

**TYRO PAYMENTS LIMITED**  
**2024 ANNUAL GENERAL MEETING**  
**CHAIR'S ADDRESS TO SHAREHOLDERS**

Good afternoon everybody my name is Fiona Pak-Poy, Chair of the Tyro Board. On behalf of my fellow directors and the Tyro team, I am delighted to welcome you to our 2024 Annual General Meeting.

Before we begin today, I would like to acknowledge that I am hosting this meeting in Sydney on the land of the traditional owners, the Gadigal people. I also acknowledge the Traditional Owners and Custodians of the various lands from which you are all joining this meeting today virtually, and I wish to pay my respect to Elders past, present and emerging.

As Chair, I'm pleased that FY24 was a year of great progress for the company, albeit we recognise the share price has not reflected this. It has been rewarding for myself and the Board to support the team's plans to accelerate progress in the core focus areas of people, innovation and growth.

Before I share more about what the team have delivered and some of the key changes we've made to our remuneration plans, it's worth us recognising the resilience of our customers – who over the past year have continued to weather the effects of above-trend inflation and higher interest rates. Whilst there is some uncertainty in the near-term, which will continue to weigh on small businesses, we're hopeful that economic conditions will improve, and the challenges faced by our customers will ease.

Despite the economic headwinds, Tyro has performed well in FY24. Jon will talk in more detail about our performance for the year – but to summarise, there are three key themes that characterise Tyro in FY24.

Firstly, we've made good progress against our strategic initiatives which have been focused on enhancing the customer proposition. These initiatives span product innovation, pricing transformation, improved operating efficiency and driving growth.

Secondly, progress against these initiatives has allowed us to deliver strong financial performance in FY24. At a headline level, we delivered gross profit and EBITDA within our guided range, with our EBITDA growing by 31.6% to \$55.7 million – representing an EBITDA margin of 26.4 per cent.

Our net profit after tax, on a statutory basis, was more than four times higher at \$25.7 million and our free cash flow increased significantly to \$30.4 million. These results demonstrate Tyro's transition to a significantly more profitable business.

Finally, Tyro is uniquely positioned for future growth opportunities. We have several core strengths that we will continue to leverage over the medium-term to deliver profitable and sustainable growth.

I'd like to acknowledge on behalf of the Board the feedback that we've received from you, our shareholders, in response to the 2023 Remuneration Report. This mainly related to the financial measures we had been using for our incentive plan, the level of disclosure on award triggers and also a one-off retention award that was made to our prior CFO.

As we laid out in our 2024 Remuneration Report, we've made some changes to our executive remuneration which I believe you will find demonstrates that we've listened to, and carefully

considered, your feedback and that our policy and plans continue to evolve to balance the needs of the business with shareholder outcomes.

I will provide a summary of the key changes we've made – and you will see these on the presentation slide too.

Starting with the Short-term Incentive, or 'STI'. There are some changes that we had already made, which became effective for our FY24 award.

First, we introduced risk and performance gate-openers, which are minimum standards that must be met for any team member to receive an award.

Second, we re-balanced the weighting across different measures with an emphasis on ensuring more of the potential award is linked to performance against financial measures.

Third, we changed the split of equity to cash for Executive KMP and XLT to ensure we have the right balance so that we can attract and retain senior leaders in this competitive market.

Looking ahead, there are some additional changes to the STI that will take effect in FY25. Notably, we will replace the EBITDA metric with three equally weighted metrics of gross profit, operating leverage, and statutory net profit before tax. For the CEO and CFO specifically, financial metrics will represent at least 30% of their Individual KPI component meaning that now >60% of their total potential award is linked to financial measures.

Moving on to some changes we made to our Long-term Incentive, or 'LTI'.

For FY24, we switched to an EBITDA metric on a post share-based payments basis, rather than before share-based payments.

For FY25, we will be completely removing the use of EBITDA for the LTI and replacing it with earnings per share – which will be used alongside relative TSR, both of which will have an equal weighting of 50%. This change to including a return on capital metric is appropriate now the business is profitable and supports the suggestion of many shareholders.

And more broadly, across our external reporting – we have introduced greater levels of disclosure on the target measures, the performance required to trigger various awards, including further detail on our CEO's KPIs.

Finally, as part of our overall improvements to remuneration, we have also incorporated the Tyro Employee Share Trust, or EST, which is designed to purchase shares on-market for employee rights and options granted from FY24 onwards. This is intended to mitigate the effect of dilution on existing shareholders from share-based payments. I'm pleased to announce that this is now fully operational.

We are confident that this remuneration framework incentivises and rewards high performance that delivers sustainable long-term value creation and better reflects the interests of shareholders.

I'd like to briefly share some of the highlights relating to our social and environmental endeavours.

We are committed to managing our impact on the environment, to decarbonise our operations and encourage our suppliers to do the same. As part of this, we currently acquire carbon offsets for our greenhouse gas emissions, to certify our business operations as Carbon Neutral.

We haven't just stopped at our own operations. As part of our climate-related risk assessment we identified an opportunity to help our merchants on their path to decarbonisation. To support them, we've launched a partnership with 'Greener' – an online sustainability platform. Together we help small and medium-sized businesses to reduce their greenhouse gas emissions and save money – identifying action plans and offers across energy, waste, transport, packaging and more.

Additionally, in terms of our commitment to providing a diverse and inclusive place to work, we're delighted with our focus on Tyro's gender diversity – with a greater than 40% representation of females across both the whole company, and among our extended senior leadership group. And at a Board level, we have a nearly 60% female representation. These numbers are particularly good for a tech company. This sentiment is felt strongly across the business, with 86% of colleagues stating that Tyro is a diverse and inclusive place work.

That concludes my remarks for today, and in closing I would like to recognise the hard work and commitment of Jon and all the Tyro team, including the Board. I would especially like to thank David Fite for his significant and insightful contributions over many years and we wish you the best for your future endeavours. Finally, I would like to thank you, our shareholders for your continued support. I am very excited about the possibilities ahead of us, and how Tyro is well positioned to capture those. I look forward to being able to share updates throughout the year.

I will now hand over to Jon, who will run through in a little more detail the strategic and financial performance for FY24.

## **CEO AND MANAGING DIRECTOR'S ADDRESS TO SHAREHOLDERS**

Thanks Fiona.

Good afternoon to everyone here in person, and to those of you joining virtually. My name is Jon Davey, and I am the CEO and Managing Director of Tyro.

Before I begin, I would like to thank you, our shareholders, for the support you provide to our business. I'm pleased to have the opportunity today to provide an overview of our strategic and financial performance and share why I believe Tyro is uniquely positioned for future growth.

I will cover the key highlights from our 2024 FY as well as our guidance for FY25.

As Fiona outlined, there are three key themes that underpinned our performance in FY24 and give us confidence in the future of our business.

Firstly, in progressing our strategic initiatives we have delivered solutions that bring our mission to life; that is to make payments the easiest part of doing business.

Secondly, our financial performance has been strong, highlighted by excellent year on year profit growth.

Thirdly, the combination of owning our own payments technology stack, proven capability in the development of industry leading solutions, leadership excellence, and a high performing team, uniquely positions Tyro for further growth.

Our focus on innovative payment solutions is not only delivering better products and product features, but it is positioning Tyro in a rapidly changing payments landscape.

Growth is at the forefront of our priorities, and in FY24 we made good progress in expanding our product suite and our market opportunity. We launched several new products and product features including our bundled payments and POS offering and our embedded payments SDK. Our embedded payments SDK provides merchants with a variety of off the shelf hardware options, removing a dependency on Tyro sourced hardware as the only way to accept card present payments.

In August we announced preliminary details on two new verticals, unattended payments and a health adjacency, that we will enter this financial year. In both we are partnering with industry leading businesses and will leverage our end-to-end technology and payments switch, and in the case of the health adjacency, our unique ability to process online and card present card payments, and third-party insurance claims. For the health adjacency we will deploy an entirely new and industry leading payment processing solution. The addressable market for these opportunities is large and growing, more than \$5 billion for each this year. Development and launch plans are progressing well and we will provide further information on our partners, the industry verticals, and our solutions, as soon as possible.

Our pricing transformation program, and our disciplined approach to cost management continues to drive improved financial results. The pricing transformation program, announced just over 12 months ago, has simplified processes for our sales and servicing teams, driven higher numbers of automated approvals, and delivered fairer pricing for Tyro's customers. Nearly 80% of Tyro customers now operate on card-based pricing plans; these plans charge merchants a fee based on the card a consumer uses. Commercial and international cards, which incur a

significantly higher interchange fee are priced higher than lower cost debit cards. This approach provides transparency to the merchant, is fair, and positions Tyro well for any changes made by the Reserve Bank to the cost of card acceptance and surcharging.

The second of our themes is our strong financial performance, reflected in significantly higher, and sustainable profit.

I am pleased to share these results as they reflect the hard work that has gone into bringing our strategy to life.

Our gross profit for the year grew by 9.1% to \$210.8 million, and EBITDA grew by 31.6% to \$55.7 million. Our EBITDA margin was 26.4%, up from 21.9% last year.

Cost management is, and will remain, a core focus. Over the past 12 months we have continued with the disciplined approach implemented when I was appointed and that is now part of our DNA. We are driving efficiency in all aspects of our business, treating every dollar as though it was our own. We will however not allow cost management to compromise our focus on innovation and our customer experience. Instead, we will leverage industry leading technology, including AI to optimise customer experiences and minimise cost. During 2024, we have been trialling the use of AI agents in our Health business, particularly for customer support. These tools are not only helping our staff prepare customer service requests, but they are also directly responding to customer queries. For the 2025 FY year to date, almost 8,500 requests have been started using our online chat platform; 45% of these involved an AI agent with 51% of those resolved without human intervention. This has highlighted the transformational opportunity across our business.

Our focus on gross profit growth, and effective cost management, contributed to a significant improvement in bottom line profitability with net profit after tax increasing from \$6.0 million last year to \$25.7 million in 2024.

Additionally, we are a significantly more cash generative business. Our free cash flow of \$30.4 million was more than 5 times the free cash flow generated last year.

I'd like to discuss our third theme and outline why we firmly believe that we are uniquely positioned for profitable and sustainable growth.

Tyro is the payment provider of choice for more than 70,000 merchants. We have captured this share of market because we are focused on building better payments solutions for customers. We will leverage our unique capabilities to power future growth. This includes:

Firstly, ownership of our end-to-end technology stack. This means we have complete control and flexibility to build industry and segment specific solutions, and to integrate seamlessly with partners.

Secondly, we have diverse distribution channels that we can leverage to enhance our go-to-market efforts. Tyro currently acquires customers through online channels and our sales team, through Point of Sale and Practice Management System partners, through Independent Sales Organisations, and via retailers such as Telstra. Each has its own focus with some suited to certain types, and size of merchant.

Thirdly, merchants value the benefits that come with our integrated payments and banking proposition. This solution provides businesses with same day access to their funds and helps Tyro merchants manage their cashflow.

Finally, we continue to invest in leadership excellence, the development of a high performing team, and a customer focused culture.

Looking ahead, we have a clear picture on the outcomes these capabilities will deliver.

First, they will help us to unlock more of the addressable market in Australia, giving us greater opportunity for growth. Launching our new verticals is exciting, however, there is still lots of opportunity within our existing verticals of hospitality, retail, health and services.

Second, as we build momentum and adoption of our deposit and lending products, we will see better economics flow to a wider population of our book; this will be hugely supportive of gross profit growth.

Finally, with growth in payments and banking driving top line growth, and our ongoing commitment to improve operating efficiency, we are confident in our ability over the medium term to keep delivering strong profit growth.

Moving on, I would like to discuss the framework we are using to provide guidance on financial targets over the medium term.

As presented in August at the FY24 results call, we have outlined our medium-term targets based on a commonly used 'Rule of 40' model. Using this model, we can calculate a score, which is the sum of our normalised gross profit growth and our EBITDA margin. We are targeting a minimum score of 40 from FY26.

This means that we need to drive top line growth, but balance this with improved profitability.

Setting this trajectory gives you, as owners of the business, greater visibility over the medium-term, and demonstrates our commitment to profitable and sustainable growth.

To add further detail, we expect to deliver an increase to the EBITDA margin each year. For FY25 we expect an EBITDA margin of 28%, rising to circa 31% in FY27.

It is important to confirm that we don't see any reason to revise this target as a result of the changes that the Reserve Bank is assessing as part of its Payments Review. Recent publication of the issues paper highlighted thinking that is consistent with our expectations, and scenarios that we have modelled. We believe that Tyro is well positioned for any change. Our business model is not dependent on merchants surcharging their customers, and as discussed, we have the technical capabilities to allow us to price by card type.

Tyro is currently preparing a response to the RBA's Issues paper. We will provide further updates once we are clear on details and the timing of any changes.

In August, we also presented our outlook for FY25, and we guided to generation of between \$218 million and \$226 million of gross profit – at an EBITDA margin of around 28%.

We've taken into consideration the macroeconomic outlook, the benefits from our growth initiatives, and we've also factored in some downside risks – one of which relates to the potential loss of merchants to Lightspeed. You will recall that we had an injunction against the targeting of Tyro customers by Lightspeed that ended on the 6<sup>th</sup> of September.

Operating performance for the financial year to date has been consistent with expectations, and our financial performance is in line with the guidance provided. It is still early days in assessing the Lightspeed impact, but I would say that so far, the impact has been smaller than we expected.

In fact, we continue to hear from some merchants who are very unhappy with Lightspeed's aggressive tactics, and we continue to work with our merchants to help them avoid the hefty fees they are being threatened with.

Further to my previous comments, we do not expect any impact during FY25 from any changes related to the RBA Payments Review.

We therefore remain comfortable with our FY25 guidance; and continue to expect delivery of \$218m to \$226m of gross profit at an EBITDA margin of around 28%.

That concludes my presentation. I will now hand back to Fiona who will take us through the formal items of business.

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