

# H1 FY22 INVESTOR PRESENTATION

21 FEBRUARY 2022

**tyro**

**Bendigo Bank** | Powered by **tyro**

**Medipass**

me&u



Paypa Plane



# Key Call Outs - H1 FY22

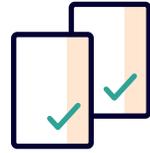
## BENDIGO BANK ALLIANCE

Strong performance tracking to model



**\$2.5B**

Transactions processed by Bendigo merchants



## POSITIVE EBITDA RESULT

Reflecting:

- ✓ Continued investment in growth initiatives
- ✓ First time costs of Medipass business
- ✓ Support to merchants + no JobKeeper

**\$15.8B**

RECORD TRANSACTIONS PROCESSED BY TYRO GROUP MERCHANTS

**↑↑ 31%**  
(H1 FY21: \$12.1B)



## GROSS PROFIT GROWTH



- ✓ Statutory Payments Gross Profit ↑ 25%
- ✓ Group margins reflecting merchant support + no JobKeeper



## SUPPORTING OUR MERCHANTS

DOING THE RIGHT THING

- ✓ Delayed passing on scheme/interchange fee increases to assist merchants during lockdown
- ✓ Terminal rental relief
- ✓ Loan repayment relief



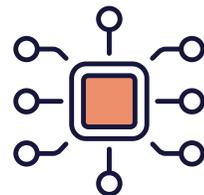
## PAYPA PLANE + ME&U

Innovation

Executing against our Strategy

## TYRO CONNECT

Global leaders in hospitality signed up to our Integration Hub



**4.4%**

RECORD MARKET SHARE OF TOTAL CARD PAYMENTS ACQUIRED IN AUSTRALIA

**6x**

Tyro transaction value growth outpacing market growth by 6x



## ACQUISITION OF MEDIPASS

New health payments platform with unified health claiming + payments offering

## EXCLUSIVE PARTNER TO TELSTRA

Offering merchant acquiring solutions to Telstra's business customers



# Results Overview - H1 FY22

## Financial Performance

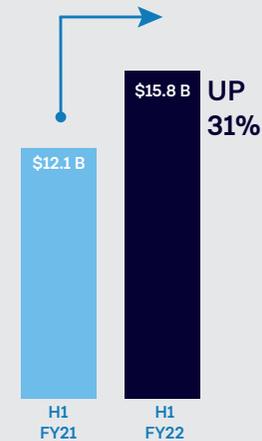
- ↑ 68% in **merchants** to 61,554 (H1 FY21: 36,720)
- ↑ 31% in **transaction value** to \$15.8 billion (H1 FY21: \$12.1 billion)
- ↑ 1,279% in **loan originations** to \$36.2 million (H1 FY21: \$2.6 million)
- ↑ 25% in **Payments Business statutory gross profit** (before Bendigo gross profit share) to \$68.1 million (H1 FY21: \$54.3 million)
- ↑ 20% in **Payments Business normalised gross profit<sup>1</sup>** (post Bendigo gross profit share) to \$65.0 million (H1 FY21: \$54.3 million)
- ↑ 16% in **Group statutory gross profit** (before Bendigo gross profit share) to \$71.2 million (H1 FY21: \$61.2 million)
- ↑ 11% in **Group normalised gross profit<sup>1</sup>** (post Bendigo gross profit share) to \$68.1 million (H1 FY21: \$61.2 million)

Positive **EBITDA<sup>2</sup>** of \$2.8 million (H1 FY21: \$8.5 million including \$4.5 million in JobKeeper)

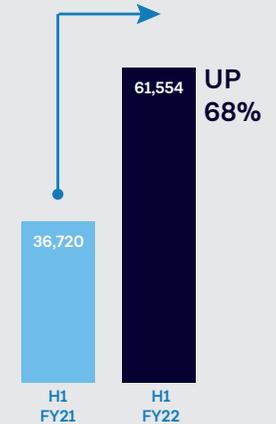
<sup>1</sup> Normalised gross profit is adjusted for Bendigo Alliance support fees of \$1.35 million associated with transition of Bendigo merchants to the Tyro platform and the Bendigo gross profit share of \$4.4 million not deducted from statutory gross profit but deducted to calculate normalised gross profit. Refer to page 31 for a reconciliation of normalised results to statutory results.

<sup>2</sup> 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, expenses associated with the terminal connectivity issue and the IPO and other significant one-off costs. Refer to page 31 for a reconciliation of normalised results to statutory results.

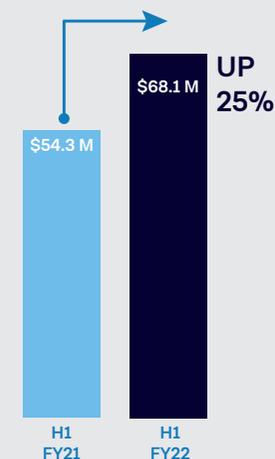
### Transaction Value



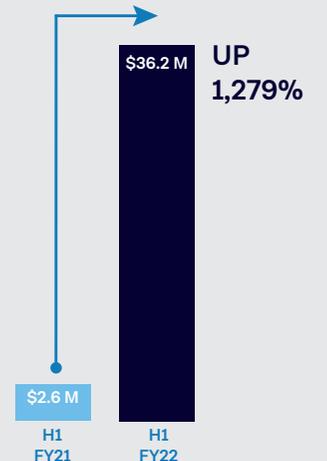
### Merchant Numbers



### Statutory Gross Profit - Payments Business



### Loan Originations



# Results Overview - H1 FY22 (cont.)

## Operational Call-Outs

- ✓ Appointed as **Telstra's exclusive partner** offering merchant acquiring solutions to Telstra's business customers
- ✓ **Bendigo** merchants contributed \$2.5 billion to Group transaction value
- ✓ **Medipass** integrated with Tyro creating new health payments platform with unified health claiming + payments offering
- ✓ **Tyro Connect** live at +270 merchants - over 1.4 million transactions processed
- ✓ Low churn:
  - **merchant churn** 10.1% (FY21: 11.3% + H1 FY21: 10.2%)
  - **transaction value churn** 9.0% (FY21: 8.7% + H1 FY21: 7.7%)
- ✓ **NPS** 28 as at 31 December 2021 up from the low of -25 in February 2021
- ↑ 23% prompted **brand awareness** (H1 FY21: 17%)
- ↑ 1,634% increase in **eCommerce** transaction value to \$255.9 million (H1 FY21: \$14.8 million)

## How Tyro benefits businesses



### Boost efficiency with seamless integration

Reduce keying errors and make end-of-day reconciliation a breeze with 330+ integrated POS/PMS providers



### Take payments fast to maintain momentum

Serve customers fast, with average sub 1.5 second transaction speeds.



### Access to fast, flexible funding

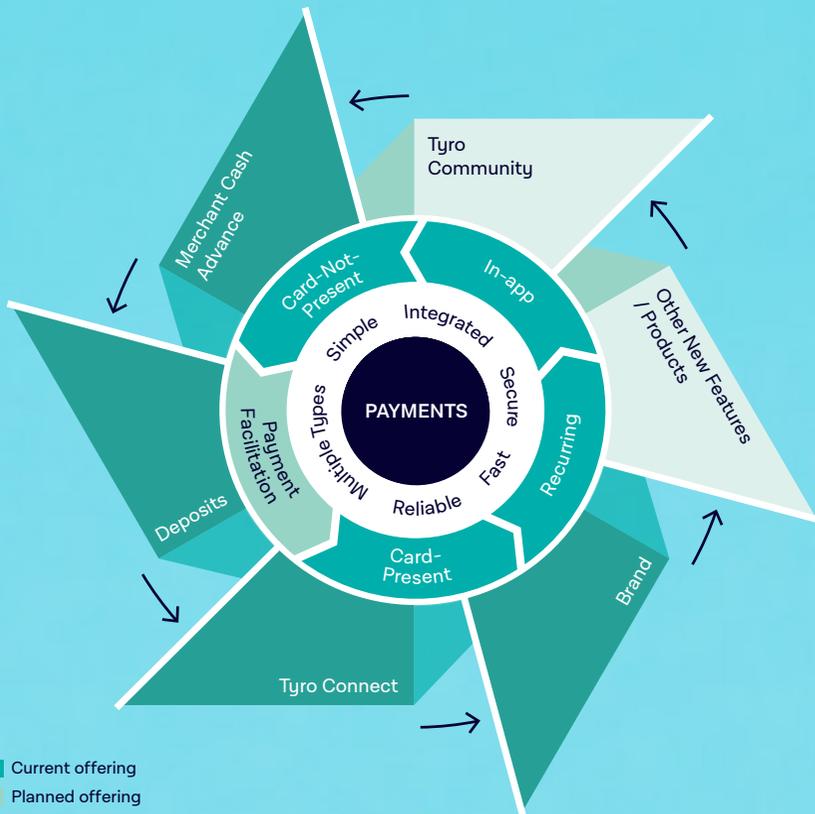
Access a loan to help manage cash flow, to take on new inventory, new staff, or upgrade your equipment. Whatever your business needs, a Tyro Business Loan could help you achieve your goals.



### Get a competitive edge with real-time insights

With Tyro's cloud-based EFTPOS solutions, you can track your sales in real-time, helping you to serve your customers better.

# DELIVERING ON GROWTH



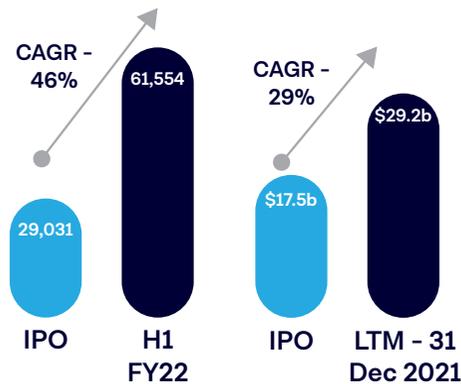
# Leveraging Our Scalable Platform to Accelerate Growth

Tyro is well positioned to continue to accelerate growth over the medium term.

1

Tailored payment solutions for verticals drive strong merchant base and transaction value growth

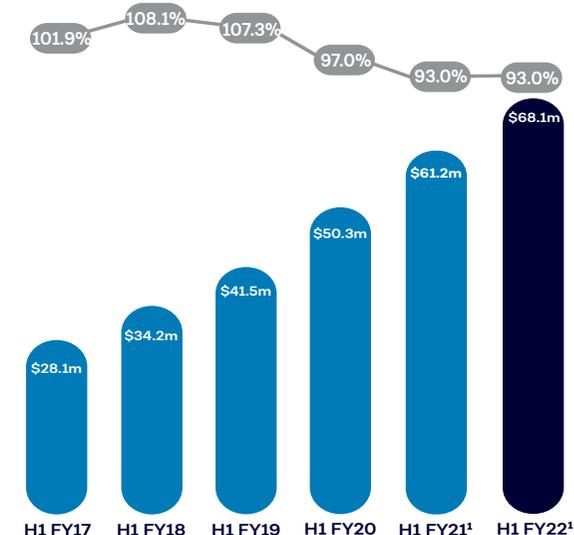
Number of merchants    Transaction value



2

Focused on operating leverage

Gross profit



<sup>1</sup> Group operating expenses to gross profit margin (excluding JobKeeper + Medipass EBITDA)  
<sup>2</sup> Normalised results excluding JobKeeper - refer to page 31 for a reconciliation of normalised to statutory

3

Strategic partnerships with large organisations



Further Alliances within Appetite

4

Investment in Health Business



\$22.4 million transaction value processed + \$77 million claims processed



19 Medipass PMS integrations

+7,200

Medipass servicing active health providers



Medipass' 26-strong team

## MEDIUM TERM TARGET

- Add new verticals
- Increase share in existing verticals
- Increase share of TAM beyond current 4.4%

- Operating leverage as platform continues to scale
- Will underpin EBITDA growth and margin expansion

- Explore opportunities to partner with other organisations to deliver step change in segment share gains

- Medipass integrated into existing Tyro Health vertical
- Digital health payments platform combined with Tyro's card-present solution provides unified health claiming + payments offering

# Leveraging Our Scalable Platform to Accelerate Growth (cont.)

5

Strategic investments to enhance our platform's capability



Paypa Plane

6

Expansion in eCommerce and other payment types

Launch of eCommerce in March 2019  
Transaction value of \$255.9 million in H1 FY22 (up 1,634%)

Tyro Connect



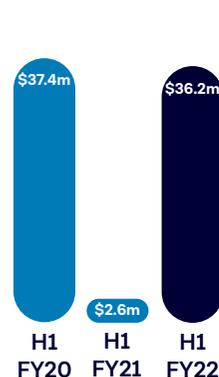
Launch of AliPay in October 2018



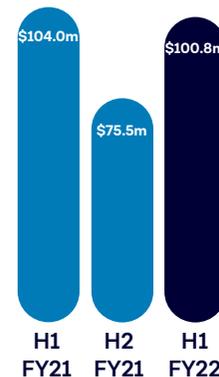
7

Cross-sell opportunities represent upside potential

Loans Originations



Merchant deposits



8

Expansion into new verticals



- 5,598 net new Tyro merchants in core verticals
- ~1,000 new applications per month in core verticals

## MEDIUM TERM TARGET

- 'Bolt on' opportunities/partnerships/investments to enhance merchant solutions remain in appetite
- Demonstrated capability post IPO
- Enhance offerings leveraged to growth in shifting consumer preferences including eCommerce, alternative payments, ISVs/in-App
- Contribution from adjacent banking products and growth in lending to accelerate as economy normalises
- Leverage platform to expand into new verticals including trades, accommodation and services
- Tyro Go dongle for:
  - › trades vertical
  - › 'queue buster' for high volume retail
  - › micro merchants

**Transaction Value**

**Gross Profit**

**EBITDA**

**Operating Cost Base**

**Liquidity**

# FINANCIAL PERFORMANCE ANALYSIS

# Financial Performance Analysis

- Transaction Value ↑ 31%
- Payments Gross Profit ↑ 25% statutory + ↑ 20% normalised<sup>1</sup>
- Group Gross Profit ↑ 16% statutory + ↑ 11% normalised<sup>1</sup>

	H1 FY22 \$'000	H1 FY21 \$'000		GROWTH %
<b>Transaction value</b>	<b>15,826,286</b>	<b>12,117,714</b>	<b>▲</b>	<b>30.6%</b>
Payments revenue and income	145,984	107,682	▲	35.6%
Lending income	2,561	2,042	▲	25.4%
Other revenue and income	667	5,111	▼	86.9%
<b>Revenue</b>	<b>149,212</b>	<b>114,835</b>	<b>▲</b>	<b>29.9%</b>
Less: Direct expenses	(81,149)	(53,659)	▲	51.2%
<b>Gross profit<sup>1</sup> (normalised)</b>	<b>68,063</b>	<b>61,176</b>	<b>▲</b>	<b>11.3%</b>
Less: Operating expenses (excl. share-based payments)	(65,291)	(52,719)	▲	23.8%
<b>EBITDA<sup>2</sup> (normalised)</b>	<b>2,772</b>	<b>8,457</b>	<b>▼</b>	<b>67.2%</b>
Less: Share-based payments expense	(3,720)	(3,968)	▼	6.3%
Depreciation & amortisation	(9,949)	(7,070)	▲	40.7%
<b>EBIT<sup>3</sup> (normalised)</b>	<b>(10,897)</b>	<b>(2,581)</b>	<b>▼</b>	<b>322.2%</b>
Less: Net interest expense	(296)	(181)	▲	63.5%
<b>Loss before tax<sup>3</sup> (normalised)</b>	<b>(11,193)</b>	<b>(2,762)</b>	<b>▼</b>	<b>305.2%</b>

<b>PAYMENTS BUSINESS PERFORMANCE</b>	H1 FY22 \$'000	H1 FY21 \$'000		GROWTH %
Revenue	145,984	107,682	▲	35.6%
Less: Interchange, scheme, integration + support fees	(77,926)	(53,423)	▲	45.9%
Gross profit (statutory)	68,058	54,259	▲	25.4%
Less: Bendigo gross profit share	(4,446)	-	▲	n/a
Add: Bendigo support fees	1,350	-	▲	n/a
<b>Gross profit<sup>1</sup> (normalised)</b>	<b>64,962</b>	<b>54,259</b>	<b>▲</b>	<b>19.7%</b>

<b>BANKING BUSINESS PERFORMANCE</b>	H1 FY22 \$'000	H1 FY21 \$'000		GROWTH %
Revenue	2,561	2,042	▲	25.4%
Gross profit	2,434	1,806	▲	34.8%

<b>OTHER REVENUE &amp; INCOME</b>	H1 FY22 \$'000	H1 FY21 \$'000		GROWTH %
Other income	331	68	▲	386.8%
Interest income	336	567	▼	40.7%
JobKeeper receipts	-	4,476	▼	100.0%
<b>Other revenue + income</b>	<b>667</b>	<b>5,111</b>	<b>▼</b>	<b>86.9%</b>

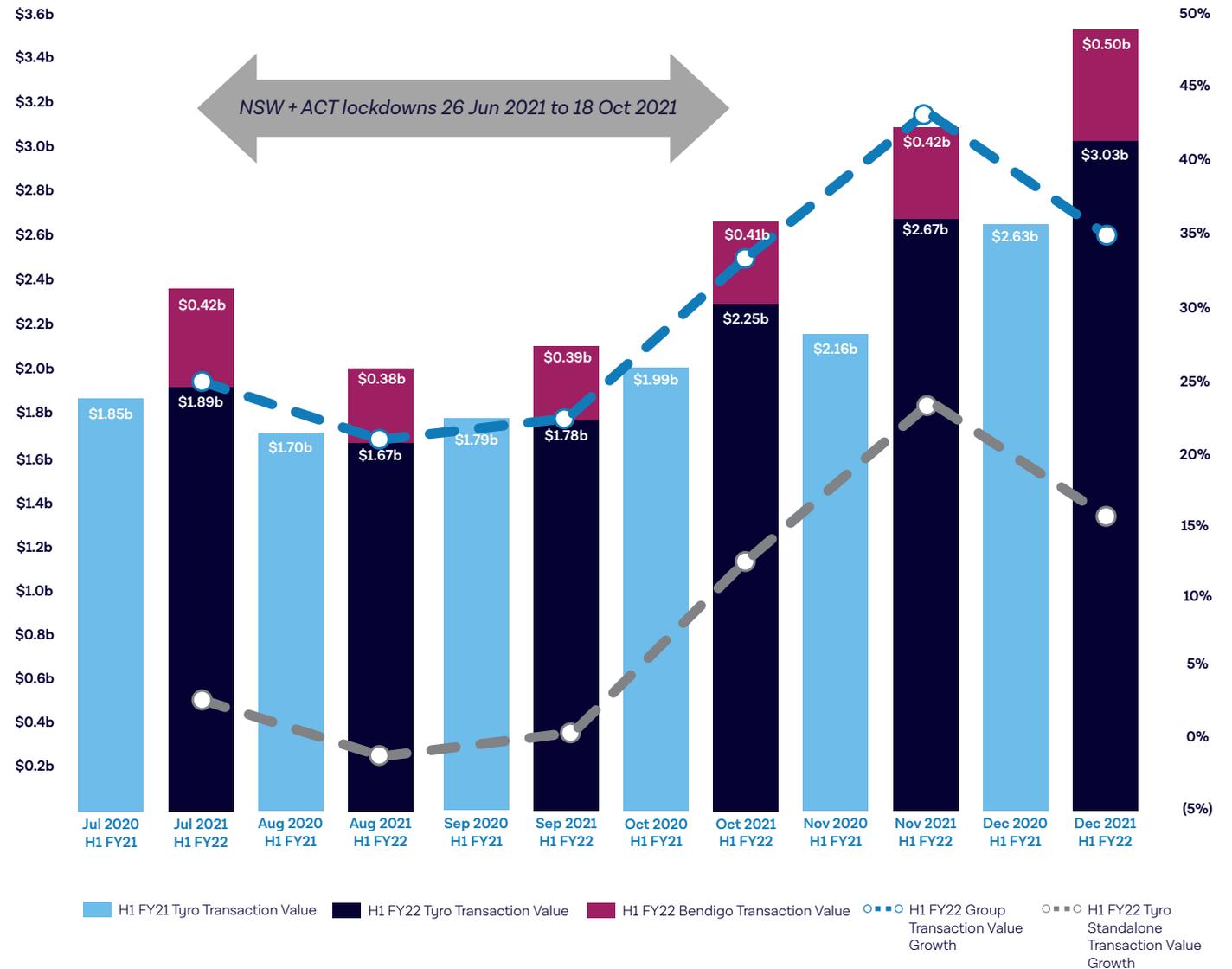
<sup>1</sup> Normalised gross profit is adjusted for Bendigo support fees of \$1.35 million associated with transition of Bendigo merchants to the Tyro platform and the Bendigo gross profit share of \$4.4 million not deducted from statutory gross profit but deducted to calculate normalised gross profit. Refer to page 31 for a reconciliation of normalised results to statutory results.

<sup>2</sup> 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, expenses associated with the terminal connectivity issue and the IPO and other significant one-off costs. Refer to the page 31 for a reconciliation of normalised results to statutory results.

<sup>3</sup> EBIT and normalised net loss before tax excludes expenses associated with the IPO including the share based payments expense relating to Liquidity Event Performance Rights that vested as a result of the IPO, the non-cash accounting impact of the Bendigo Alliance, expenses associated with the terminal connectivity issue and significant one-off expenses. Refer to page 31 for a reconciliation of normalised results to statutory results.

# Transaction Value Analysis

- Lockdowns significantly impacted transaction value growth
- 31% increase in transaction value to \$15.8 billion:
  - › core Tyro Payments Business up 9.7% to \$13.3 billion (H1 FY21: \$12.1 billion)
  - › Bendigo Alliance \$2.5 billion (H1 FY21: Nil)
  - › Medipass \$22.4 million (H1 FY21: Nil) + \$77 million claims processed
- NSW suffered 115 days of lockdown (usually contributing ~35% of core Tyro Payments transaction value)
- ACT suffered 64 days of lockdown (usually contributing ~2% of core Tyro Payments transaction value)
- Victoria suffered 73 days of lockdown compared to the 120 days of lockdown in H1 FY21
- Post NSW + ACT lockdowns - transaction value growth (including Bendigo) returning to historical CAGR growth rate
- Excluding NSW + ACT, core Tyro Payments transaction value grew 23%



# Gross Profit Analysis

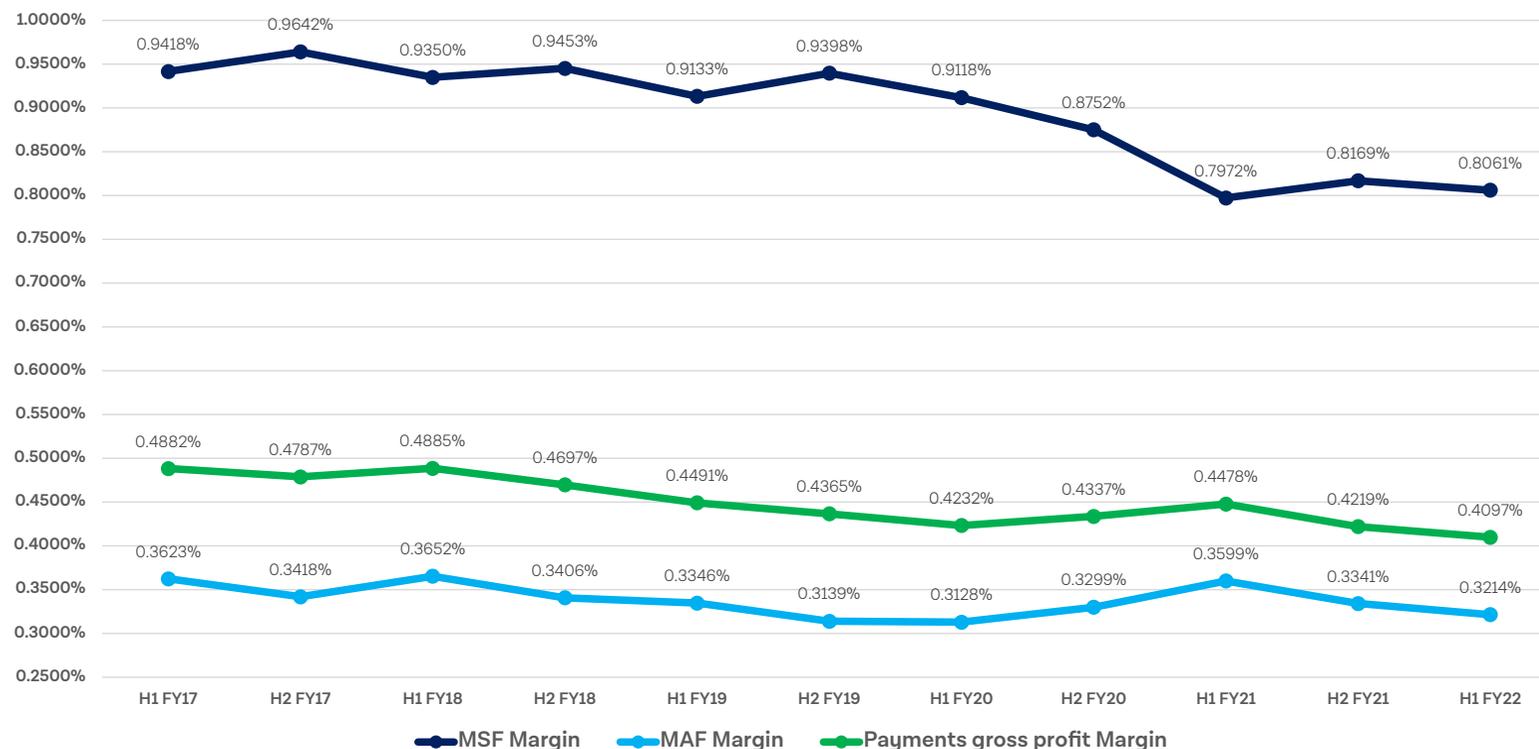
Group consists of Tyro core Payments + Banking Business, Bendigo + Medipass

- **Payments Business statutory gross profit** (before Bendigo gross profit share) ↑ 25% to \$68.1 million (H1 FY21: \$54.3 million)
- **Payments Business normalised gross profit<sup>1</sup>** (post Bendigo gross profit share) ↑ 20% to \$65.0 million (H1 FY21: \$54.3 million)
- **Banking Business gross profit** ↑ 35% to \$2.4 million (H1 FY21: \$1.8 million)
- **Group statutory gross profit** (before Bendigo gross profit share) ↑ 16% to \$71.2 million (H1 FY21: \$61.2 million<sup>2</sup>)
- **Group normalised gross profit<sup>1</sup>** (post Bendigo gross profit share) ↑ 11% to \$68.1 million (H1 FY21: \$61.2 million<sup>2</sup>)

## Tyro core Payments Business:

- **Merchant Service Fee (MSF)** of 80.6bps generated (H2 FY21: 81.7bps) - excludes terminal rental
- **Gross profit margin** of 41.0bps generated (H2 FY21: 42.2bps) - includes terminal rental
- Annual merchant **pricing review deferred** in H1 FY22 to assist merchants during continued Covid lockdowns
- Merchant **pricing review** will occur in FY22

Tyro core Payments Business Margins as a % of Transaction Value (excludes Bendigo + Medipass)



<sup>1</sup> Normalised gross profit is adjusted for Bendigo support fees of \$1.35 million associated with transition of Bendigo merchants to the Tyro platform and the Bendigo gross profit share of \$4.4 million not deducted from statutory gross profit but deducted to calculate normalised gross profit. Refer to page 31 for a reconciliation of normalised results to statutory results.

<sup>2</sup> H1 FY21 Other revenue and income includes the JobKeeper benefit of \$4.5 million. No JobKeeper benefits were received in H1 FY22.

# Gross Profit Analysis (cont.)

## Bendigo Payments Business

- **MSF** of 83.5bps generated - excludes terminal rental
- **Gross profit margin** of 39.4bps including terminal rental fees and after Bendigo gross profit share
- MSF, MAF + gross profit margins in line with expectations as announced to the market in October 2020

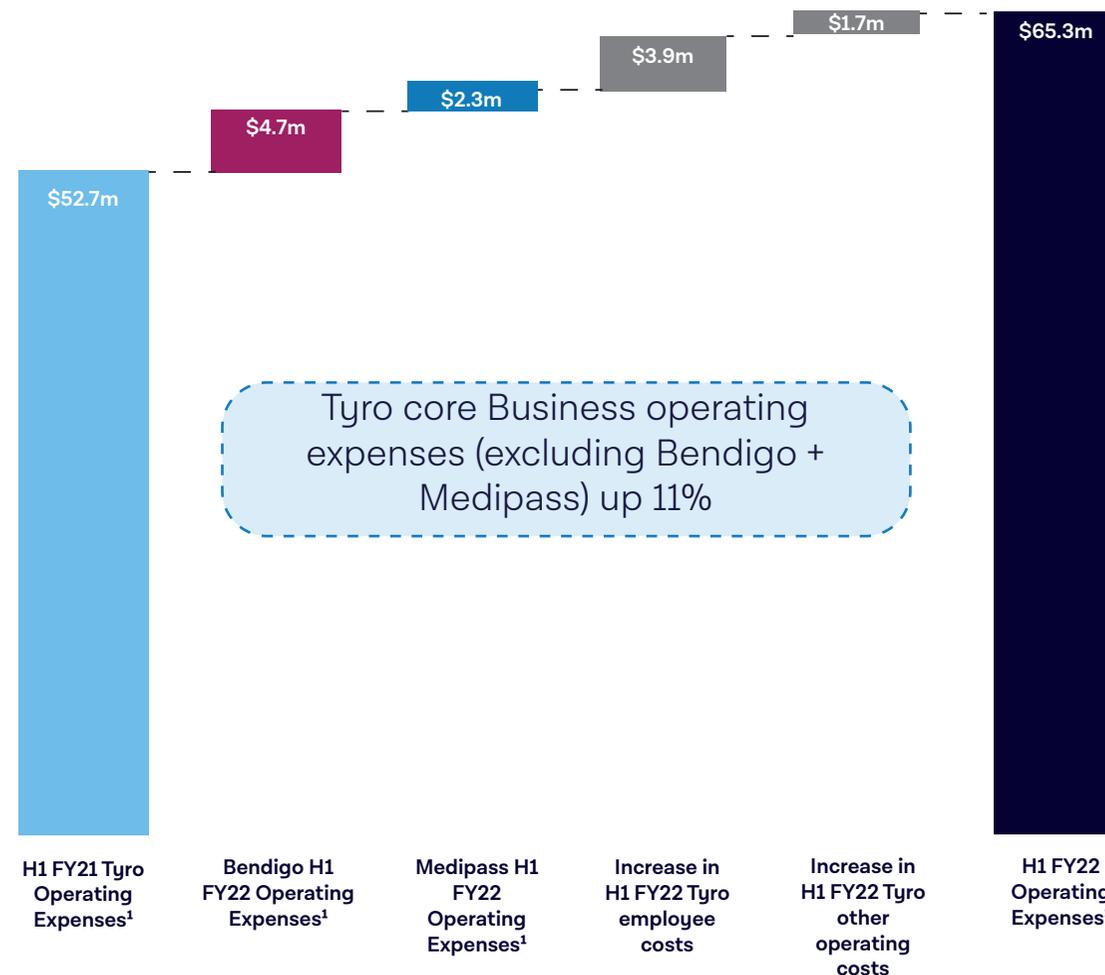


# Operating Cost Base Analysis

	H1 FY22	H1 FY21		Growth
	\$'000	\$'000		%
<b>Normalised operating expenses<sup>1</sup>:</b>				
Employee benefits expense (excl. share-based payments)	(45,113)	(36,713)	▲	22.9%
Administrative expenses	(10,965)	(9,575)	▲	14.5%
Contractor and consulting expenses	(5,705)	(2,951)	▲	93.3%
Marketing expenses	(2,998)	(2,482)	▲	20.8%
Lending and non-lending losses	(510)	(998)	▼	48.9%
<b>Total normalised operating expenses</b>	<b>(65,291)</b>	<b>(52,719)</b>	<b>▲</b>	<b>23.8%</b>

- Employee benefits expense ↑22.9% reflecting:
  - › headcount increase of ~56 net new Tyro's in the core Tyro Business
  - › ~80 new employees - with the Medipass team joining Tyro + new hires associated with Bendigo
  - › full period impact of prior period remuneration reviews + above inflationary increases in January 2021 to retain key talent
- Administrative expenses ↑14.5% reflecting:
  - › increased licencing fees for new software
  - › resumption of travel
- Contractor and consulting expenses ↑93.3%:
  - › increased cost for contractors working on growth related projects
- Marketing expenses ↑20.8%:
  - › increased spend to drive brand awareness
  - › marketing spend controlled during COVID-19 in H1 FY21
- Lending + non-lending losses ↓48.9% to \$0.5 million reflecting:
  - › \$0.1 million in lending losses (H1 FY21: \$0.5 million)
  - › \$0.4 million in non-lending losses (H1 FY21: \$0.5 million)

Normalised operating expenses<sup>1</sup> (excl. share-based payments) - H1 FY21 vs. H1 FY22

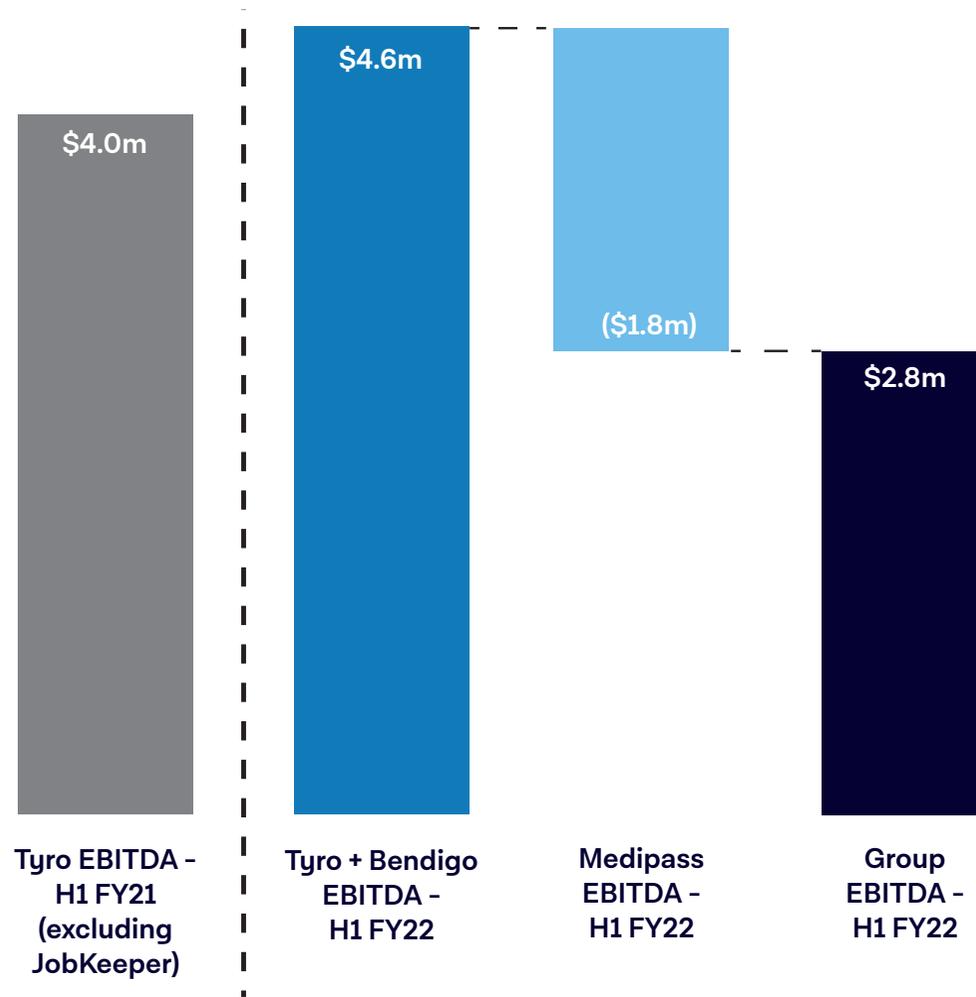


<sup>1</sup> Normalised operating expenses excludes expenses associated with the IPO including the share based payments expense relating to Liquidity Event Performance Rights that vested as a result of the IPO, the non-cash accounting impact of the Bendigo Alliance, expenses associated with the terminal connectivity issue and significant one-off expenses. Refer to page 31 for a reconciliation of normalised results to statutory results.

# EBITDA<sup>1</sup> Analysis

- Normalised Tyro core + Bendigo EBITDA performance up H1 FY22 vs. H1 FY21 (excluding Medipass + JobKeeper)
- Impacted by:
  - › Medipass which generated an expected EBITDA<sup>1</sup> loss of \$1.8 million (pre-integration + scale)
  - › 23% increase in employee costs - 11% for Tyro core business with remaining 89% of increase relating to Bendigo + Medipass
  - › 26% increase in other operating costs - 10% for Tyro core business with remaining 90% of increase relating to Bendigo + Medipass

EBITDA<sup>1</sup> H1 FY22 vs H1 FY21



<sup>1</sup> 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, expenses associated with the terminal connectivity issue and the IPO and other significant one-off costs. Refer to page 31 for a reconciliation of normalised results to statutory results.



# TYRO PAYMENTS BUSINESS PERFORMANCE

# Tyro Payments Business

	H1 FY22 \$'000	H1 FY21 \$'000		GROWTH %
Revenue	145,984	107,682	▲	35.6%
Less: Interchange, integration + support fees expense	(77,926)	(53,423)	▲	45.9%
Gross profit (statutory)	68,058	54,259	▲	25.4%
Less: Bendigo gross profit share	(4,446)	-	▲	n/a
Add: Bendigo support fees	1,350	-	▲	n/a
Gross profit <sup>1</sup> (normalised)	64,962	54,259	▲	19.7%

## Merchant Base Growth

- Tyro ↑ 15.2% to 42,318 (H1 FY21: 36,720) + Bendigo new merchants 18,236 + Medipass new health providers 1,000
- ~7,400 **new merchant applications** - average of over 1,200 new applications per month
- Tyro prompted **brand awareness** lift to 23% (H1 FY21: 17%)
- Low churn levels maintained:
  - merchant churn** 10.1% (FY21: 11.3% + H1 FY21: 10.2%)
  - transaction value churn** 9.0% (FY21: 8.7% + H1 FY21: 7.7%)

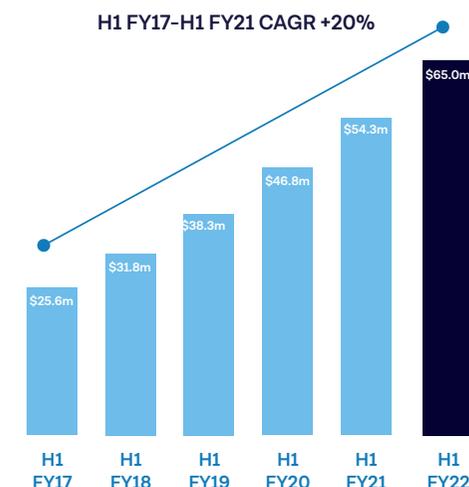
## Transaction Value Growth

- \$15.8 billion ↑ 30.6% (H1 FY21: \$12.1 billion) despite COVID-19 restrictions + lockdowns
- Bendigo contributed \$2.5 billion for the full 6-months - performing to model
- Tyro standalone verticals: Health ↑17% | Hospitality ↑12% | Retail ↑5% | Other ↑12%

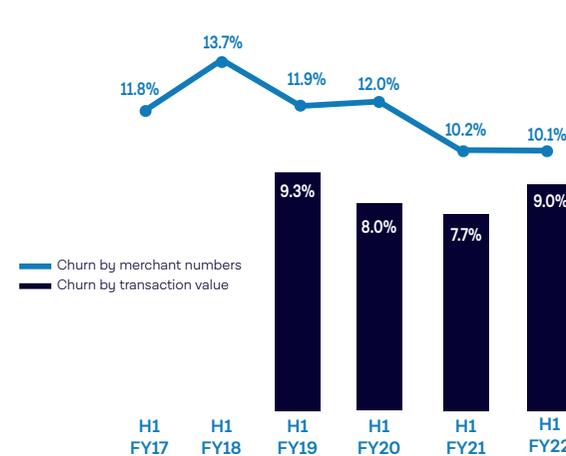
Transaction Value (\$'billion)



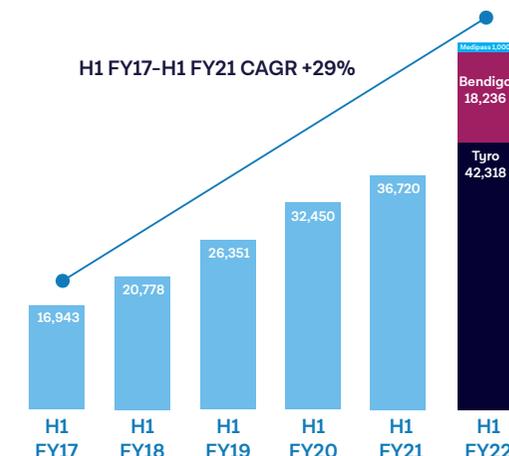
Payments Gross Profit<sup>1</sup> (\$'million)



Transaction Value + Merchant Number Churn (%)



Merchants (#)



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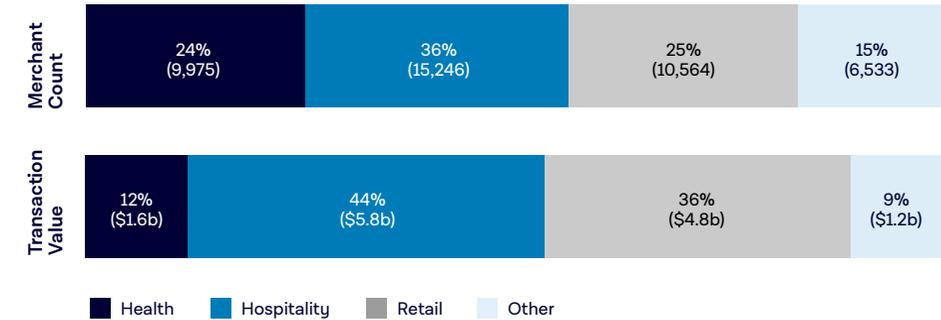
# Tyro Payments Business (cont.)

## Geographical Performance - Tyro only

- Strong transaction value growth rate outside of NSW + ACT:
  - › 23% average growth rate in states excluding NSW + ACT
  - › NSW + ACT lockdowns significantly impacted performance

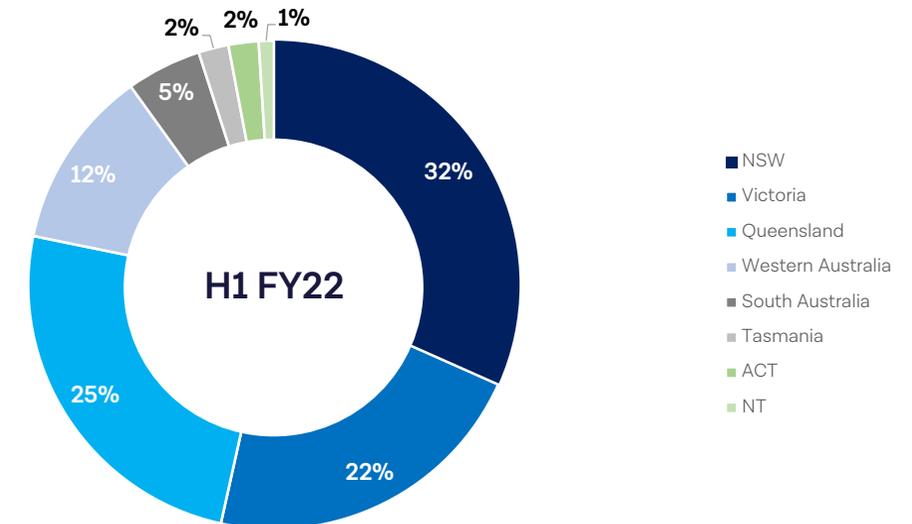
Transaction value performance	H1 FY22	H1 FY21	GROWTH RATE	PROPORTION OF TOTAL TV
	\$'000	\$'000	%	%
NSW	4,253	4,695	(9.4%)	32%
Victoria	2,920	2,226	31.2%	22%
Queensland	3,294	2,769	19.0%	25%
Western Australia	1,550	1,293	19.9%	12%
South Australia	601	511	17.6%	5%
Tasmania	295	235	25.5%	2%
ACT	257	284	(9.5%)	2%
NT	129	105	22.9%	1%

## Merchant Count + Transaction Value by Vertical (Tyro only)



The data only relates to Tyro merchants and excludes Bendigo merchants

## Proportion of Total Transaction Value by State - H1 FY22 (Tyro only)

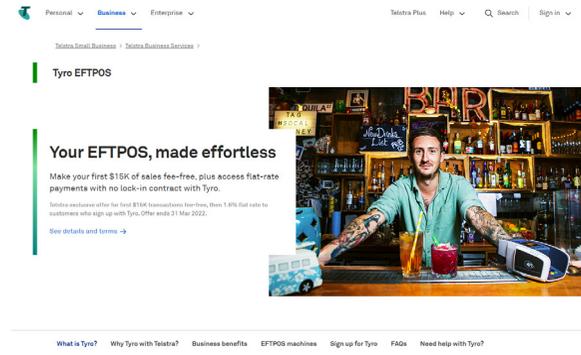


# Tyro Payments Business - Key Initiatives to Drive Growth

Tyro Go card reader



New distribution channels - Telstra



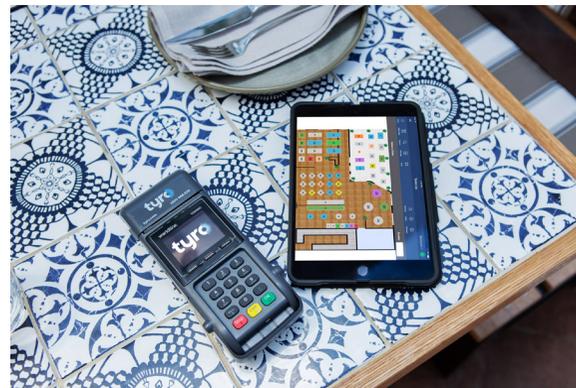
New terminal



Focus on eCommerce



Tyro Connect

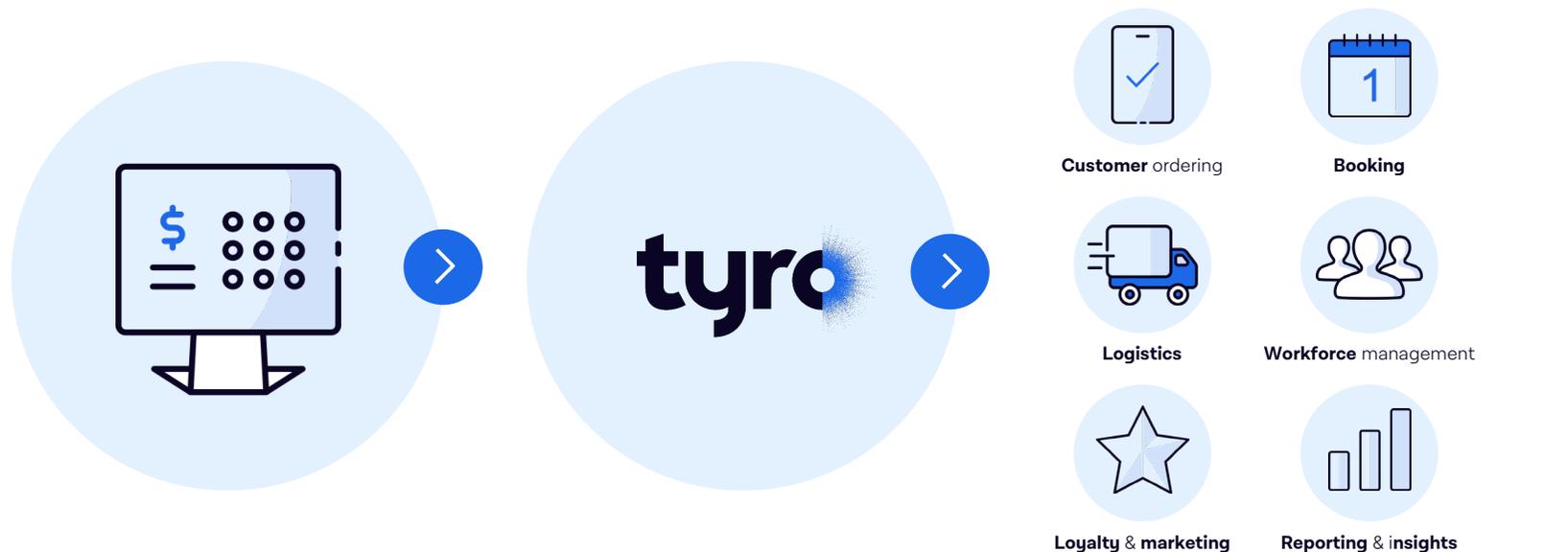


Investment in Health Business



# Tyro Payments Business - Tyro Connect

- Tyro Connect Integration - a hub for apps + POS/PMS systems



## POS/PMS integrates

- 8 POS integrations + 14 POS partners signed up

## Tyro Connect 2-way API platform

- +1.4 million transactions processed through platform
- 274 merchants on platform

## App integrates

- 17 Apps signed up
- 5 Apps live
- Piloting a new partnership with Hubster - a global food delivery platform
- Entering pilot with a large hospitality group with over 100 venues

## Payments Data

(in-store + online)

Providing a merchant with:

- A real time feed of all their card transactions
- A daily consolidated data share of all their transactions across all their locations
- Insight into new vs repeat card usage

## Sales Data

Providing a merchant with:

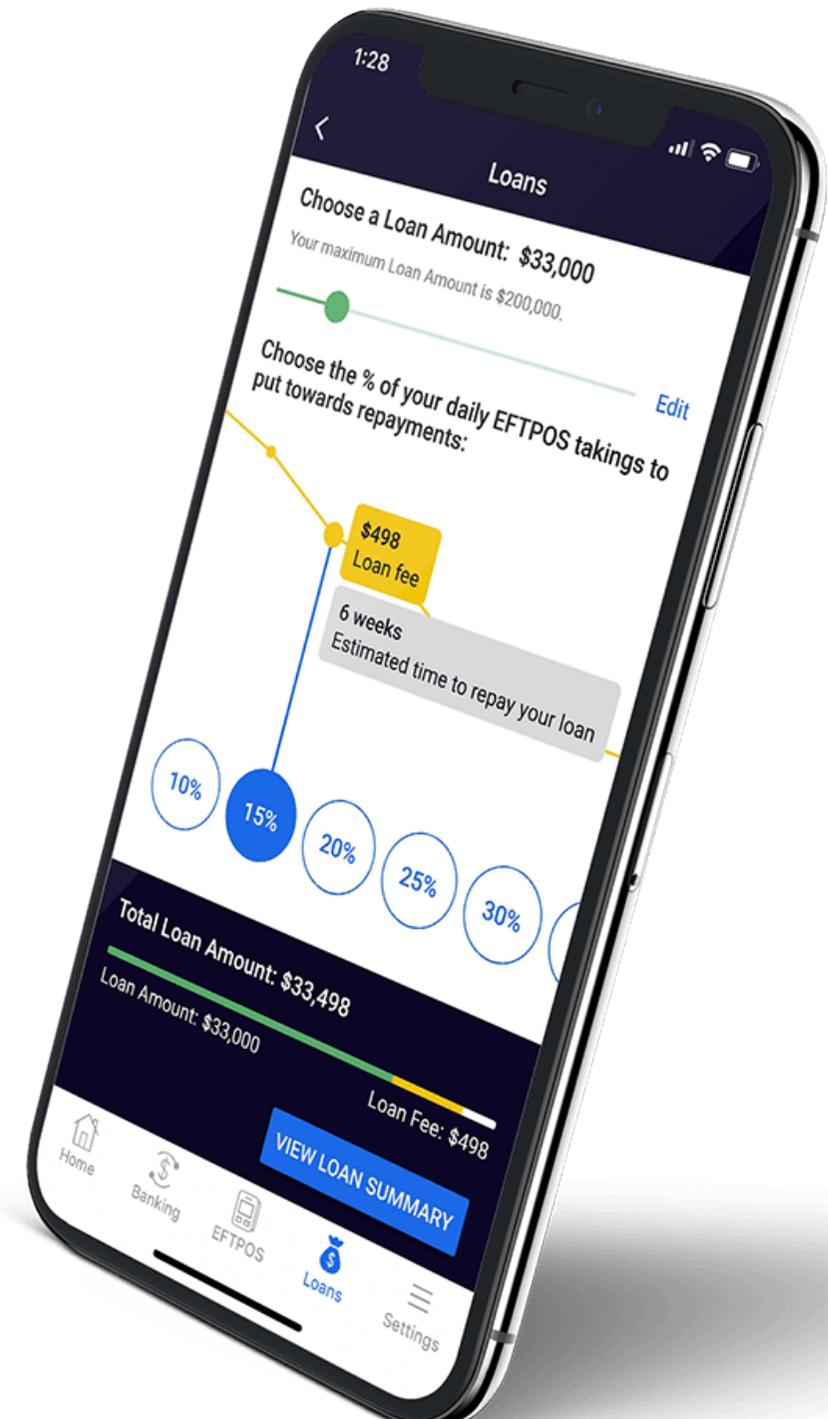
- Sales data feeds from their POS/PMS
- Ability to match their sales data to transactions + cards across all locations

## Integrations Data

Providing a merchant with:

- Overview of app activity across their locations
- Ability to match payment data to their loyalty integrations
- Single view of their customer across channels (in-store + online)

# TYRO BANKING BUSINESS PERFORMANCE



# Tyro Banking Business



	H1 FY22 \$'000	H1 FY21 \$'000		GROWTH %
<b>Loan Originations</b>	<b>36,213</b>	<b>2,626</b>	<b>▲</b>	<b>1,278.8%</b>
Revenue	2,561	2,042	▲	25.4%
Interest income on loans	1,833	1,040	▲	76.3%
Fair value gain on loans	728	1,002	▼	27.3%
Gross Profit	2,434	1,806	▲	34.8%
<b>Gross Profit margin as % of Revenue</b>	<b>95.0%</b>	<b>88.4%</b>	<b>▲</b>	<b>6.6 pts</b>

## Tyro Business Loan

- \$36.2 million in loan originations (H1 FY21: \$2.6 million)
- Maximum loan amount increased to \$350,000
- New record monthly originations of \$8.2 million in November 2021
- Positive non-cash fair value adjustment \$0.7 million - reflecting partial reversal of previous negative adjustment as risks of Covid on loan balances diminished
- Average loan size \$41,200 (H1 FY21: \$23,200)
- \$21.1 million loans on the balance sheet at 31 December 2021 (H1 FY21: \$4.4 million)
- \$0.1 million in lending loss ↓80.0% (H1 FY21: \$0.5 million)

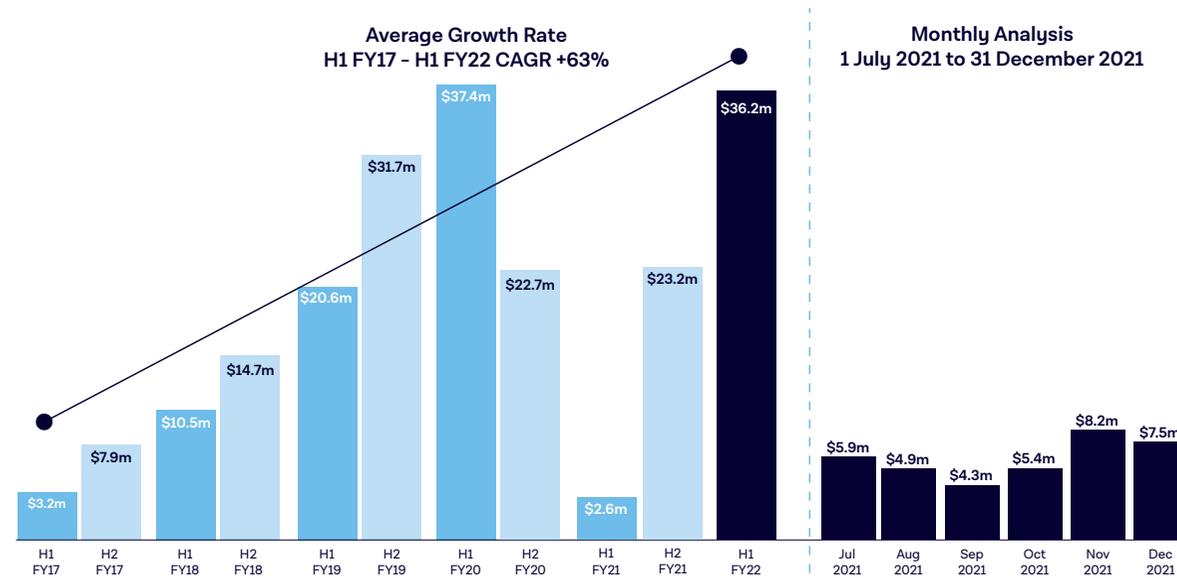
## Tyro Bank Account

- \$96.4 million in deposits at 31 December 2021 ↓ 2.9% (H1 FY21: \$99.3 million)
- 4,964 active accounts (H1 FY21: 4,150)
- Average account balance of ~\$19,900 (H1 FY21: ~\$24,000)
- Average interest rate 0.25% (H1 FY21: 0.26%)

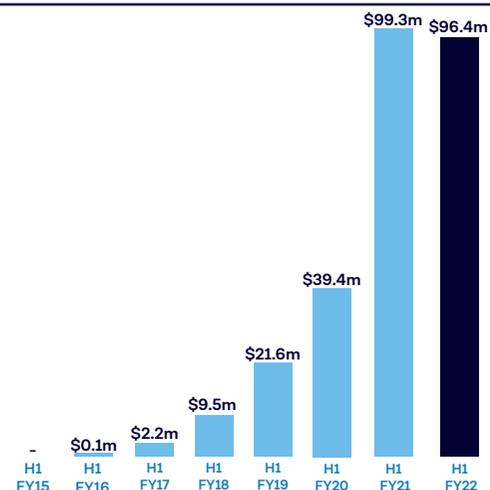
## Tyro Term Deposit Account

- \$4.4 million in term deposits at 31 December 2021 (H1 FY21: \$4.7 million)
- Average interest rate 0.70% (H1 FY21: 0.95%)

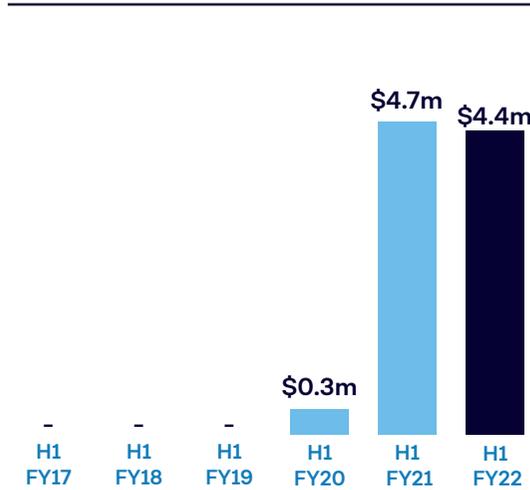
## Loan Originations (\$'million)



## Merchant Deposits (\$'million)

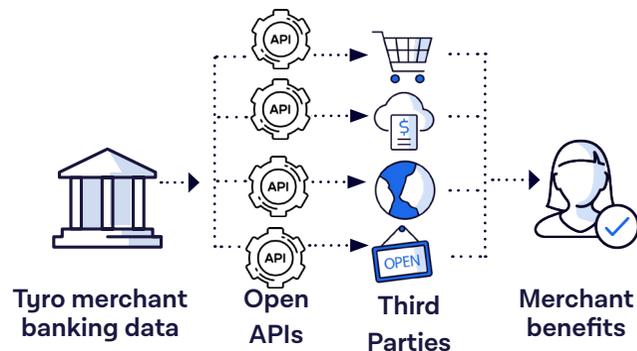


## Merchant Term Deposits (\$'million)



# Tyro Banking Business - Key Initiatives to Drive Growth

## Open Banking



## Paypa Plane - scheduled + recurring payments

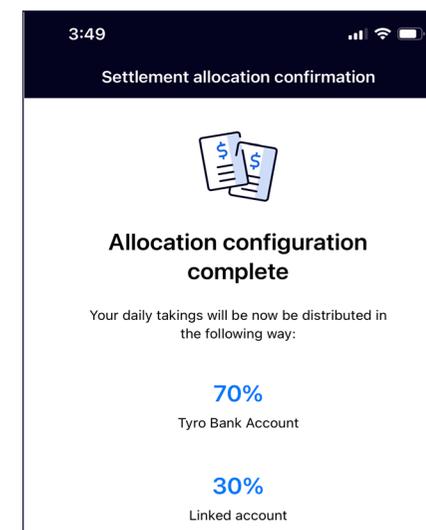


Paypa Plane

## Tiered Lending

- ✓ Creation of new lending hierarchy - Merchant Cash Advance now available to more merchants
- ✓ Maximum lending facility up to \$350,000 to high performing merchants (previously \$120,000)
- ✓ Removed the previous 3 month waiting period for new merchants allowing them to access the Merchant Cash Advance product from day one on their journey as a Tyro merchant

## Automated recurring linked account transfer (aka Smart Sweeping)



# OVERVIEW OF H1 FY22 FINANCIAL POSITION + CASH FLOW



# Financial Position

	31 DEC 2021	30 JUNE 2021
	\$'000	\$'000
<b>ASSETS</b>		
Cash <sup>1</sup>	86,729	103,712
Loans to merchants	21,112	15,387
Other current assets	34,958	20,560
Financial investments	70,679	69,068
Property, plant and equipment	34,721	26,027
Intangible assets and goodwill	135,324	140,867
Right of use assets	33,145	1,654
Other non-current assets	16,754	17,984
<b>TOTAL ASSETS</b>	<b>433,422</b>	<b>395,259</b>
<b>LIABILITIES</b>		
Customer deposits	100,848	75,481
Other current liabilities	28,254	35,614
Commissions payable to Bendigo Bank	99,135	102,273
Non-current liabilities	35,202	1,227
<b>TOTAL LIABILITIES</b>	<b>263,439</b>	<b>214,595</b>
<b>NET ASSETS</b>	<b>169,983</b>	<b>180,664</b>
Contributed equity	278,442	274,436
Accumulated losses and reserves	(108,459)	(93,772)
<b>TOTAL EQUITY</b>	<b>169,983</b>	<b>180,664</b>

<sup>1</sup> Cash includes all cash and cash equivalents and amounts due from other financial institutions

## Strong Balance Sheet Underwrites Continued Growth

### Cash + Financial Investments

- Total cash and financial investments of \$157.4 million (30 June 2021: \$172.8 million).
- Movement of negative \$15.4 million in cash reflective mainly of:
  - › timing difference in scheme receivables - difference of \$5.5 million;
  - › terminal purchases of \$8.8 million;
  - › other capex, including new office premises of \$10.0 million;
  - › remediation payments of \$3.5 million (excluding other related expenses);
  - › offset by net increase in banking flows of \$20.3 million.

### Current Assets

- Timing difference in scheme receivables \$13.0 million
- Prepayment of long term technology contracts \$2.0 million

### Capital Expenditure

- H1 FY22 capex on terminals of \$8.8 million (H1 FY21: \$3.7 million), including roll-out for Bendigo fleet.
- Capex on move to new office premises of \$7.3 million in H1 FY22 (H1 FY21: Nil)
- Depreciation and amortisation for H1 FY22 of \$15.5 million (H1 FY21: \$7.1 million) - significant increase on a statutory basis mainly reflects amortisation of Bendigo and Medipass intangibles (H1 FY21: Nil).

### Right of use assets

- Right of use assets of \$33 million recognised for new office premises as per AASB 16 Leases (30 June 2021: \$1.7 million remaining for previous office premises).

# Cash Flow Analysis

	H1 FY22 \$'000	H1 FY21 \$'000
Net payments income	70,035	53,968
Net interest income	2,042	1,054
Other income	851	6,666
Employee expenses paid	(44,632)	(37,136)
Terminals purchased	(8,847)	(3,661)
Other operating expenses	(28,746)	(11,342)
Terminal incident remediation payments	(4,042)	-
Movement in net schemes and other receivables	(13,060)	(14,362)
<b>Operating cash flows (excluding banking)</b>	<b>(26,399)</b>	<b>(4,813)</b>
Net movement in customer loans	(5,096)	8,049
Net increase in deposits	25,367	53,422
<b>Cash flows from operating activities</b>	<b>(6,128)</b>	<b>56,658</b>
Movement in term deposits, financial and equity investments	(2,320)	(25,850)
Capital expenditure (excluding terminals)	(7,800)	(681)
Payments for recognised intangible assets + other	(2,169)	(4,189)
<b>Cash flows from investing activities</b>	<b>(12,289)</b>	<b>(30,720)</b>
Proceeds from exercise of share options	4,006	3,046
Payments for lease liabilities	(2,561)	(2,489)
<b>Cash flows from financing activities</b>	<b>1,445</b>	<b>557</b>
<b>Net movement in cash and cash equivalents</b>	<b>(16,972)</b>	<b>26,495</b>
Effect of foreign exchange rates on cash and cash equivalents	59	(202)
Cash and cash equivalents at beginning of year	84,521	103,761
<b>Cash and cash equivalents at end of year</b>	<b>67,608</b>	<b>130,054</b>

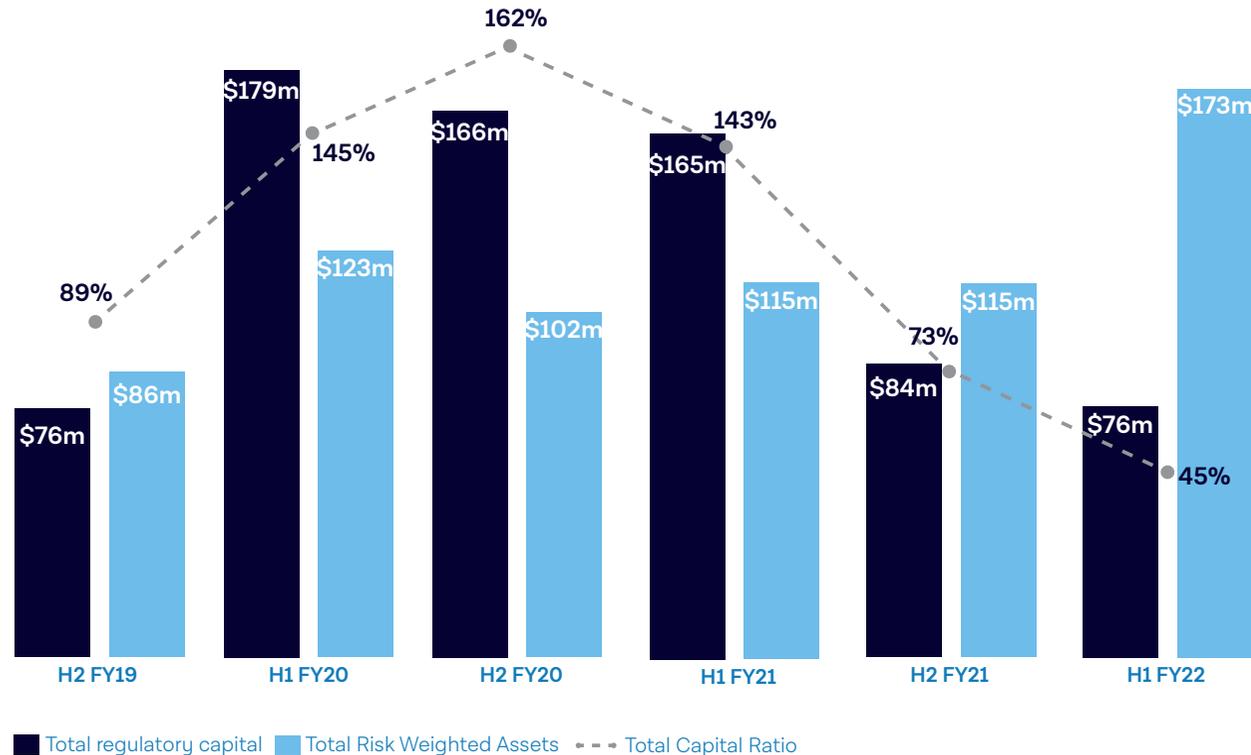
## Operating Cash Flows:

- Operating cash flows (excluding banking) of negative \$26.4 million (H1 FY21: negative \$4.8 million). The increase includes:
  - › additional \$5.1 million outflows for terminal purchases;
  - › incident remediation payments of \$3.5 million (H1 FY21: Nil) - excluding other related expenses;
  - › Bendigo gross profit share of \$3.5 million (H1 FY21: Nil); and
  - › JobKeeper receipts of Nil (H1 FY21: \$4.5 million).
- Banking net cashflows increased by \$20.3 million. For H1 FY21, deposits increased by \$53.4 million, the loan book decreased by \$8.0 million.

## Investing + Financing Cash Flows:

- Capital expenditure of \$7.8 million - \$7.3 million relates to new office premises.
- \$2.2 million spend on internal development costs.

# Liquidity + Capital Adequacy Analysis



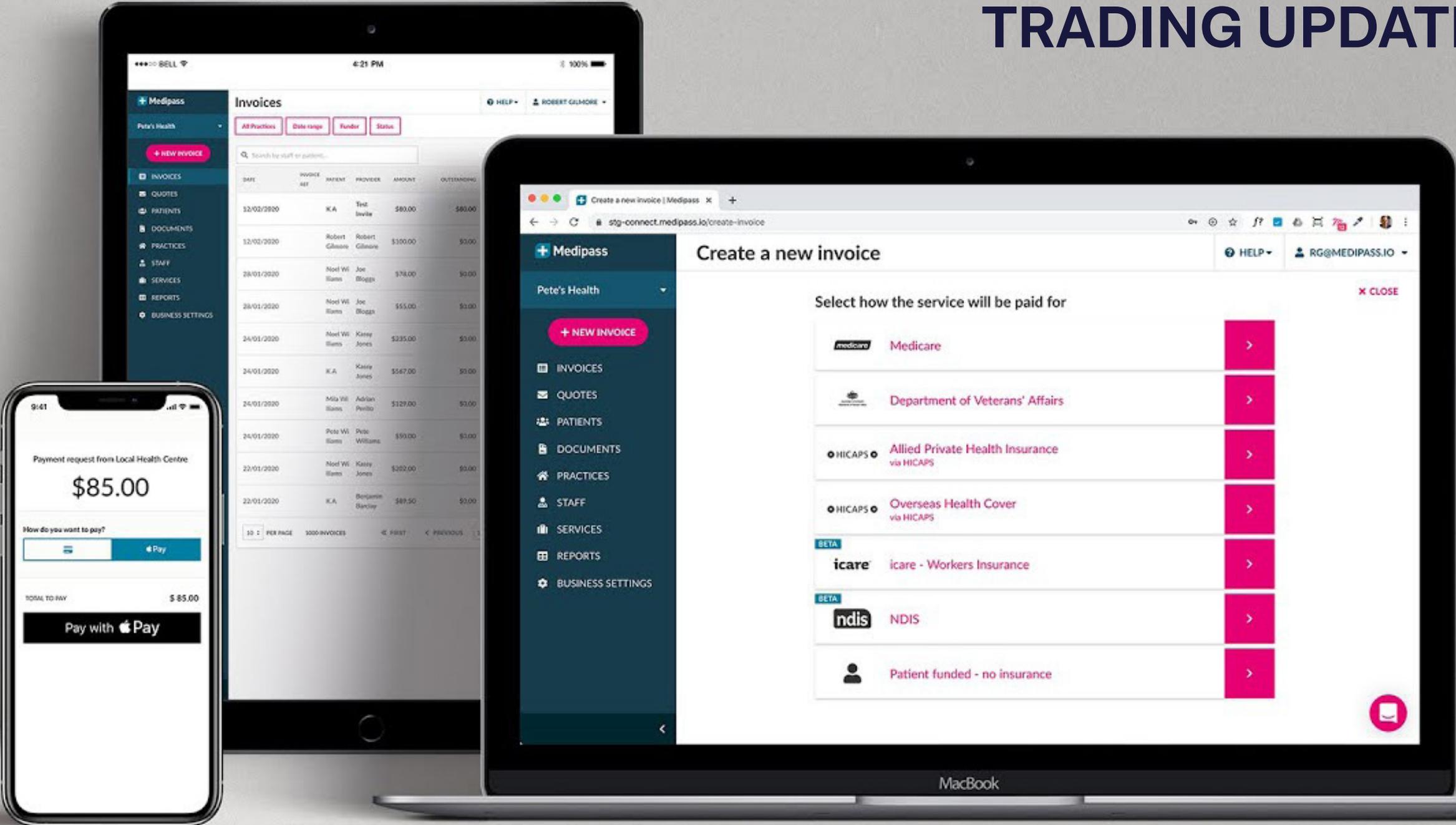
## Liquidity

- Sufficient liquidity in place to continue to fund growth strategy

## Total Capital Ratio

- Well capitalised at a total capital ratio of 45%. Movement from 73% at 30 June 2021 due to:
  - › 55 Market street move: Recognition of Right of Use assets (\$33 million) and office fit-outs (\$7.3 million)
  - › increase in net scheme receivables
  - › increase in lending book (\$21.1 million versus \$15.4 million at June 2021)
  - › losses for the half year (before share based payments expense)
- Reduction in ratio at 31 December 2021 reflects the increase in risk weighted assets and intangibles
- Total Capital Ratio multiples above APRA Prudential Capital Requirement

# TRADING UPDATE



# Trading Update<sup>1</sup>

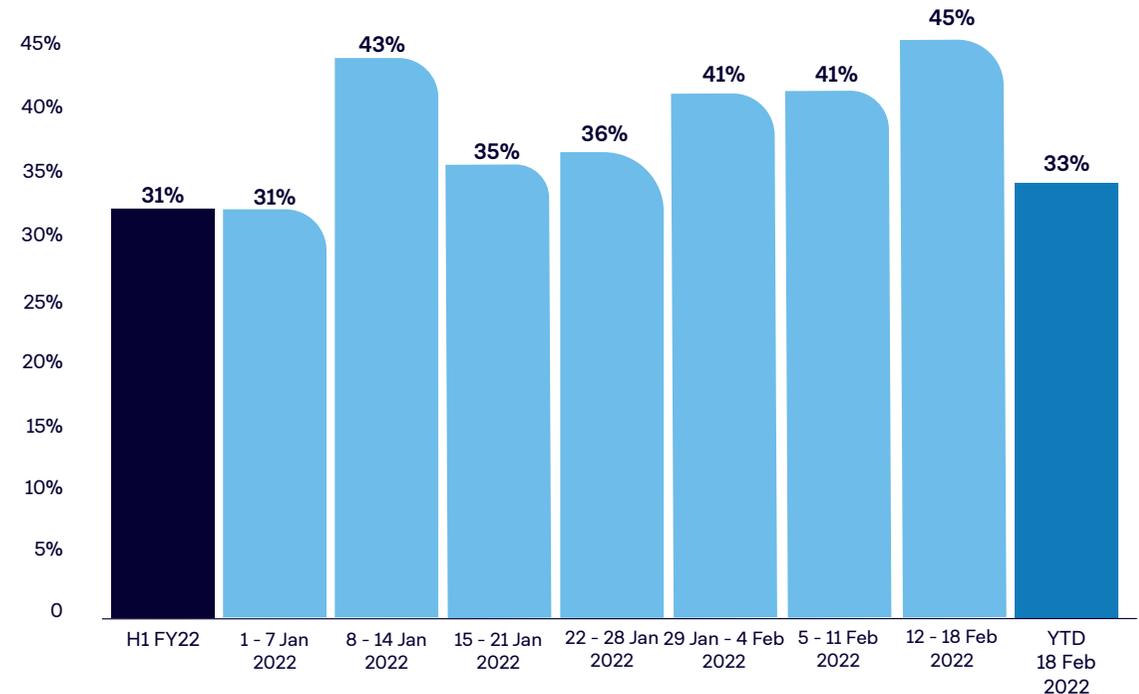
## PAYMENTS BUSINESS:

- **Transaction value** 1 January 2022 to 18 February 2022 - \$4.5 billion, up 40% on pcp
  - › Victoria ↑26%
  - › NSW ↑13%
  - › Queensland ↑18%
  - › WA ↑28%
  - › SA ↑13%
  - › Other (includes Bendigo Bank Alliance) ↑456%
- Record **eCommerce** transaction value achieved for January 2022 - \$36.5 million
- **Tyro | Bendigo Bank Alliance** transaction value for January 2022 - \$434.6 million
- **Group transaction value** for January 2022 - \$2.7 billion ↑35%
- **Normalised Payments Business gross profit** for January 2022 ↑24% to \$11.1 million (pcp: \$8.9 million)

## BANKING BUSINESS:

- **Loan originations** 1 January 2022 to 18 February 2022 \$5.8 million, ↑1,099% (\$0.5 million in pcp)
- **Deposit balances** of \$96.1 million at 31 January 2022, ↓6% (\$102.6 million in pcp)

Weekly Transaction Value Growth - H2 FY22



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

# Looking Ahead

- Full year transaction value contribution from Bendigo
- Return of workers to Nations CBDs - positive bias for card-present transactions
- Return of international travel
- Recover scheme/interchange fee increases
- Significant TAM exists - focus on increasing share of TAM beyond current 4.4%
- Appetite to continue investing to capture segment share growth opportunities:
  - › Tyro Go reader
  - › eCommerce platform
  - › Next generation terminal
- Seek opportunities to leverage Alliance model IP to other market opportunities
- Continuing appetite for 'bolt on' acquisitions - gain scale, leverage platform and/or capability add





DRINKS	
ESPRESSO / PICCOLO / MACCHIATO	3.5
LONG BLACK	R 4 L 4.5
FLAT WHITE	
CAPPUCCINO	
CHAI LATTE	
TEA (LOOSE LEAF)	
HOT CHOCOLATE	
OTHERS	
BAVCCINO	2.5
MASALA CHAI	R 4.5 L 5
MATCHA LATTE	
TURMERIC LATTE	
MOCHA	
ICED COFFE / CHOC	5
COLD BREW	4.5
JUICES	4.5
SOFT DRINKS	4.5
KOMBUCHA	4.5
COCONUT WATER	4
SPARKLING WATER	4 / 5
STILL WATER	3.5
EXTRAS	
EXTRA SHOT	0.5
ORGANIC SYRUP / DECAF	
ALM / MAC / SOY / LF	0.5 / 32
WINE	6 / 8.5
BEER	6 / 8.5

# SUPPLEMENTARY MATERIALS

# Attachment 1 – Reconciliation of Statutory to Normalised Results

	NORMALISATION ADJUSTMENTS					H1 FY22 NORMALISED (\$'000)
	H1 FY22 STATUTORY (\$'000)	BENDIGO BANK PARTNER GROSS PROFIT (\$'000)	BENDIGO BANK TRANSITIONAL COSTS (\$'000)	OTHER (\$'000)	INVESTMENT IN ASSOCIATES (\$'000)	
<b>Transaction value</b>	<b>15,826,286</b>	-	-	-	-	<b>15,826,286</b>
Payments revenue and income	145,984	-	-	-	-	145,984
Banking income	2,561	-	-	-	-	2,561
Other revenue and income	667	-	-	-	-	667
<b>Total revenue</b>	<b>149,212</b>	-	-	-	-	<b>149,212</b>
Payments direct expenses	(77,926)	(4,446) <sup>1</sup>	1,350 <sup>2</sup>	-	-	(81,022)
Interest expenses on deposits	(127)	-	-	-	-	(127)
<b>Total direct expenses</b>	<b>(78,053)</b>	<b>(4,446)</b>	<b>1,350</b>	-	-	<b>(81,149)</b>
<b>Gross profit</b>	<b>71,159</b>	<b>(4,446)</b>	<b>1,350</b>	-	-	<b>68,063</b>
<b>Operating expenses:</b>						
Employee benefits expense (excl. share-based payments)	(45,113)	-	-	-	-	(45,113)
Administrative expenses	(12,397)	-	1,231 <sup>3</sup>	201	-	(10,965)
Contractor and consulting expenses	(5,605)	-	-	(100)	-	(5,705)
Marketing expenses	(2,998)	-	-	-	-	(2,998)
Lending and non-lending losses	(510)	-	-	-	-	(510)
<b>Total operating expenses</b>	<b>(66,623)</b>	-	<b>1,231</b>	<b>101</b>	-	<b>(65,291)</b>
<b>EBITDA</b>	<b>4,536</b>	<b>(4,446)</b>	<b>2,581</b>	<b>101</b>	-	<b>2,772</b>
Share-based payments	(3,720)	-	-	-	-	(3,720)
Share of losses from associates	(1,731)	-	-	-	1,731	-
Depreciation and amortisation	(15,537)	5,588 <sup>4</sup>	-	-	-	(9,949)
<b>EBIT</b>	<b>(16,452)</b>	<b>1,142</b>	<b>2,581</b>	<b>101</b>	<b>1,731</b>	<b>(10,897)</b>
Net interest expense	(1,614)	1,318 <sup>5</sup>	-	-	-	(296)
<b>Net loss before tax</b>	<b>(18,066)</b>	<b>2,460</b>	<b>2,581</b>	<b>101</b>	<b>1,731</b>	<b>(11,193)</b>

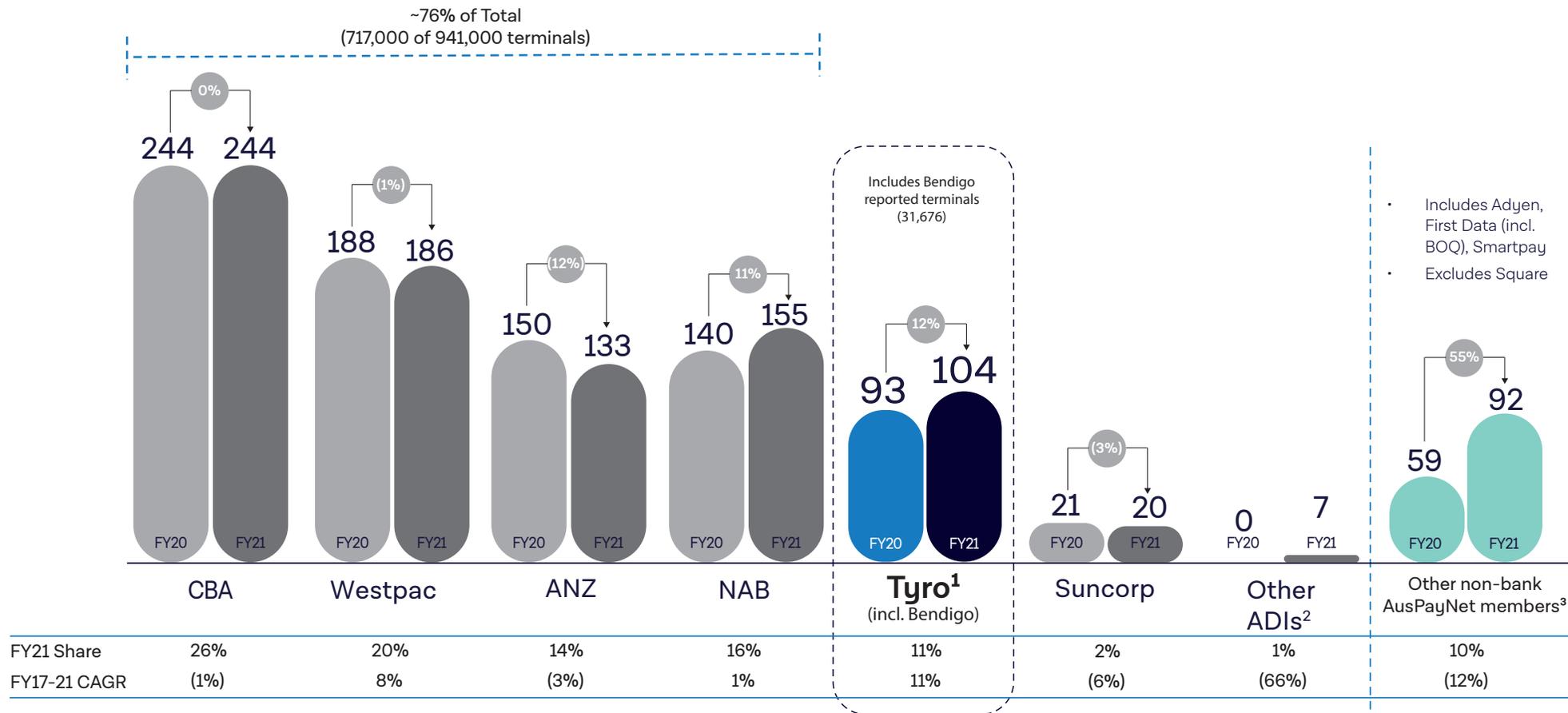
## Summary of adjustments

1. Bendigo Alliance gross profit share - reflects economic reality of transaction and is treated as a commission in normalised results
2. Bendigo support fees payable in the interim period while merchants are transferred from the Bendigo platform to the Tyro platform
3. Transitional Bendigo logistical costs incurred transferring Bendigo merchants to the Tyro platform
4. Amortisation accounted for at the completion of the Bendigo Alliance and written-off on a straight line basis over a 10-year period.
5. Non-cash interest accounting charge related to the Bendigo Alliance.

No normalisation of prior-period JobKeeper benefit has taken place

# Attachment 2 - Capturing Card-Present Terminal Market Share

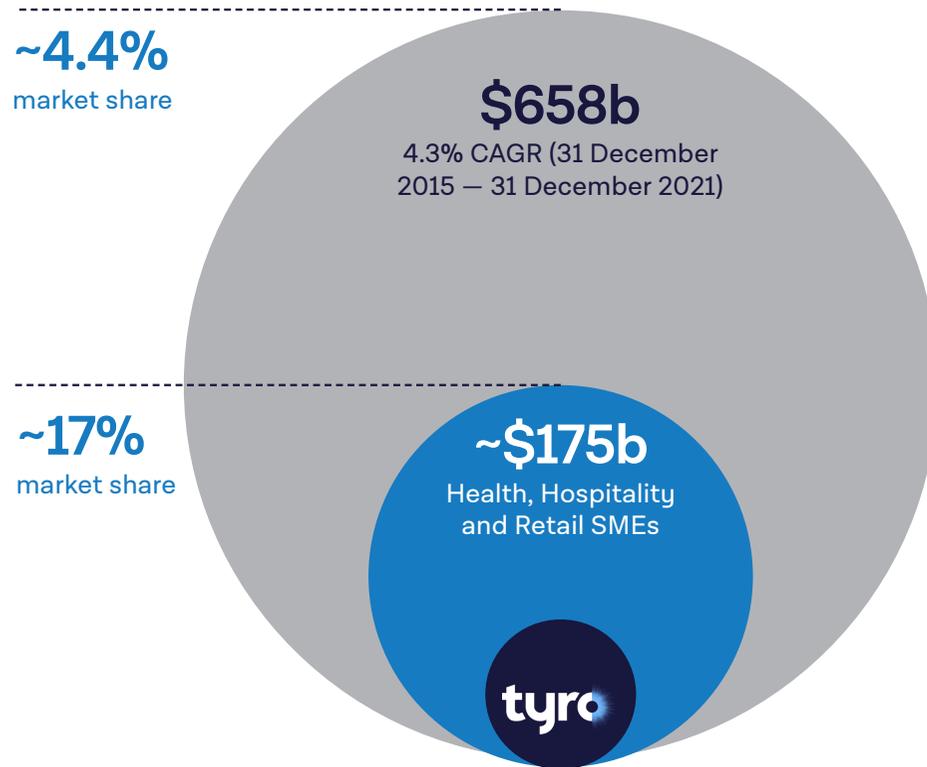
Card Present Segment Share by EFTPOS Terminal Count by ADI (#'000), June 2020 vs June 2021



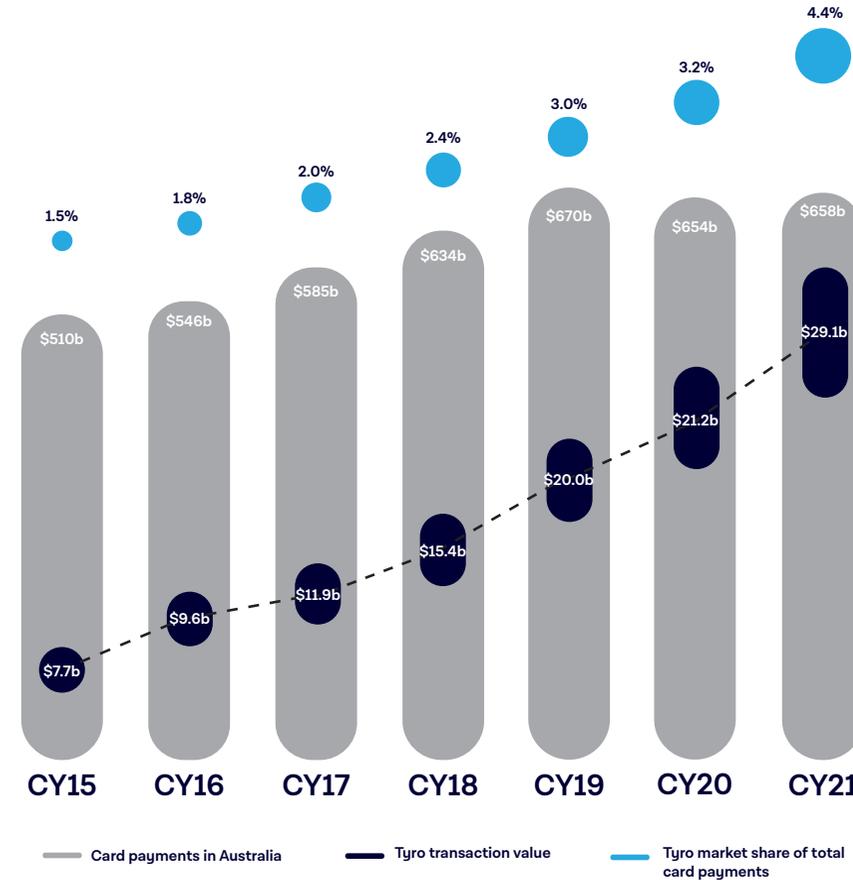
(1) Tyro and Bendigo combined in all years; (2) Includes 6.7k Cuscal terminals in FY21. (3) Other providers (labelled 'Other non-bank AusPayNet members') includes terminals of other providers who are members of the Australian Payments Network (for example, Adyen and First Data), a self-regulated body set up by industry participants, with rules that cover cards, cheques, direct entry, and high value payments (refer to Section 2.5.9). Does not include non-bank payment providers who are not members of the Australian Payments Network (for example, Square).

# Attachment 3 - Capturing Market Share in Growing Total Addressable Market

Annual transaction value of card payments acquired in Australia<sup>1</sup> (\$ billion) - as at 31 December 2021



Tyro's estimated market share of total card payments acquired in Australia - as at 31 December 2021



CAGR of total card payments in Australia - **4%**

CAGR of Tyro's annual transaction value - **25%**

Tyro **growth outpacing** market by **6x**

<sup>1</sup> 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.

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

<sup>1</sup> 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 30 June 2020 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 30 June 2016 to 30 June 2021) to determine a figure as at 30 June 2021. 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 FY21 transaction value.

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