

Media Release

FULL-YEAR RESULTS

TYRO MERCHANTS ACHIEVE RECORD \$25.5 BILLION IN TRANSACTIONS

Sydney, 26 August 2021 – Tyro this morning reported its 2021 full-year results with record performance across all key financial measures in what continued to be a challenging environment.

Trading conditions for many of Tyro's merchants, particularly those in its core hospitality, health and retail verticals, remained difficult with unpredictable and rolling Covid lockdowns across the country. Given this environment, and as was the case last year, Tyro maintained its focus on actions and initiatives designed to assist merchants navigating Covid impacts.

Despite the Covid headwinds, Tyro's full year results were strong with an all-time high of \$25.5 billion in transactions processed on behalf of more than 58,000 merchants that chose Tyro as their payments solution partner. Record outcomes were achieved with gross profit reaching \$119.4 million and EBITDA¹ lifting to \$14.2 million. Tyro's statutory net loss after tax narrowed 22% to \$29.8 million, and on a normalised basis² the net loss before tax was \$10.9 million, improving circa 58%.

Delivering on its growth strategy, Tyro in May 2021 acquired health fintech Medipass to enhance its health payments and claiming solution. This was followed in June 2021 by the completion of its merchant acquiring alliance with Bendigo Bank which has seen Tyro add ~18,500 Bendigo Bank merchants to its merchant portfolio adding annualised transaction value of ~\$5 billion.

Highlights for FY21

- * Record **\$25.5 billion in transactions** processed by Tyro merchants – **up 26%** (FY20: \$20.1 billion).
- * Record **58,186 merchants** choosing Tyro as their payments solution – **up 81%** (FY20: 32,176).
- * Transaction growth driving record **gross profit of \$119.4 million** – **up 28%** (FY20: \$93.5 million).
- * **EBITDA¹ of \$14.2 million** - up 424% (FY20: \$4.4 million loss).
- * **Record loan originations** in May 2021 of \$8.1 million – FY21 originations \$25.8 million (FY20: \$60.1 million)
- * Transformational **Tyro | Bendigo Bank Alliance completed** 1 June 2021 – 18,490 new merchants + ~\$5 billion annualised transaction value.
- * **Acquisition of health fintech Medipass** – significant step in building out Tyro's health solution.
- * Launch of **Tyro Go pilot** – new mobile payments dongle.
- * **Tyro Connect generating traction** – 695,000 transactions processed.
- * Australia's **5th largest merchant acquiring bank** by terminal count – 104,827 terminals up 67% (FY20: 62,722).
- * **Strong Balance Sheet** - \$172.8 million in cash and financial investments - future growth supported.
- * **Impressive brand awareness** increase – prompted brand awareness lifted to 20% (FY20: 14%) + unprompted spiked to 19% (FY20: 9%).

Summary of results (see Appendix A for more detail)

	FY21	FY20		% Change
Transaction value	\$25.5 billion	\$20.1 billion	▲	26.4%
Gross profit	\$119.4 million	\$93.5 million	▲	27.8%
EBITDA ¹	\$14.2 million	(\$4.4 million)	▲	424.0%
EBIT (normalised ²)	(\$10.4 million)	(\$25.4 million)	▲	59.0%
Net loss before tax (normalised ²)	(\$10.9 million)	(\$25.9 million)	▲	57.9%
Net loss after tax (statutory)	(\$29.8 million)	(\$38.1 million)	▲	21.6%

Commentary

Tyro this morning reported its FY21 full-year results, announcing transaction value of \$25.5 billion, gross profit of \$119.4 million, EBITDA¹ of \$14.2 million and a statutory net loss of \$29.8 million. On announcing the result, Robbie Cooke, Tyro's CEO | Managing Director said:

“Processing a record \$25.5 billion in transactions for our ~58,000 merchants through FY21 was quite an accomplishment considering the backdrop of rolling and unpredictable Covid lockdowns. When lockdowns lifted our merchants saw solid growth return and, also pleasing, new merchants continued to be attracted to our market leading payment and banking solutions throughout the year.”

¹ Tyro uses EBITDA as a non-IFRS measure of business performance, which excludes the non-cash impact of share-based payments expense, share of loss from associates, expenses associated with the terminal connectivity issue and the IPO and other significant one-off costs.

² Normalised adjustments include the elimination of certain non-recurring items of expenditure including expenses associated with the terminal connectivity issue, significant one-off costs and the exercise and vesting of Liquidity Event Performance Rights triggered by the IPO and costs of the IPO expensed.

In discussing the results delivered Cooke said:

“The resilience of our business definitely shone through again this year. We lifted revenue 13% to a new record \$238.5 million and even more impressively we lifted gross profit 28% to a new high of \$119.4 million. Statutory net loss after tax was \$29.8 million after accounting for \$13.2 million in costs associated with the connectivity issue and \$5.0 million in costs associated with the Bendigo and the Medipass transactions. Excluding the impact of these one-off costs, net profit before tax on a normalised basis was a loss of \$10.9 million, a \$15.0 million improvement on the normalised net loss after tax generated in FY20.

I am also very pleased with how we recovered from January’s terminal connectivity issue. We have not seen any noticeable increase in merchant churn and application numbers are setting record highs. This event did not sit comfortably with me nor my team, and notwithstanding 18 years of operation with no similar issue, we are building a ‘failover’ solution that will see us provide all our merchants with a dongle solution in combination with their standard terminals as an extra level of redundancy – an industry first move.

Our remediation program for those merchants financially impacted by the January event is making strong progress and we are rapidly resolving all make good claims. All financially impacted merchants were invited to register with Tyro to enable remediation claims to be assessed. As at 23 August we have settled claims with approximately 85% of those merchants who have sought remediation and the balance are being progressed. The remediation process remains available for claims of financially impacted merchants providing a fast and straightforward assessment aimed at resolution without the cost, delays and uncertainty inherent in legal proceedings.”

In discussing significant business outcomes achieved in FY21 Cooke said:

“We are executing against our strategy of ‘build’, ‘buy’, ‘invest’ and ‘partner’ as outlined in our 2019 prospectus prior to listing on the ASX and the business outcomes delivered in FY21 provide us with unique opportunities to accelerate growth.

Our combination with Medipass is a significant step in building out our core health vertical and is consistent with our strategy to extend our offering through acquisition where there is a distinct opportunity to gain scale and to enhance our position in a key vertical.

Our alliance with Bendigo Bank is an exciting combination of Australia’s fifth biggest retail bank with the fifth largest merchant acquiring bank. Partnering with Bendigo Bank sees Tyro’s leading proprietary payments platform made available to Bendigo Bank’s current and future business customers – giving them access to more features, more payment options and seamless integrations to more than 300 point of sale systems”.

Commenting on Tyro’s outlook Cooke said:

“Although Covid and lockdowns remains unpredictable, our experience has been that businesses rebound rapidly as normality returns and we remain optimistic as vaccination rates increase.

It is an exhilarating time to be a Tyro, we have achieved a lot in the last year, but it is the opportunity in front of us that remains large and exciting.

We have a mix of features and products in train that will continue to build out our payments centric ecosystem. Products such as the Tyro Go terminal will open up new verticals (trades and micro merchants for example) and provide a ‘queue busting’ solution for larger retailers. We are assessing our next generation terminal which presents some exciting opportunities including a mPOS capability. We are looking to extend our merchant cash advance product to make it available to a wider cohort of Tyro merchants with larger advances available. With the digital claiming capabilities including State and Federal compensatory funders available via Medipass, we have an opportunity in combination with our existing health solution, to create the leading unified claiming and payments platform for Australian healthcare practitioners.

We have created IP (both technical and commercial) in creating our payments alliance model for Bendigo Bank, which has potential applicability to other market opportunities – this is an area we remain keenly interested in exploring. We continue to have appetite for ‘bolt on’ acquisitions, whether large or small, which present an avenue to gain scale, leverage our platform or capabilities, enhance our market position or supplement our ecosystem.”

More detailed commentary with respect to Tyro’s full year performance and each of Tyro’s business segments can be found in Tyro’s FY21 Annual Report available here:

<https://investors.tyro.com/investor-centre/>

We invite you to join our Investor call today with dial-in details provided in **Appendix B**.

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Pursuant to Listing Rule 15.5, Tyro confirms this document has been authorised for release to the market by its Board

About Tyro

Tyro is a technology-focused and values-driven Group providing Australian businesses with payment solutions and value-adding business banking products. The Group provides simple, flexible and reliable payment solutions as a merchant acquirer, along with complementary business banking products.

For the more than 58,000 Australian merchants who chose to partner with Tyro at 30 June 2021, the Group processed more than \$25.5 billion in transaction value in FY21. In FY21 the Group generated \$119.4 million in gross profit, originated \$25.8 million in loans and held merchant deposits totalling \$75.5 million.

Tyro is Australia's fifth largest merchant acquiring bank by number of terminals in the market, behind the four major banks.

The business was founded in 2003 with a goal of being the most efficient acquirer of electronic payments in Australia. Tyro has a track record of innovation, creating purpose-built solutions and being first to market. This approach saw the company become the first technology company to receive an Australian specialist credit card institution licence in 2005. In 2015 that licence was replaced by the award of an Australian banking licence, making Tyro the first new domestic banking licensee in over a decade.

Payments are at the core of Tyro's business, using its proprietary core technology platform to enable credit and debit card acquiring. This offering is enhanced by features purpose-designed for those merchants who choose to partner with the Group, including Point of Sale systems integrations, least-cost routing (Tap & Save) and alternative payment types such as integrated Alipay. While traditionally focused on in-store payments, Tyro has recently expanded into eCommerce.

Further, Tyro provides value-adding solutions to its partners, such as loans in the form of merchant cash advances and fee-free, interest-bearing merchant transaction accounts.

Tyro has a team of more than 500 people, approximately half of whom are in technology roles.

APPENDIX A – STATUTORY RESULTS

	FY21 (\$'000)	FY20 (\$'000)		Change (%)
Transaction value	25,453,507	20,131,045	▲	26.4%
Payments revenue and income	229,221	202,826	▲	13.0%
Lending and investment income	3,222	1,818	▲	77.2%
Other revenue and income	6,079	6,031	▲	0.8%
Total revenue	238,522	210,675	▲	13.2%
Payments direct expenses	(118,694)	(116,684)	▲	1.7%
Interest expenses on deposits	(379)	(516)	▼	26.6%
Total direct expenses	(119,073)	(117,200)	▲	1.6%
Gross profit	119,449	93,475	▲	27.8%
Operating expenses:				
Employee benefits expense (excl. share-based payments)	(76,174)	(67,662)	▲	12.6%
Administrative expenses	(22,903)	(16,598)	▲	38.0%
Contractor and consulting expenses	(7,192)	(5,913)	▲	21.6%
Marketing expenses	(5,419)	(5,716)	▼	5.2%
Lending and non-lending losses	(10,863)	(1,958)	▲	454.8%
Significant items	17,268	-	▲	-
Total operating expenses	(105,283)	(97,847)	▲	7.6%
EBITDA¹	14,166	(4,372)	▲	424.0%
Share-based payments expense	(9,342)	(10,896)	▼	14.3%
IPO expenses	(331)	(9,730)	▼	96.6%
Costs associated with the connectivity issue	(13,285)	-	▲	-
M&A project costs	(4,681)	-	▲	-
Bendigo Bank partner revenue share	698	-	▲	-
Share of loss from associates	(1,119)	-	▲	-
Net interest expense	(517)	(535)	▼	3.4%
Depreciation and amortisation	(15,364)	(12,524)	▲	22.7%
Loss before tax	(29,775)	(38,057)	▲	21.8%
Income tax expense	(48)	-	▲	-
Loss after tax	(29,823)	(38,057)	▲	21.6%

Reconciliation to normalised loss before tax:

	FY21 (\$'000)	FY20 (\$'000)		Change (%)
Loss before tax	(29,775)	(38,057)	▲	21.8%
Add back:				
M&A project costs	4,681	-	▲	-
Costs associated with the connectivity issue	13,285	-	▲	-
IPO costs	331	9,730	▼	96.6%
Share-based payments expense relating to IPO	563	2,411	▼	76.7%
Loss before tax (normalised)	(10,915)	(25,916)	▲	57.9%

¹ Tyro uses EBITDA as a non-IFRS measure of business performance, which excludes the non-cash impact of share-based payments expense, share of loss from associates, expenses associated with the terminal connectivity issue and the IPO and other significant one-off costs.

APPENDIX B

FY21 Financial Results and Investor/Analyst Briefing

A briefing for investors and analysts will be held at 09:30am Australian Eastern Standard Time on Thursday, 26 August 2021. Investors and analysts can access this briefing using the following registration details:

<https://s1.c-conf.com/diamondpass/10014500-t3qu1l4.html>

Please note that registered participants will receive their dial in number upon registration.

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