by contacting Tyro. We are confident that the remediation program will bring a swifter resolution to any claims than the class action and will avoid the unnecessary legal and litigation funding costs and delay to impacted merchants.

We are committed to building a sustainable business that has a strong social conscience and we are focussed on delivering solutions that create a sustainable future for all our stakeholders.

We have also recently undertaken a significant amount of work to understand how cyber security risks that have targeted some of Australia's largest companies could impact Tyro. We take our privacy and data protection obligations very seriously given the large amounts of transactions we process and I can provide Shareholders with a level of confidence that cyber security is something the Board is very focussed on together with our risk and technology teams.

From an environmental perspective, we are focussed on reducing Tyro's impact on climate change and whilst we are not an intensive emitter of carbon dioxide, this year we will become a 'Net Zero' carbon neutral business by signing up to the Climate Active Australia initiative and developing our first formal emissions inventory, including the purchase of carbon offsets to achieve Net Zero.

We are also focussed on assisting our merchants to understand their own impact on climate change and developing ideas on how we can assist them in their journey to become carbon neutral. This is just the start of our move to a more comprehensive and more transparent review of our business which we will build on in FY23 and beyond.

At Tyro, we embrace a workplace that is safe, inclusive and welcoming for all our employees. We recognise that our merchants and the community in which we operate are diverse and multi-cultural, and we are committed to ensuring that our team reflects this diverse community.

In FY22, we introduced our first ever cultural diversity survey to better understand ourselves and how our broad-based diversity compares to the community in which we operate. We have initially looked at the cultural diversity of our Board and Executive Leadership Team and will implement initiatives in FY23 across our entire team.

The learnings from these initiatives will guide our thinking and setting targets for broad-based diversity rather than only being focussed on gender diversity. We have also made good progress on the gender diversity targets we set in the prior year.

We target representation of women at Tyro across our leadership teams and across the broader team on a 40:40:20 approach with at least 40% women, 40% men, with the remaining 20% unspecified to allow for flexibility and to recognise that gender is non-binary.

Turning to our Board. Over the past 3 years we have undertaken a complete renewal of the Board.

In 2019, Kerry Roxburgh retired as the Chair, with Catherine Harris and Hamish Corlett retiring in 2021. In 2021 we were pleased to welcome Aliza Knox to the Board and more recently in January 2022 we welcomed Claire Hatton and Shefali Roy to the Board.

Claire is based in Sydney with extensive experience spanning senior executive and country leadership roles in technology and travel businesses in Australia, Asia and the UK. Claire brings extensive commercial leadership experience to Tyro.

Shefali has extensive C-Suite / senior leadership roles in operations, compliance and regulatory affairs at global multinational companies and brings a wealth of technology expertise and knowledge to the Board.

As announced to the market this morning, I intend to resign as a Board member and Chair of Tyro on 1 March 2023. The Board has been working over the past twelve months to ensure Tyro has effective succession plans in place for both the Board and for management and after due consideration, the Board has unanimously concluded that Fiona Pak-Poy who has been a Non-executive Director for over three years, has both the skills and importantly the experience to take over from me following my departure.

It has been a wonderful journey with Tyro with many highs and lows from taking Tyro through its IPO to dealing with Covid and the terminal outage and more recently the significant change in sentiment from the market for tech stocks such as Tyro. It has been a privilege to serve as your Chair and I want to take this opportunity to thank you for your support over the years.

Following the Board renewal process, I am confident that I leave Tyro with a very capable and very skilled Board and Chair in Fiona that will see Tyro through its next stage of growth into Australia's dominant payments company. Paul Rickard has also kindly agreed to offer himself for re-election to ensure the new Board members have the necessary corporate history of Tyro that Paul has gained over the past 13 years.

As Chair of the Board, I would like to thank all Board members for their contribution over this past year and on behalf of the Board, I would like to sincerely thank our dedicated team of committed people, our merchants, Shareholders and all our other partners for their ongoing support through the year.

That concludes my address to you, so I will now hand over to Jon.

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**TYRO PAYMENTS LIMITED**  
**ADDRESS BY THE CEO TO SHAREHOLDERS**  
**24 NOVEMBER 2022**

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Thanks David and good afternoon to our shareholders and guests. It is a great pleasure to be joining you for my first AGM as CEO. Before I summarise our results for the 2022 financial year, I would like to provide you with an overview of my first 50 days as CEO, and my vision for the next stage of Tyro's growth.

I first came across Tyro in 2015 when I was working for one of Tyro's major bank competitors. I was immediately impressed by Tyro's use of technology to reinvent and disrupt payments in Australia. Tyro had a fantastic reputation across the SME sector providing customer centric solutions that weren't offered by other traditional payments providers. The innovative technology and products Tyro offered were world class and continue to position the business strongly. However, over the past 5 years we have lost some of our innovative focus and have become increasingly viewed as a more traditional provider of payment and cash flow management solutions. Our challenge, which I'm determined to address, is to regain our mantle as Australia's leading payments innovator and disruptor.

With the benefit of almost 18 months on the executive team, and 2 months as CEO, I have a clear understanding of our strengths, our potential, and issues that need to be addressed.

In the past 2 months we have made several operational changes focused on repositioning our business and recapturing the spark that has been so critical to our success.

Firstly, on October 10<sup>th</sup>, I announced a program to reduce our FY23 operating cost base by \$5m which equates to delivering an annualised \$11m saving.

Our cost base was too large for the size of our business, and I believe that with a leaner, more focused organisation, we will prioritise initiatives to deliver measurable benefit while creating the required operating leverage and profitability.

We have prioritised the realisation of savings on discretionary expenditure and non-revenue generating parts of our business; this includes a reduction of almost 10% in total headcount. I am confident that the approach we have taken will have no impact on our ability deliver strong transaction value and merchant acquisition growth, while continuing to support our investment in innovative products and services.

Secondly, we have focused project delivery on the initiatives we need to maintain and strengthen our market competitiveness. These are foundational in nature and provide a strong base from which we can build new customer experiences and drive operational efficiencies. We have prioritised and accelerated the rollout of our new Tyro Go card reader, deployment of our new Tyro Pro android-based terminals (both you would have seen at our product table), and our new digital customer on-boarding and servicing capabilities.

The Tyro Go reader is now available to all our existing and all new merchants. As of last Friday we had 624 devices in production and being used by customers.

Our Tyro Pro terminal has completed field tests and is in pilot two weeks ahead of our forecast December timeline. Our digital on-boarding process has also gone live for customers applying for Tyro Go. The digital onboarding of further products will be deployed in the coming months with the Tyro Bank Account to go live before Christmas.

These products are compelling and competitive, delivering an improved customer experience and significant operational cost benefits.

We also recognise that the payments landscape is changing, and we have plans to move beyond card-based payments and into other acceptance approaches, including account-to-account payments that leverage capabilities made possible through the New Payments Platform (NPP). We will also leverage our banking licence to deepen the relationships we have with our customers by providing lending services, such as those available today via our merchant cash advance, transaction account, and continuing to enhance our deposit product offering.

I am really excited about the future and look forward to regularly updating shareholders on our new products, product features, and services, as we bring our technology and innovation focus back to our business.

As David mentioned, the interest that we have from external parties in buying our business is not distracting us from delivering for our shareholders and customers. We have a small team supporting ongoing discussions, with the broader Tyro team completely focussed on driving performance.

As I remind the team, the interest in our business reflects the value, and the wonderful potential, that others see. We have a duty to maximise that value by running the business as efficiently, and effectively as we possibly can.

Moving to our FY22 results, despite the year being difficult due to the ongoing impacts of COVID, we grew our merchant base by 10% and are proud to say that by the end of FY22 we serviced more than 63,000 Australian merchants.

Tyro's core business, excluding Bendigo, grew by 16% in a period significantly impacted by lockdowns. We increased the value of transactions processed by 34% to reach \$34.2b, of which our Bendigo Alliance contributed \$5.2b. This outperformed our forecast when announcing the alliance in October 2020.

Our revenue increased by 37% to \$326m, we increased our normalised gross profit by 24% to \$148.5m and we booked an EBITDA result of \$10.7m, noting our first half EBITDA was \$2.8m and our second half result was a much stronger \$7.9m.

As noted, our performance was dampened by COVID lockdowns in NSW, Victoria and the ACT which cost Tyro an estimated \$5m in foregone EBITDA in the first half.

Our second half provides a better line of sight to Tyro's momentum and includes benefits from action taken to manage operating costs during the second half, and the implementation of a pricing change in March 2022. These actions positively contributed to the last quarter FY22 result and helped deliver an improved operating leverage.

These margin improving actions, as well as the changes I have outlined over the past 2 months, are providing us with further operating leverage; improvements that I will discuss as part of our trading update. Pleasingly, the changes we have implemented have had no impact on top line growth.

Although we operate in a highly competitive industry, over the last 5 years Tyro has continued to capture segment share, growing by 7 times the card-present system growth rate. This has seen our segment share of card-present payments reaching ~5% on 30 June 2022 and our share for SMEs in hospitality, retail, and health reach ~19%. Including Bendigo, we ended the year with 63,770 active merchants.

Our new health business which incorporates Medipass added 2,262 new merchants seeing us end the year with 12,463 health merchants. These merchants processed \$3.3b in payments.

Merchants in our three core verticals - hospitality, retail and health - represented 85% of our active merchants and made up 91% of our transaction value. Our strongest transaction growth was in our hospitality vertical which grew by 18%. Health was up 17% whilst our retail vertical grew 12%. eCommerce transaction value continued to grow to \$520m, up from \$70.3m on the prior period.

New merchant sign ups tracked at approximately 1,200 applications per month – with 55% of leads coming to us through digital and telephone channels, and 45% through partners. We now have 348 direct point of sale system integration Partners, up from 322 in FY21.

During the year, we entered an exclusive partnership to provide merchant acquiring services to Telstra's business customers through more than 350 Telstra retail stores and Telstra Business Technology Centres, as well as online. This channel has performed above expectations, and we are confident that it will prove to be a strong acquisition channel for Tyro.

Turning to banking. Although banking represents a small part of our business, it offers an important cash management solution for merchants and one where we see strong prospects for continued growth.

Our Tyro Bank Account is a fee free, interest earning transaction account. We have more than 5,000 merchants actively using the Tyro Bank Account, up ~11% on last year. We had \$83m in total deposits at 30 June 2022 up from \$75.5m a year ago. Our Term Deposit product, which is available to customers through the Tyro App, held \$4m in deposits at the 30<sup>th</sup> of June.

Our unsecured loan product is designed to help SMEs grow their businesses. Loans are repaid from a percentage of card transaction values generated by the business



as selected by merchants. The innovative feature of this product is that repayment values cycle up and down in alignment with a merchant's daily card transactions.

We wrote just under \$100m in new loans for the year, compared to \$26m in FY21. The average loan size in the year was \$47,000 compared to approximately \$35,500 a year ago. Average loan terms have remained consistent at six months. Lending losses for the year were \$600k.

In FY22, we performed a detailed review of Tyro's capabilities, payment industry trends, and opportunities for growth. As a result, we have refined our strategic plan.

As I have noted, we making good progress on three strategic priorities for FY23; Tyro Go, Tyro Pro and automated onboarding. Having delivered these foundational initiatives, the key focus for the remainder of FY23 is to ensure our new terminal and reader form factors provide the same level of integration into POS systems as our existing terminals. We will also turn our attention to Mobile Point of Sale payment acceptance, continue to invest in 3<sup>rd</sup> party funder integrations for our health business, and scale of our banking business to utilise our valuable banking licence to its full extent.

With the annualised \$11m reduction in our cost base going forward, and our focus on increased productivity, we are well positioned on our journey to profitability and positive free cash flow. As we have guided the market, we are aiming to exit FY23 in positive free cash flow.

Together with the Board, I will continue to focus on making productivity and efficiency improvements which we can implement without impacting our strong growth profile.

At the FY22 end of year results we provided earnings guidance for the first time. Following the announcement of our cost reduction program in October, we updated guidance reducing operating leverage from 85% to 82% and increasing EBITDA to a range of \$28m - \$34m (from \$23m - \$29m). Today, I am pleased to confirm that we are tracking toward the top end of all operating metrics provided.

We have generated transaction value of \$14b to 31 October 2022, an increase of 52% on the prior corresponding period. Our hospitality vertical is delivering exceptionally strong growth at 87% versus pcp, with growth in our retail and health verticals also strong at 38% and 36% respectively.

Over the first four months of this financial year we have averaged 1,440 new merchant applications per month bringing our total merchant count to 67,205. We have achieved loan originations of \$48.7m, up 137% on the same period last year.

At a Group level, gross profit year-to-date 31 October 2022 of \$61.9m was achieved, up 57% on the comparable period. Group EBITDA before share-based payments came in at \$10.4m (on a normalised basis), and our year to date operating leverage is 83%.

These are strong results and do not yet include the \$5m in cost savings announced at the start of October.

We are however tempering our expectations. We remain cautious of the broader macro-economic environment and the impact of interest rate increases to spending in Tyro's key hospitality and retail verticals. We must also flawlessly execute key initiatives that are critical for the realisation of operating expense targets.

Although the headcount reductions of the past month have presented a challenging period for our team members, this process, and our renewed focus on the delivery of critical initiatives has provided clarity to our team, and our shareholders, on my ambitions for a leaner, more focused Tyro. My vision is that we return to our fintech roots, we are an innovator who uses technology to deliver faster, more secure, more reliable, customer focused payment and banking services.

I would like to thank the fantastic team at Tyro for embracing this vision. I would also like to thank the Tyro Board for this exciting opportunity and for the support they have given me.

Back to you David.

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