

H1 FY23 RETAIL SHAREHOLDER WEBINAR

17 MARCH 2023



Tyro Payments Limited
ABN 49 103 575 042



Chair's Introduction

Fiona Pak-Poy



Board and Management Renewal



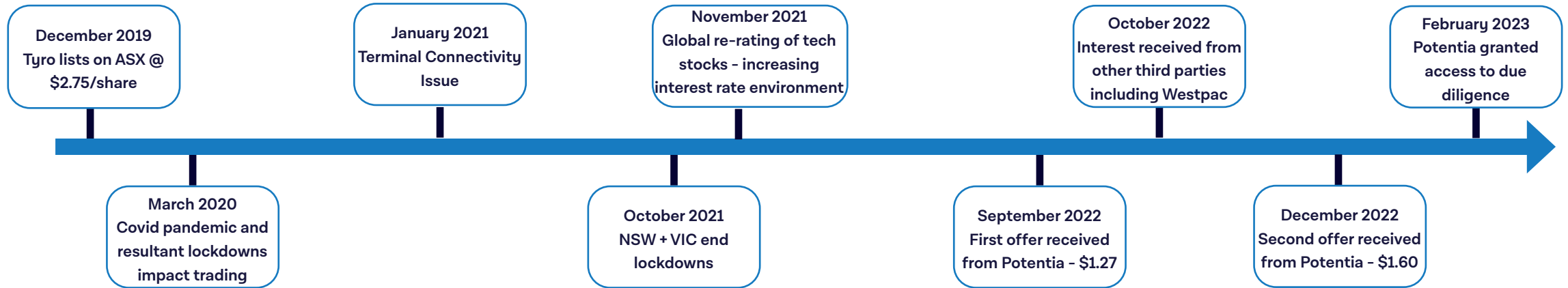
Board Renewal

- Fiona Pak-Poy elected Chair of the Board
- 3 new Non-executive Directors
- Depth of experience in payments, technology, banking, risk management, customer excellence, governance, and strategy
- ASX leading board diversity

New Management Team

- Jon Davey appointed Tyro Group CEO in October 2023
- New Chief Technology Officer, Chief Product Officer and new Health appointments

Interest in Acquiring Tyro





CEO Overview

Jon Davey



A Rejuvenated Tyro



Growth

- Transaction value growth + 37% | Merchant number growth + 9% | Gross profit growth + 40%
- Lending origination growth + 101%
- Distribution through iconic Australian retailers – Telstra + Australia Post

Profitability

- \$11 million annualised benefit – cost reduction program
- 79.6% operating leverage
- Positive free cash flow \$0.6 million
- Statutory net profit \$1.1 million

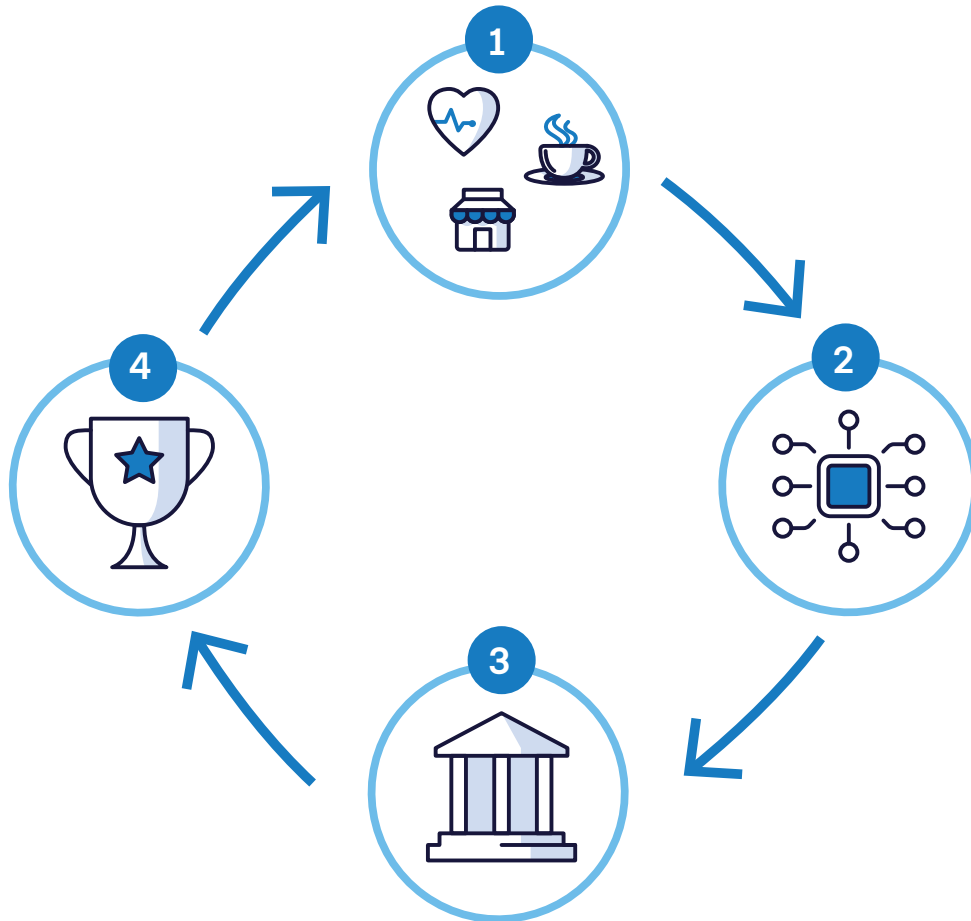
Delivery + Innovation

- Tyro Go launched + Tyro Pro in beta testing
- Automated on-boarding live
- Tyro.com enhanced for banking

Leadership

- Fiona Pak-Poy elected Chair of the Board
- Renewed Board – ASX leading board diversity
- Jon Davey, Tyro Group CEO + new CTO, CPO and Health appointments

Tyro's Value Proposition



1. Focus on Industry Verticals

- Industry specific features and services (eg. Pay@Table, Split Bills, Tipping, BarTab/GuestTab and Health Claiming)
- Merchant and industry knowledge and recognition
- Close of day for settlement and billing based on merchant trading days

2. Direct Integration to POS Systems

- Largest number of direct Point of Sale system integrations - over 330 direct POS integrations
- Benefits to merchants - greater choice | quick and easy set-up | speed of processing | elevated levels of security | ease of reconciliations

3. Banking Licence

- Only specialised payment provider in Australia with an unrestricted banking licence
- Ability to provide our own value-adding banking products, including interest-bearing deposit accounts, lending products together with our core payments offering
- Enables merchants to receive their daily settlements from Tyro on a T+1 basis - Same day with a Tyro Bank Account

4. Local 24/7 Support

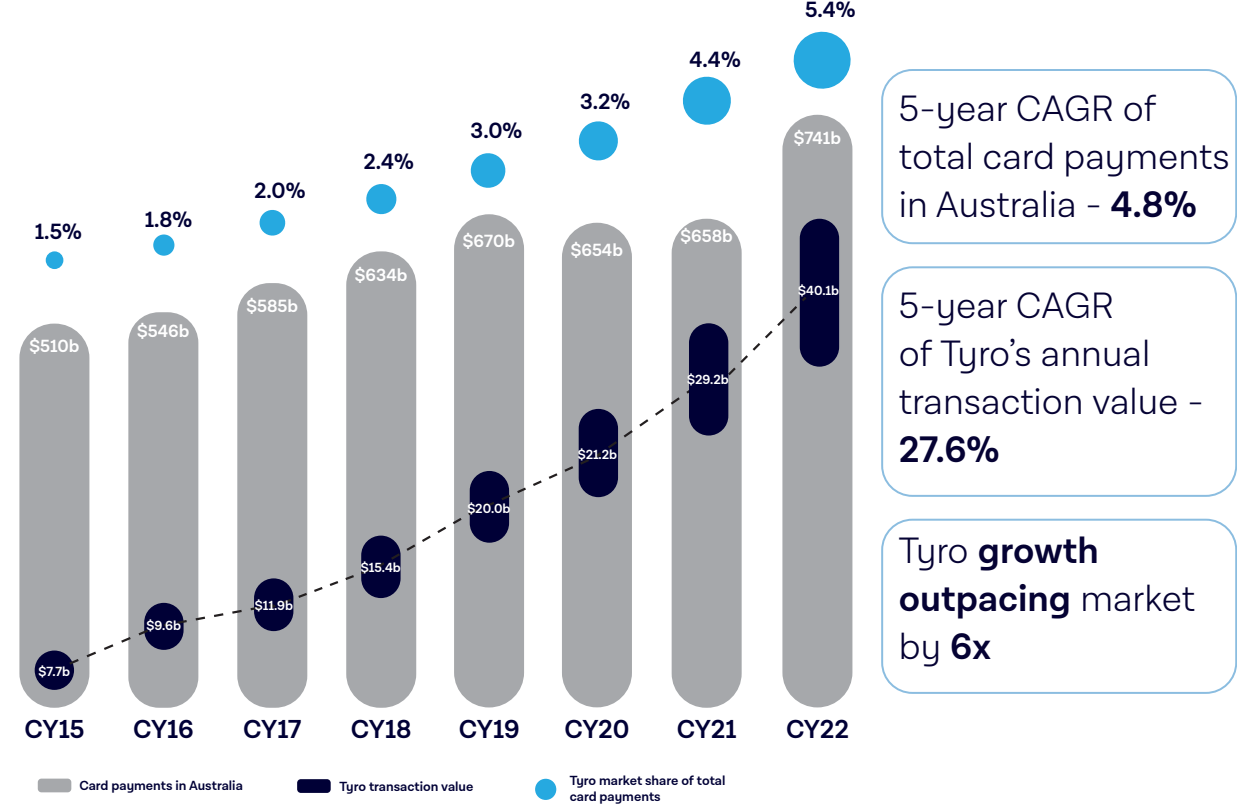
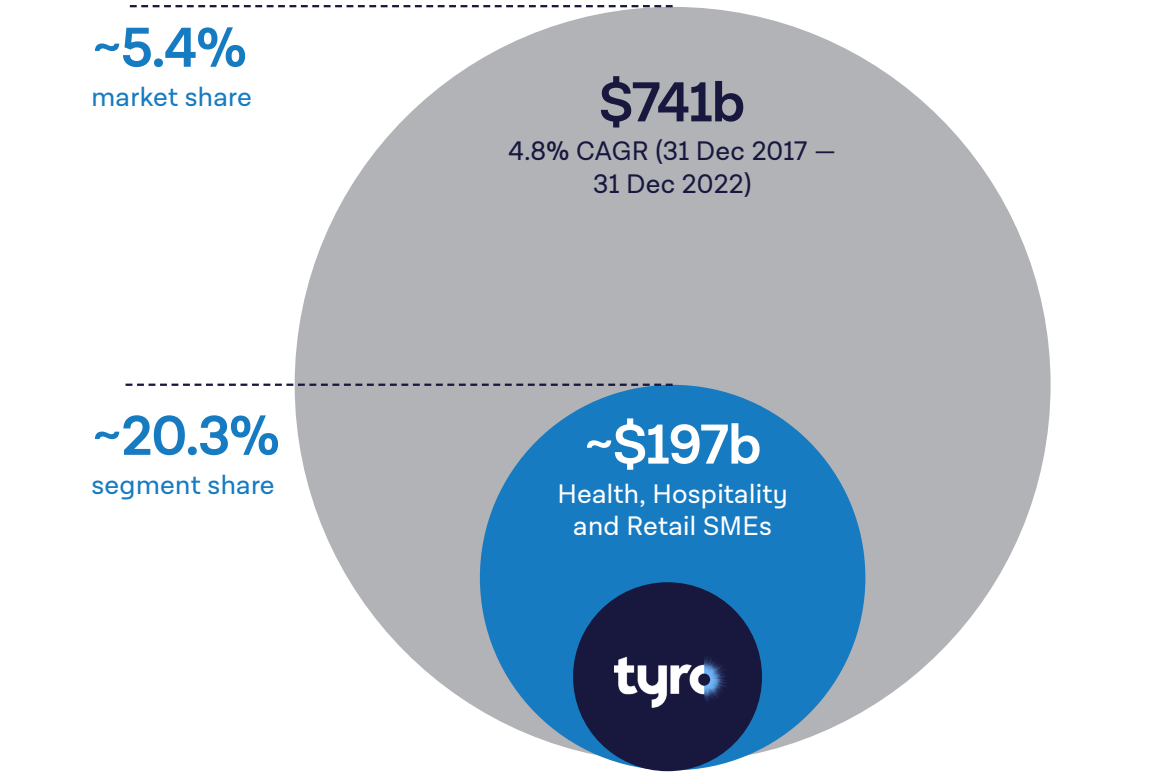
- Australian based customer team offering 24/7 support
- Serve over 66,800 Australian merchants and provide telephone and digital support

Payments Opportunity

5.4% market share growing at 6x market growth

Annual transaction value of card payments acquired in Australia¹ (\$'billion) - as at 31 December 2022

Tyro's estimated market share of total card payments acquired in Australia - as at 31 December 2022



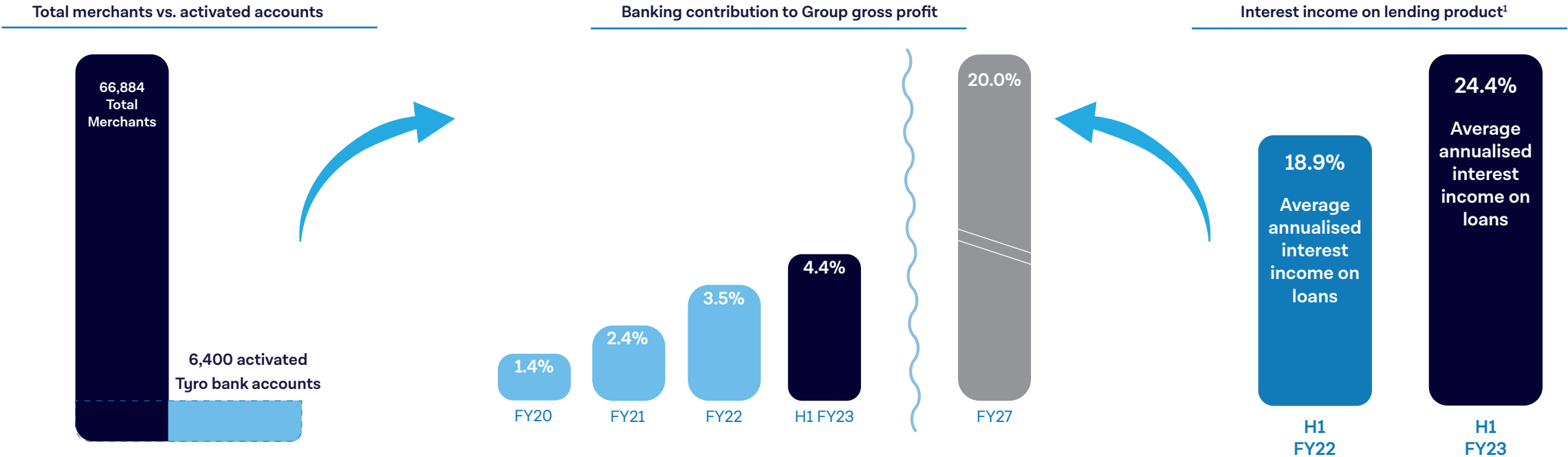
Source: RBA C1.1 (Credit and Charge Cards – Original Series – Aggregate Data); RBA C2.1 (Debit Cards – Original Series); RBA C2.2 (Prepaid Cards – Original Series); internal company data.

¹ 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 31 December 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 31 December 2017 to 31 December 2022) to determine a figure as at 31 December 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 CY22 transaction value.

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

Banking Opportunity

< 10% Tyro Bank Account Customer Penetration
Targeting 20% Banking contribution to Group gross profit by FY27



Significant Opportunity to Grow Banking Business

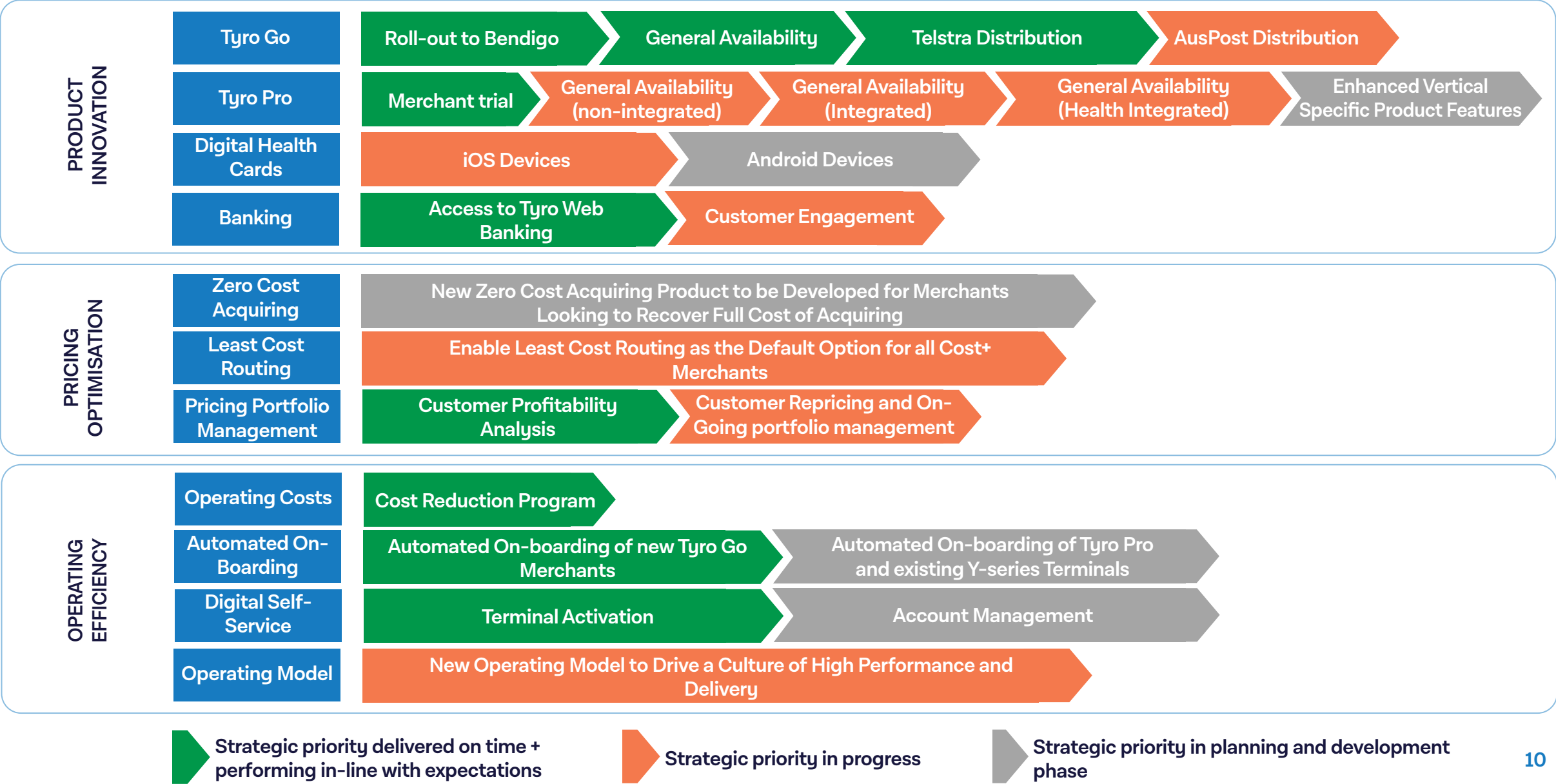
- 6,400 activated accounts - <10% of the total merchant base
- \$95.0 million in deposits from 6,400 activated accounts
- 1,538 total loans drawn down in the period (H1 FY22: 879) - average loan size of ~\$47,300
- Over 25,000 open but inactive accounts

Ability to fund lending + working capital at a stable and attractive cost of funding

- Access to merchant deposits from an unrestricted banking licence
- Comparative cost of funding from deposits significantly cheaper than warehouse type funding arrangements

¹ Interest income on the lending product is calculated as interest income on loans divided by the average monthly loan balance.

Immediate Strategic Priorities



H1 FY23 Performance

Transaction Value

\$21.7B

↑↑ 37% GROWTH ON
PCP

Merchants

66,884

↑↑ 9% GROWTH ON
PCP
16% GROWTH FOR
TYRO CORE

Gross Profit

\$95.2M

↑↑ 40% GROWTH ON
PCP

EBITDA

\$19.5M

↑↑ H1 FY22: \$2.8M
H2 FY22: \$7.9M

STRONG BALANCE SHEET

\$0.6M POSITIVE FREE CASH
FLOW FOR H1 FY23

↑↑ H1 FY22: Negative \$27.1M
H2 FY22: Negative \$6.4M

ACHIEVEMENT OF STATUTORY NET PROFIT

\$1.1M

↑↑ H1 FY22: Loss \$18.1M
H2 FY22: Loss \$11.5M

H1 FY23 OPERATING LEVERAGE

79.6%

↓↓ H1 FY22: 95.9%
H2 FY22: 90.2%

Bendigo Transaction Value

\$2.8B

↑↑ 11% GROWTH ON
PCP

Churn

8.9% transaction
value churn

↓↓ 9.0% TRANSACTION
VALUE CHURN IN H1
FY22

Loan Originations

\$72.7M

↑↑ 101% GROWTH ON
PCP

Value of Banking licence evident as business scales

6,400 activated
accounts

↑↑ SIGNIFICANT OPPORTUNITY
FOR GROWTH WITH ONLY
10% OF MERCHANT BASE
ACTIVATED FOR BANKING



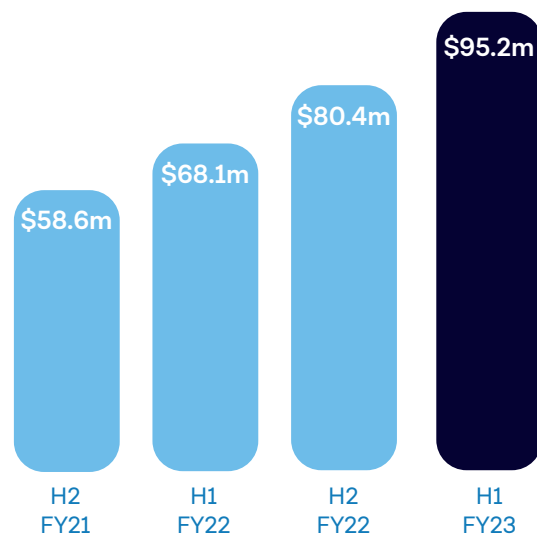
Detailed Financial Performance

Prav Pala, CFO

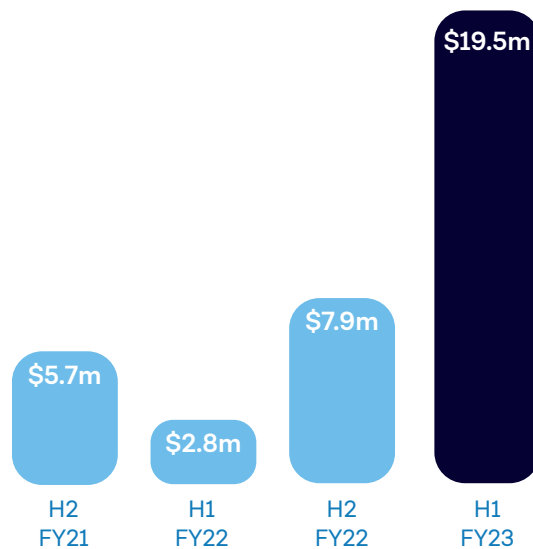


Key Financial Performance Metrics

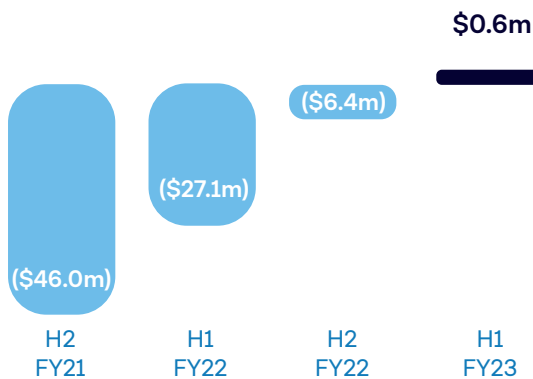
Gross Profit (\$'million)



EBITDA (\$'million)

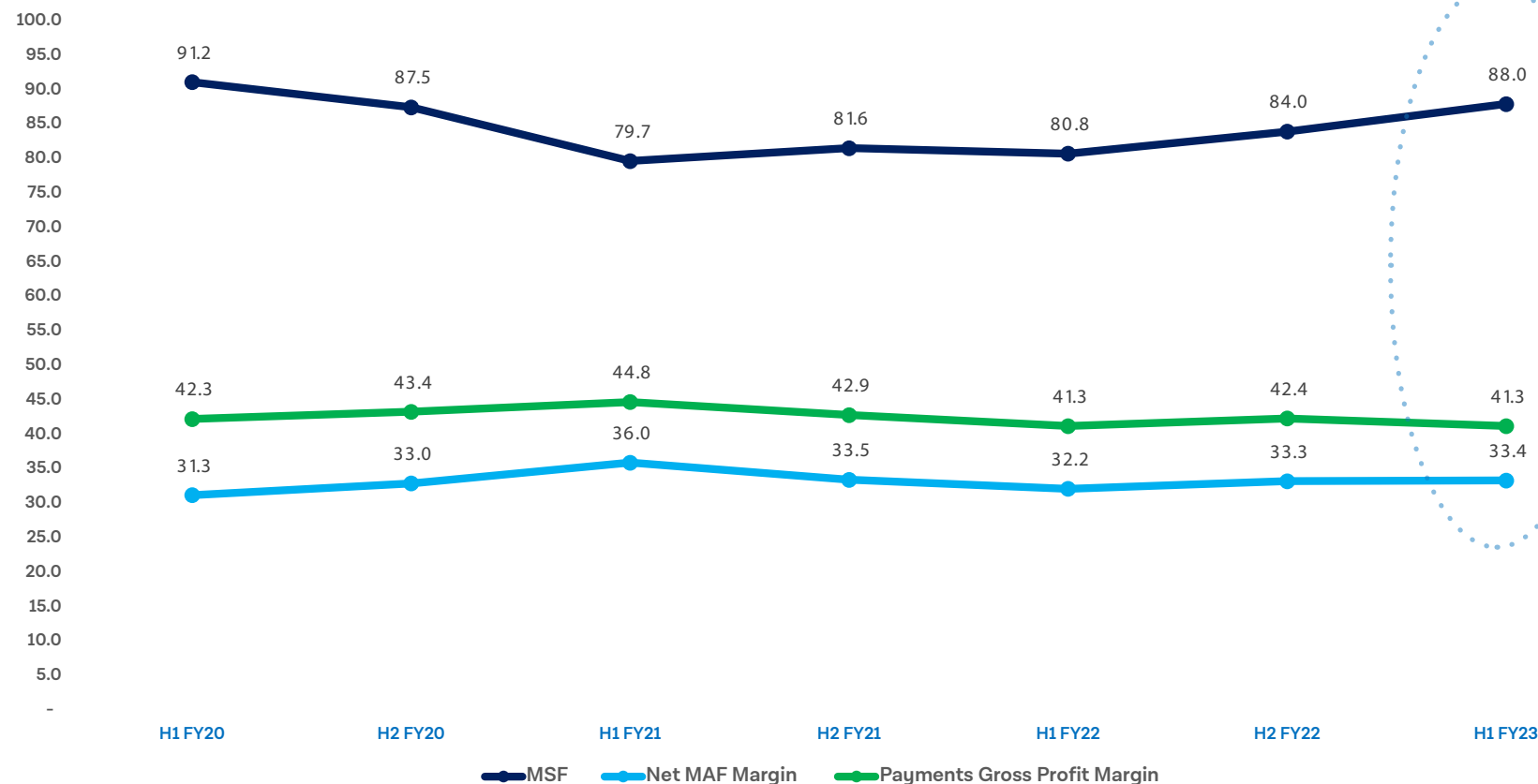


Free Cashflow - before Banking (\$'million)



Margin Analysis

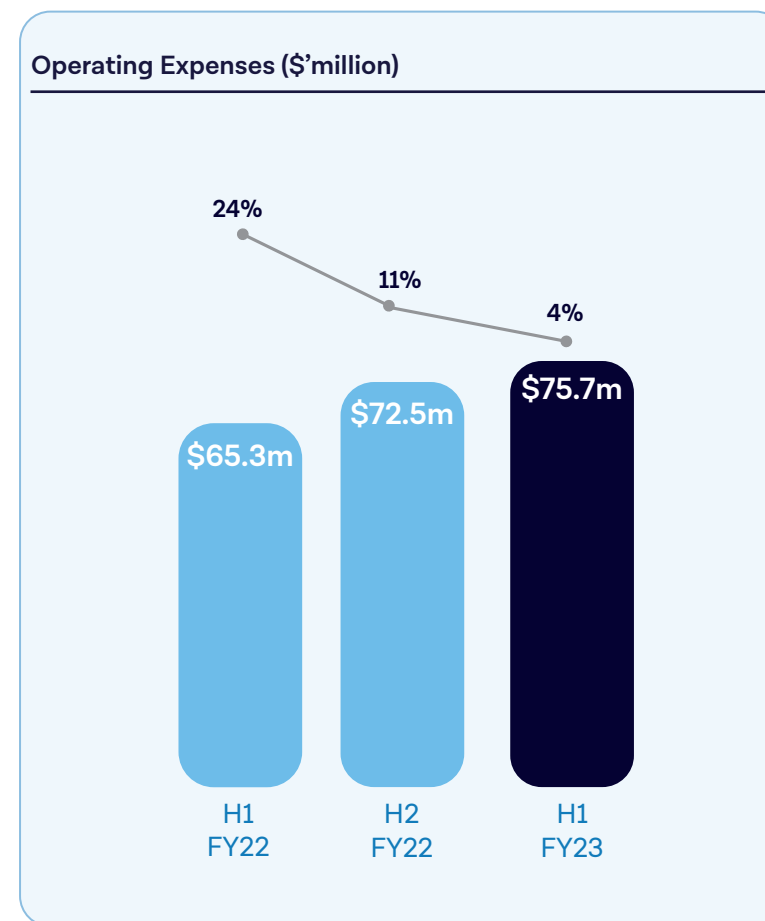
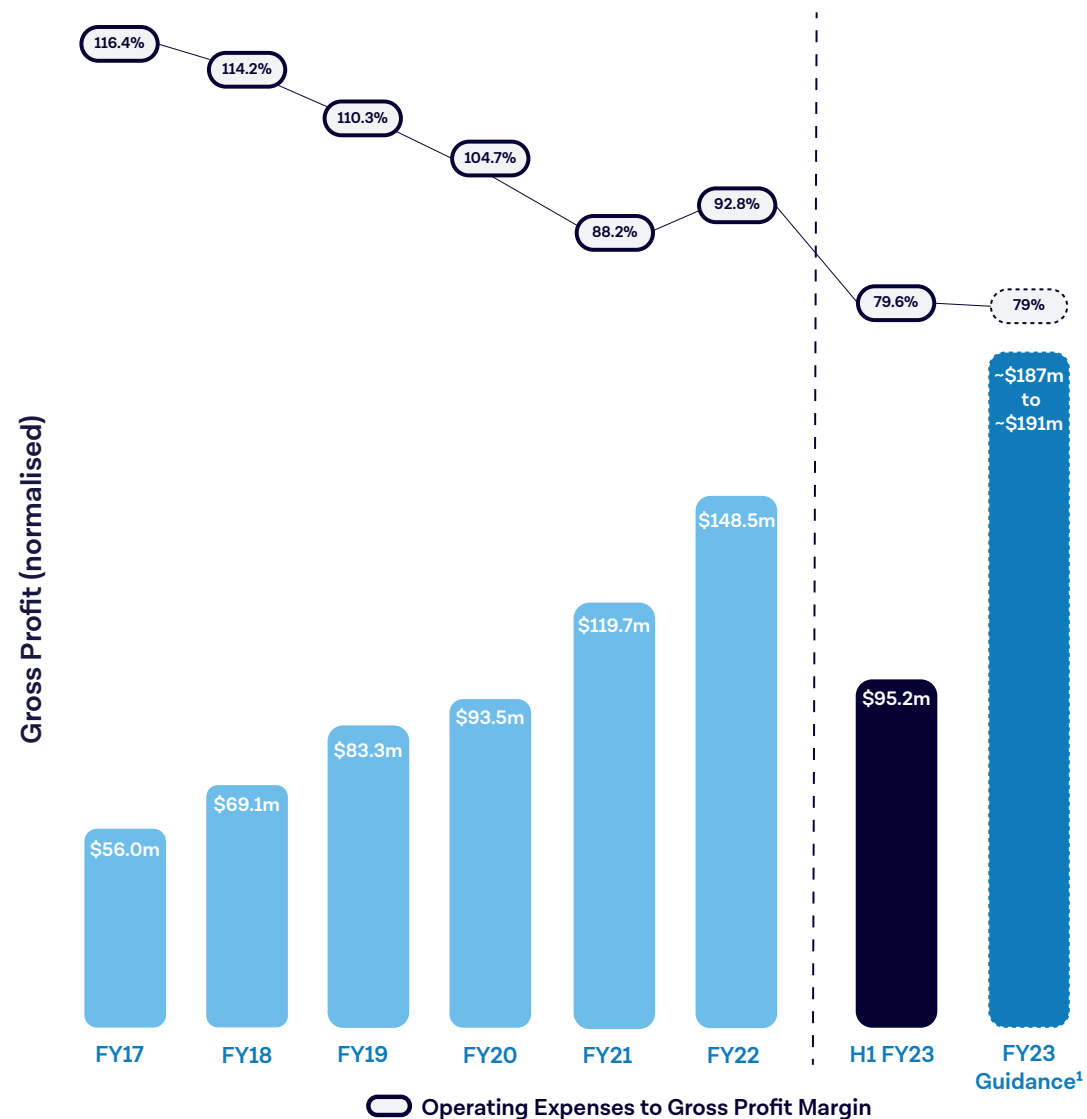
Tyro Core Payments Business¹ Margins as a proportion of Transaction Value (bps)



- MSF up 4.0bps on H2 FY22 and 7.2bps on H1 FY22:
 - › Implemented price increases in March 2022 and September 2022 to account for scheme and interchange fee increases from Q4 FY22
 - › Addition of new micro and small merchants driving MSF up
- Net MAF up 0.1bps on H2 FY22 and 1.2bps on H1 FY22:
 - › Benefit of price increases flowed through to net MAF
 - › Countered by increase in international card usage at a higher direct cost
 - › International cards represent 2.3% of total transaction value for H1 FY23 compared to 0.6% in H1 FY22 and 1.5% in H2 FY22.
- Gross profit margin maintained:
 - › Payments gross profit margin diluted due to fixed terminal rental income over increased transaction value for the period
 - › Total H1 FY23 terminal rental of \$16.9 million - up 11% compared to transaction value up 37%

¹ Tyro Core Payments business consists of Tyro merchants inclusive of Medipass merchants from 31 May 2021 (excluding Bendigo).

Achieving Operating Leverage



¹ Refer to page 21 for FY23 Guidance.

Trading Update¹

PAYMENTS BUSINESS:

- **Strong start to H2 FY23**
- **Transaction value** 1 January 2023 to 24 February 2023 - **\$6.3 billion**, up **23%** on pcg
 - › Victoria ↑ 27%
 - › NSW ↑ 28%
 - › Queensland ↑ 24%
 - › WA ↑ 22%
 - › SA ↑ 44%
 - › Other (includes Bendigo Alliance) ↑ 5%

BANKING BUSINESS:

- **Loan originations** 1 January 2023 to 24 February 2023 - **\$22.5 million**, up **30%** on pcg

GROUP:

- **Normalised gross profit** for January 2023 **up 39%** to **\$15.4 million** (pcp: \$11.1 million)
- **EBITDA** for January 2023 - **\$3.6 million**
- **Operating leverage** for January 2023 - **76.6%**²

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

² Both the months of December and January typically have a lower expense base as leave provisioning credits are taken to the Statement of Profit and Loss. The operating leverage is not indicative of performance for the remainder of the year.



FY23 Guidance Re-Affirmed¹



Earnings guidance range for FY23¹:

| | FY23 GUIDANCE RANGE | | |
|--|------------------------|----|----------------|
| Transaction Value ² | \$42.5 billion | to | \$43.5 billion |
| Gross profit ³ (after Bendigo commission) | \$187 million | to | \$191 million |
| Targeted operating leverage ⁴ | ~79% | | |
| EBITDA ⁵ (before share-based payments) | \$37 million | to | \$41 million |
| Targeted EBITDA margin | ~21% | | |

Positive Free Cash Flow¹:

- Targeting positive free cash flow⁶ exiting FY23 (after all operating expenses + capital expenditure)

¹ This FY23 guidance includes forward-looking statements. Refer below.

² H1 FY23 had 3 national public holidays while H2 FY23 has 8 national public holidays

³ Gross profit is stated as normalised gross profit, namely adjusted for Bendigo Alliance support fees associated with transition of Bendigo merchants to the Tyro platform. Bendigo gross profit share is not deducted from statutory gross profit but deducted to calculate normalised gross profit.

⁴ Operating leverage is measured as operating costs (including lending and non-lending losses) divided by gross profit (after Bendigo commission).

⁵ Tyro uses EBITDA as a non-IFRS measure of business performance, which excludes the non-cash impact of share-based payments expense, share of losses from associates, and other significant one-off costs.

⁶ Free cash flow is calculated before changes in banking funds and timing differences relating to net scheme receivables. It is calculated as EBITDA before share based payments adjusted for non-cash items in Tyro's working capital movements, statutory adjustments (including rent payments) and capital expenditure including internally generated intangibles. Terminal capital expenditure includes both new and replacement terminals.

Forward-Looking Statements

Tyro's financial expectations and guidance included in this announcement are subject to there being no material deterioration in market or macroeconomic conditions, and are based on a number of key assumptions which may not prove to be correct, or which may change over time, including no lockdowns, no material changes to current business plan and no material change in the regulatory environment.

During the ordinary course of business, the Group is exposed to credit risk, operational risk, market risk and liquidity risk. For details on the management of these risks, please refer to the Annual Report including the Financial Report for the year ended 30 June 2022.

Certain statements contained in this announcement are forward-looking statements or statements about future matters, including indications and expectations of, and guidance and outlook on, the future earnings, financial position and/or performance of Tyro. These statements are based on information available as at the date of this announcement, and involve known and unknown risks and uncertainties and other factors (many of which are beyond the control of Tyro).

No representation is made or guarantee given that the occurrence of any of the events expressed or implied in these statements will actually occur. Actual future events may vary from these forward-looking statements and it is cautioned that undue reliance should not be placed on any forward-looking statement.

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- includes forward-looking statements about Tyro and the environment in which Tyro operates, which are subject to uncertainties and contingencies outside of Tyro's control and Tyro's actual results or performance may differ materially from these forward looking statements;
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All information in this presentation is current at 31 December 2022, unless otherwise stated. All currency amounts are in Australian dollars, unless otherwise stated.

Due to rounding, numbers in this presentation may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

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