

**Company:** Tyro Payments Limited

**Date:** 24 February 2026

**Time:** 9:30am AEDT

**[START OF TRANSCRIPT]**

Operator: Thank you for standing by and welcome to the Tyro Payments Limited H1 FY26 results call. All participants are in a listen-only mode. There will be a presentation followed by a question and answer session. If you wish to ask a question, you will need to press the star key followed by the number one on your telephone keypads. I would now like to hand the conference call over to Mr Martyn Adlam. Please go ahead.

Martyn Adlam: Good morning, everybody, and thank you for joining today's call. My name is Martyn Adlam, and I head up Investor Relations for Tyro. I would like to acknowledge that I'm hosting this meeting in Sydney on the land of the Traditional Owners, the Gadigal people. I pay my respects to Elders, past and present.

This morning, we released our FY26 half year results. All of the documents, including today's presentation, have been released through the ASX and are available on our investor centre. This call is being recorded and transcribed, and a replay will be available on our investor centre shortly.

On today's call, you will hear from Chief Executive Officer, Nigel Lee, and from Emma Burke, our Chief Financial Officer. There will be time available for Q&A at the end of the presentation. I would now like to turn the call over to Nigel and ask the audience to turn to slide 4.

Nigel Lee: Thank you, Martyn. Good morning, everybody, and thank you all for joining today's call. My name is Nigel Lee, and I am the new CEO of Tyro. I'm really excited to be joining Tyro at this stage in its journey. I've spent much of my career in payments globally, and one thing that stands out is how often domestic champions outperform global players.

They win because they solve for local complexity better than anyone else, and I believe Tyro has exactly what is required to win in Australia. Tyro has built a large-scale integrated payments and banking proposition that's uniquely set up to solve the complex problems Australian businesses face.

Today we support over 76,000 merchants and process more than \$43 billion in annual transaction volumes. That level of scale matters. It drives stronger economics and real optionality for merchants.

It's not just breadth. We're increasingly becoming the primary financial partner for many merchants, not just their payments provider. There is so much more that we can do. So why does this matter to you as shareholders? Scale and discipline translate into durable cash generation. And cash generation gives us the capacity to invest to drive the next phase of top-line growth.

Now, before we go into specifics, I want to share what I see are key takeaways from the first half results, then I'll step you through the acquisition of Friday. If you take away one thing from today's

presentation, it should be that Tyro is focused on investing in the large growth opportunities that are in front of us. I'll break my summary down into three key points.

First, on delivery. Product enhancements are driving better customer outcomes. We launched our new banking products to customers in September, and then in December, we announced the acquisition of Thriday. Together, these strengthen our offering and deepen the relationships that we have with merchants.

Second, on performance. The top-line was driven by growth in payments. After a couple of softer periods in volumes, it's encouraging to see them moving in the right direction. We've also remained operationally disciplined, translating that into improved profitability and into cash generation.

Finally, our focus on growth. We're investing to supercharge growth across multiple opportunities, and I will share more on how we do that later. But now, I'd like to tell you about why we're excited about what our acquisition of Thriday will unlock for our customers.

Thriday is a really valuable product enhancement for Tyro. At its core, the acquisition deepens Tyro's role as the domestic payments and banking champion for Australian SMEs. Business owners tell us what they want in very simple terms. They want to grow their revenue, they want to get paid for it, and they want to spend more time running their businesses so they can win.

That idea is core to how we think about product and investment at Tyro. Tyro brings fast, reliable payments across in-store and e-commerce, and integrated banking and lending. Thriday adds automated invoicing, expense management, budgeting, and tax tools, and it's designed to simplify financial management for small businesses.

When you put those together, it means we can solve more of the day-to-day problems merchants face through one integrated proposition. Over time, that supports deeper engagement, higher retention, and stronger lifetime value. It also brings teams that are highly innovative, fast-moving, and deeply customer focused.

That's exactly the mindset that we want to reinforce as we make bold investment decisions to build for the long term. One of the things that really stood out with Thriday is how much the customers love the product.

We talked about being customer-obsessed, but Thriday is an example of what that looks like in practice. Their customers are genuinely evangelical. You see that in the reviews, consistently high ratings, strong word of mouth, and customers actively recommending the products to others.

These aren't marketing lines. These are business owners describing real impact, saving time, reducing complexity, and making it much easier for them to run their businesses. That level of advocacy is powerful. It tells you the product is really solving problems.

Our job is now to preserve and scale that customer obsession. We'll combine it with Tyro's infrastructure, our reach, and our balance sheet and use it to help more Australian businesses succeed.

I'll come back later to share more about the areas we're investing in for growth, but for now I'd like to hand over to Emma for a brief business performance update.

Emma Burke: Thank you, Nigel, and good morning to everyone joining the call. I'd like to start with our payments results. A year ago, we reported that total payment volumes were down almost 1% compared to the prior period. It's pleasing to see the momentum shift this half with strong results driven by improved underlying payment trends.

Total payment volumes have increased by 4%. This was driven by a 5.6% growth in Tyro Core payment volumes. Within Tyro Core, growth was broadly consistent at 4% to 5% across the retail, hospitality and service verticals.

This is the result of a general improvement in consumer spending, lower churn, combined with higher levels of new business in FY25, particularly larger merchants we onboarded who are now contributing more meaningfully.

In Health, we delivered another half of strong growth at 9.4% as we continue to focus on growing our share in Specialist, Allied Health and Dental. At the end of the half, the government introduced increased bulk billing funding.

This has put some pressure on volume growth across general practitioners and we will continue to closely monitor how they adapt to this over time. It doesn't, however, impact our outlook for growth in our key Health subverticals and we remain confident in the medium-term growth outlook for Health.

Turning to volumes for our Bendigo merchants, these fell by 10% this half, and we continue to work constructively with Bendigo to identify further opportunities to improve overall performance.

In terms of the payment margin, we delivered a 0.8 basis points increase compared to half one FY25, primarily driven by an improvement in scheme and interchange fees, and we have begun passing the benefit of these reduced fees to our customers. The combination of the volume increases, along with margin improvement, has led to a 6% growth in our payments gross profit to \$104.1 million.

Turning now to banking and the continued evolution of our products to drive customer adoption. We were excited to launch our transaction account to new customers in September and it's been well received.

The addition of the debit card and instant payments have made a big difference in how merchants can use the account day to day. This has helped drive a 38% increase in active users. We will make this functionality available to our existing merchants in the coming months.

We also launched the Tyro Flexi Loan, our merchant cash advance product, to new customers in December. The end-to-end experience is more streamlined and early feedback shows that customers value the simplicity and flexibility it gives them to manage their cash flow and fund growth in their business. Loan originations grew by close to 20% compared to last year, and we also saw a higher average loan size.

The continued momentum in our key banking metrics, including the growth in the number of merchants using banking alongside payments, supported a 5.4% increase in our banking gross profit. Overall, we saw the net return on banking improve in the period, from 11.7% to 12.2%, driven largely by an improvement in the profitability of the lending portfolio.

Touching now on our continued focus on financial discipline. While gross profit grew by 5% in the period, operating expenses reduced by 2.9%. This led to our operating efficiency measure improving from 69% to 64%. Expenses will be higher in half 2 due to annual salary increases and the timing of project and marketing spend, along with AML related compliance investment.

Looking back, the progress over the past few years is significant. In FY22, nearly every dollar of gross profit that we generated was being consumed by OpEx. In half 1 this year, less than two thirds was.

This sustained cost discipline has put Tyro in a fundamentally stronger position as we look forward to the next phase of growth. As we head into half 2 and beyond, we're in the fortunate position of having embedded operational discipline and the capacity to make more growth-focused investment decisions.

Reflecting on our overall performance, half 1 was a very strong period in terms of profitability. EBITDA, our core measure of operating performance, increased by 19.8% to \$39.5 million, representing an EBITDA margin of 33.6%.

Statutory profit of \$17.7 million was 72% higher than half 1 last year. Importantly, we generated \$13.6 million of free cash flow in the period, 52% up on last year, further strengthening our already solid balance sheet.

Tyro has over \$140 million in available funds, which demonstrates the strength of our balance sheet alongside the financial capacity we have to deliver our next phase of growth, which Nigel will outline shortly. That capacity gives us flexibility. Organic growth will always be a priority, but we will continue to explore areas where we can accelerate our growth plans via M&A. The Thriday acquisition is an example of this.

To close, I'd like to reiterate our guidance for the year. Our target is to deliver growth profit of between \$230 million and \$240 million, and an EBITDA margin of between 28.5% and 30%. We are on track at the half year, and we remain confident for the full year, noting that there is increased investment in the second half, which will deliver an EBITDA margin within the guidance range.

Thanks again for joining today's call, and I look forward to meeting with many of you in the coming weeks. Back to you, Nigel.

Nigel Lee: Thank you, Emma. Now, earlier, I shared what attracted me to Tyro, and I want to build on this with a view of how Tyro is positioned to win and where we're investing. First, the opportunity. Australia is a large and attractive market. Each year, more than \$1 trillion in payments are made in-store or online, and Australia is the home to 2.7 million SMEs, and today we serve just a fraction of those, so the opportunity ahead is significant.

Second, we're operating a fully scaled, omnichannel experience across payments, banking, and value-added services. The integration of these capabilities is a real differentiator. In payments, we combine in-store and e-commerce. In banking, we offer transaction accounts, savings products, and lending. In value-added services, we're investing in tools that help merchants run their businesses better. These include financial management, loyalty, and in the future, others.

Third, and this is where we're truly differentiated from our peers, is our local depth. Tyro is one of the most comprehensive integration ecosystems across our key verticals. We're integrated with over 450 point of sale providers and all the major PMS providers in health.

This gives us a deep understanding of how different industries operate. That depth is hard to replicate. One thing that we hear from customers all the time is the importance of local sales and service support. Our teams are based here in Australia, and they're focused on serving businesses and owners with the responsiveness and expertise that they need.

Finally, on this page, we start today from a position of strength. We already have nearly 80,000 merchants. We're profitable, operationally disciplined, and our balance sheet sets us up to fund investment growth.

So what exactly are we currently focused on? I'll touch on four key areas. First, Health. Health is an attractive sector with strong fundamentals and higher barriers to entry, and that plays to our strengths. We're already the market leader in GPs, and we will continue to expand in other areas, including Specialists, Allied Health, Dental and some of the newer subverticals of Aged Care and Pet.

Second, Banking. Integrated banking improves customer satisfaction and it increases lifetime value. Our new banking products also allow us to scale more efficiently. Looking ahead, we're exploring additional lending products that will help better serve larger merchants. I believe that we can significantly increase the level of banking adoption across our merchants because we are focused on solving the real problems that they face day to day.

Third, e-Commerce. There's a structural shift towards online and omnichannel commerce in Australia and it's a high growth segment. We have the advantage of already being at scale in card present and now we can capture the huge potential of adding e-Comm for our merchants as we invest in our platform capabilities and strengthen our go-to-market.

Fourth, Larger Merchants. This is an opportunity to drive volume and unlock even more scale benefits. We're seeing increasing demand from large merchants and corporate groups for local expertise and a partner that can execute reliably. We delivered some key enterprise wins in FY25, and we've continued momentum in FY26 so far. Going forward, we'll keep scaling our enterprise sales and also our go-to-market capabilities.

Across these areas, we're already active, but the opportunity is much bigger than where we are today and that's what makes this an exciting moment in time for Tyro. We'll do it by being innovative, by moving fast, and by being obsessed with customer success. With that, I'd like to hand over for Q&A. Thank you for listening.

Operator: Thank you. If you wish to ask a question, please press star and then one on your telephone and wait for your name to be announced. If you wish to cancel your request, please press star and two. If you are on a speakerphone, we do ask that you please pick up the handset to ask your questions.

Again, that is star and then one to join the question queue. We will pause momentarily to assemble the roster. Once again, if you would like to ask a question, you may press star and then one. Our first question comes from Owen Humphreys from Canaccord. Please go ahead with your question.

Owen Humphries: (Canaccord, Analyst) G'day, team. Welcome, Nigel. Just to go deeper on the guidance comment there, which is unchanged, \$230 million to \$240 million in a margin between 28.5% and 30%.

Simple math there implies doing the midpoint of GP and the midpoint of the EBITDA range puts EBITDA at around that \$29 million for the second half, and a big step up in cost from 78 to 87. Can you just talk us through what the cost growth expectations are given the exit run rates lower as we enter the second half versus the PCP and the first half?

Emma Burke: Thanks, Owen, for that question. When reflecting on costs for the second half, again I want to reiterate that we're really focused on the right level of operating discipline when it comes to our spend.

What we'll see in the second half, is largely related to a number of timing investment opportunities. So I touched on a couple of these during the speech, but probably one of the things is we have further investment in our AML compliance.

You would know that there are changes in the legislation that are coming through, and there are costs this year as we set ourselves up for that. The other two areas is really around project spend and marketing from a go-to-market as we continue to set ourselves up for the longer-term opportunities and deliver growth going forward.

Owen Humphries: (Canaccord, Analyst) Can you maybe quantify those two opportunities in dollar terms, or their spend?

Emma Burke: Could you please repeat that question?

Owen Humphries: (Canaccord, Analyst) Could you maybe quantify those two initiatives? Because I guess what I'm trying to say is the OpEx in the second half is up \$10 million, is what the guidance statement is today, versus the first half. I just want to make sure that you're saying there's a \$10 million additional OpEx in the second half versus the first half. At the midpoint.

Emma Burke: As I touched on, we also have some incremental costs in the second half, driven by our salary increases that come in in January of each year, so you'll see that flowing through as well.

But there are a number of initiatives that we're focused on. But it's also our investment in marketing is more second half weighted. But there will definitely be a step up in the absolute costs from an operating perspective in the second half.

Owen Humphries: (Canaccord, Analyst) Good one. Just a quick one on churn. I know in the last 18 months, churn's been reducing for you guys. Can you maybe talk through whether you're seeing the churn now level out to a level that you're comfortable with? Or are you still running above the long-term trend?

Emma Burke: Yes, we have continued to see a positive trend in our TTV churn and that's been part of the things that have supported our growth in this period. We're probably still not at historical average levels. But given what we're seeing, and we've seen a definitely notably lower level in the first half of this year even than last year, we believe that it continues to set us up well for the future.

I think the way we like to look at it is we're really more focused from a product perspective and giving merchants the tools that they need to solve more of their problems. We believe that as we continue to do this from a banking, lending, financial management on top of our payments, that this also supports our ongoing customer attention.

Owen Humphries: (Canaccord, Analyst) Good one. Thanks, guys.

Operator: At this time, showing no additional questions, I'd like to turn the floor back over to Mr Lee for closing remarks.

Nigel Lee: Well, thanks everybody for taking the time to listen and Owen, thank you very much for your questions. I look forward to meeting you over the next several weeks in order to talk more. We're very grateful for the team at Tyro for delivering the results we delivered, and we'd like to thank everybody for taking the time to listen to us today to talk about them. Thank you very much.

Operator: That does conclude our conference for today. We thank you for participating. You may now disconnect your lines.

**[END OF TRANSCRIPT]**