

# ASX Release

## FINANCIAL RESULTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019 - INVESTOR PRESENTATION

Sydney, 20 February 2020, Tyro Payments Limited (**Tyro**) today released its H1 FY20 Investor Presentation regarding Tyro's half-year results ended 31 December 2019.

The information contained in this announcement should be read in conjunction with today's announcement of Tyro's half-year results and Tyro's most recent Annual Report.

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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 company providing Australian businesses with payment solutions and value-adding business banking products. The company provides simple, flexible and reliable payment solutions as a merchant acquirer, along with complementary business banking products.

For the more than 32,000 Australian merchants who chose to partner with Tyro in the first half of FY20, the company processed more than \$11.1 billion in transaction value. In H1 FY20 the company generated \$117.3 million in revenue, originated \$37.4 million in loans and held merchant deposits totaling \$39.7 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 company, 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 480 people, approximately half of whom are in technology roles.



# H1 FY20 INVESTOR PRESENTATION

20 FEBRUARY 2020



**Tyro Payments Limited**  
ABN 49 103 575 042



**Setting businesses  
free to get on with  
business**

**by**

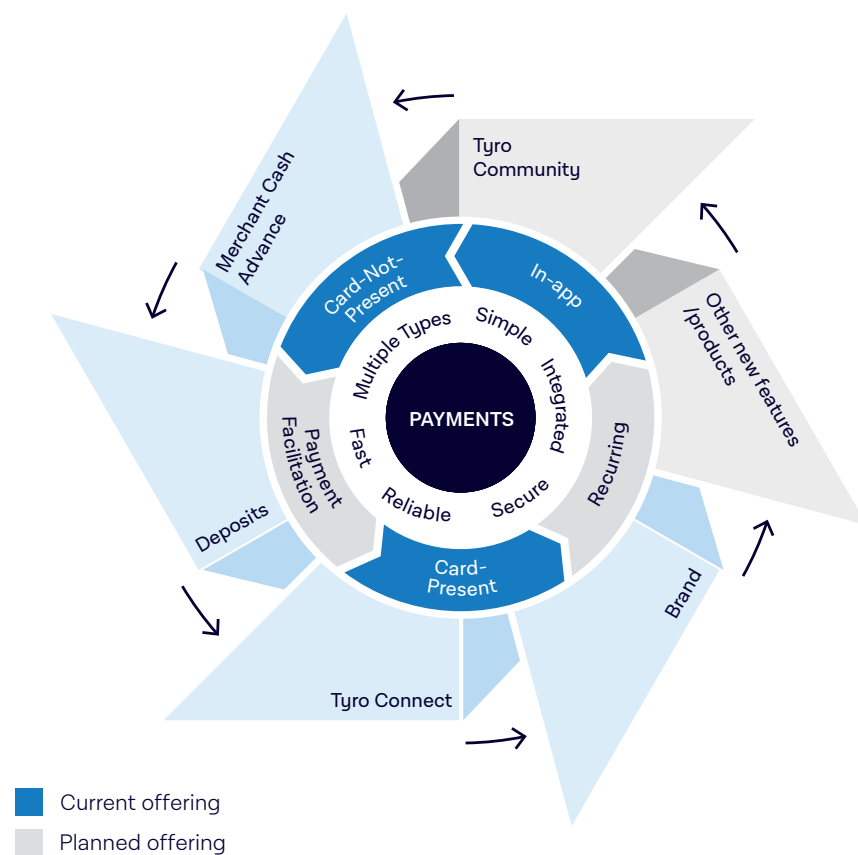
**simplifying payments  
+ banking solutions**

**tyro**



# The Tyro Ecosystem

- Integrated ecosystem with payments at our core
- Enhanced by value-adding features and products
- Designed to attract new merchants and retain existing merchants



Current NPS Score of 45



99.99% availability of core acquiring platform



Highly trained in-house team servicing merchants



Market leader with 306 POS integrations



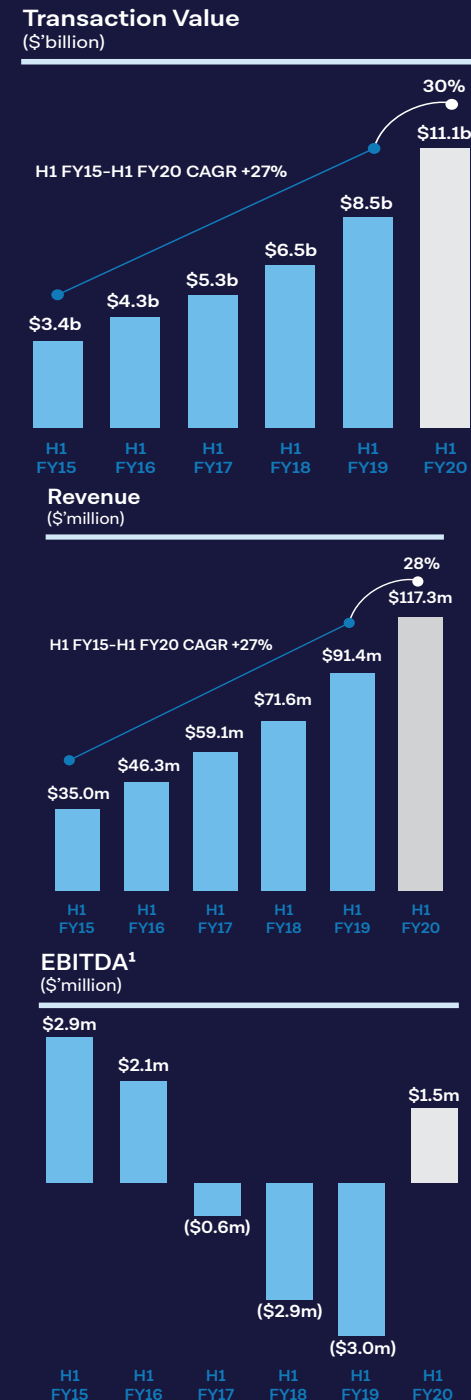
# Results Highlights - H1 FY20

## Strong Financial Performance

- 30% increase on pcp in transaction value to \$11.1 billion
- 23% increase on pcp in merchants to 32,450
- 28% increase on pcp in revenue to \$117.3 million
- 21% increase on pcp in gross profit to \$50.3 million
- Positive EBITDA<sup>1</sup> of \$1.5 million
- Operational leverage - operating costs controlled - up 9.7%

## Operational Call-outs

- Prompted brand awareness 12% (H1 FY19: 10%)
- Current NPS 45 (34 at 30 June 2019)
- eCommerce in market
- Alipay payment option available to more than 20,000 merchants
- Least cost routing first mover advantage
- Hospitality vertical transaction value up 48%
- 99.99% availability core acquiring platform - 3,891 peak transactions processed per minute
- 8.0% transaction value churn (H1 FY19: 9.3%) and 12.0% merchant number churn (H1 FY19: 11.9%)
- Loan originations \$37.4 million up 82% on pcp
- Term deposit pilot launched



<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 and expenses associated with the IPO

# Results in Overview

- Revenue ↑ 28.4%
- Gross Profit ↑ 21.3%
- EBITDA ↑ 149.5%

	H1 FY20 \$'000	H1 FY19 \$'000		GROWTH %
Payments revenue and income	113,604	88,123	▲	28.9%
Lending income	2,570	1,505	▲	70.8%
Other revenue and income (incl. investment income)	1,115	1,727	▼	35.4%
<b>Revenue</b>	<b>117,289</b>	<b>91,355</b>	<b>▲</b>	<b>28.4%</b>
Less: Direct expenses	(67,000)	(49,894)	▲	34.3%
<b>Gross Profit</b>	<b>50,289</b>	<b>41,461</b>	<b>▲</b>	<b>21.3%</b>
Less: Operating expenses (excl. share based expense)	(48,791)	(44,487)	▲	9.7%
<b>EBITDA</b>	<b>1,499</b>	<b>(3,026)</b>	<b>▲</b>	<b>149.5%</b>
Less: Share based payments expense	(5,254)	(792)	▲	563.4%
IPO expenses	(9,010)	-	▲	100.0%
Depreciation & Amortisation	(6,175)	(3,821)	▲	61.6%
<b>EBIT</b>	<b>(18,941)</b>	<b>(7,639)</b>	<b>▼</b>	<b>148.0%</b>
Less: Net lease interest expense	(305)	-	▲	100.0%
<b>Net loss before tax</b>	<b>(19,246)</b>	<b>(7,639)</b>	<b>▲</b>	<b>151.9%</b>
Income tax expense	-	(28)	▼	100.0%
<b>Net loss after tax</b>	<b>(19,246)</b>	<b>(7,667)</b>	<b>▲</b>	<b>151.0%</b>

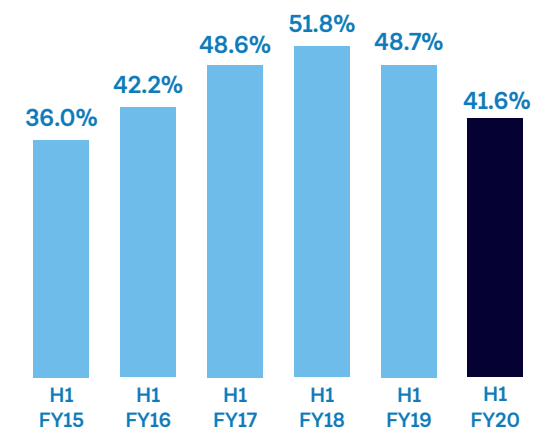
Discrepancies between totals and sums and components in tables are due to rounding

- Operating Leverage

PAYMENTS BUSINESS PERFORMANCE	H1 FY20 \$'000	H1 FY19 \$'000		GROWTH %
Revenue	113,604	88,123	▲	28.9%
Gross Profit	46,825	38,328	▲	22.2%

BANKING BUSINESS PERFORMANCE	H1 FY20 \$'000	H1 FY19 \$'000		GROWTH %
Revenue	2,570	1,505	▲	70.8%
Gross Profit	2,349	1,406	▲	67.1%

Operating expenses (excl. share based expense) - % of revenue





# Tracking to IPO Pro Forma Forecast

Key Operating Metric	FY20 Full-year Pro forma Forecast <sup>1</sup>	Actual H1 FY20
Transaction value <sup>2</sup>	\$22.5 billion	\$11.1 billion
Payments revenue and income <sup>2</sup>	\$233.7 million	\$113.6 million
Payments gross profit <sup>2</sup>	\$93.4 million	\$46.8 million
Number of merchants <sup>2</sup>	36,000	32,450
Number of terminals <sup>2</sup>	65,000	58,993
Lending and investment income <sup>3</sup>	\$6.8 million	\$3.3 million
Banking gross profit <sup>2</sup>	\$4.5 million	\$2.3 million
Loan originations <sup>2</sup>	\$85.1 million	\$37.4 million
Merchant deposits <sup>2</sup>	\$52.1 million	\$39.7 million
EBITDA <sup>4,5</sup>	(\$0.6 million)	\$1.5 million
Loss before income tax (pro forma) <sup>5</sup>	(\$21.4 million)	(\$9.0 million)

<sup>1</sup> The pro forma forecast is contained in the Tyro Prospectus lodged on 18 November 2019. Refer to the Prospectus for detailed information on the FY20 full year pro forma financial forecast and on the general and specific assumptions used in preparing the financial forecast including those set out in Section 4.9.4 of the Prospectus.

<sup>2</sup> Refer to page 112 of the Prospectus.

<sup>3</sup> Refer to page 101 of the Prospectus.

<sup>4</sup> Tyro uses EBITDA as a non-IFRS measure of business performance, which excludes the non-cash impact of share-based payments expense and expenses associated with the IPO.

<sup>5</sup> Refer to page 102 of the Prospectus.



# Payments - Operational Highlights

## Strong transaction value growth

- Transaction value of \$11.1 billion up 30% (H1 FY19: \$8.5 billion)
- Transaction value growth accelerating - exceeds 5-year CAGR of 27%
- All-time record December 2019 - \$2.2 billion in transaction value (December 2018: \$1.7 billion) - up 27%
- eCommerce transaction value \$3.1 million - from a zero base
- Alipay transaction value \$16.7 million - launched in October 2018

## Merchant base continues growth

- 23% lift in merchants to 32,450 (H1 FY19: 26,351)
- Growth in-line with 5-year CAGR of 23%
- 5<sup>th</sup> largest merchant acquiring bank in Australia
- Over 8,500 merchants already opted-in to least cost routing
- Current NPS of 45 - up from 34 at 30 June 2019
- Prompted brand awareness of 12% - up from 10% at 30 June 2019

## Stable margins

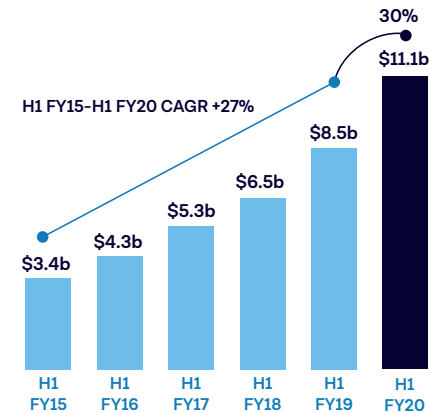
- Stable Merchant Service Fee margin of 0.91% (H1 FY19: 0.91%)
- 41.2% gross profit margin (% of Revenue) (H1 FY19: 43.5%) - decrease reflecting higher interchange + scheme fees, eCommerce costs, larger merchants + LCR

## Low merchant churn

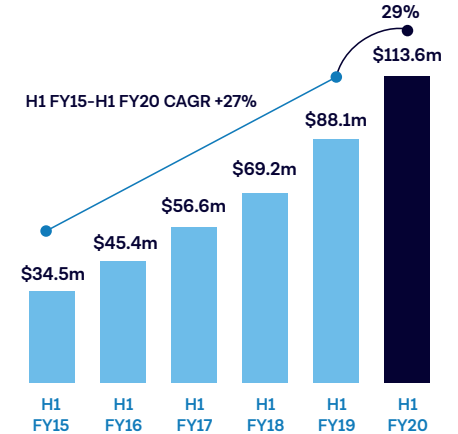
- Merchant transaction value churn 8.0% (H1 FY19: 9.3%)
- Merchant number churn 12.0% (H1 FY19: 11.9%)

	H1 FY20 \$'000	H1 FY19 \$'000		GROWTH %
Transaction value	11,064,972	8,534,297	▲	29.7%
Revenue	113,604	88,123	▲	28.9%
Gross Profit	46,825	38,328	▲	22.2%
Gross Profit margin as a % of Revenue	41.2%	43.5%	▼	230bps

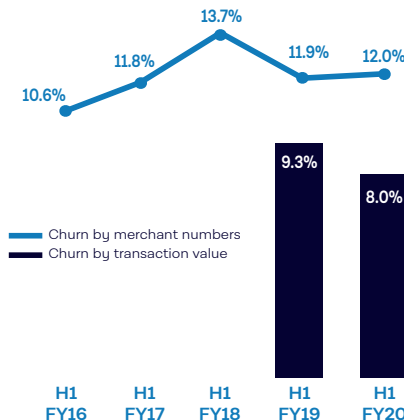
Transaction Value (\$'billion)



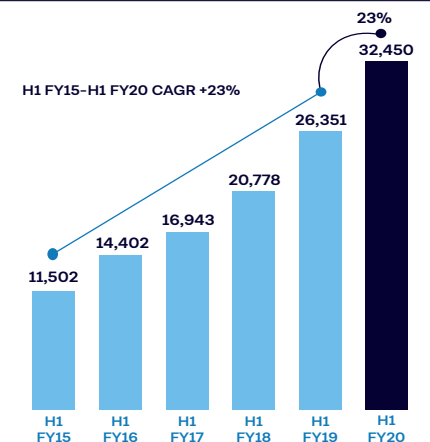
Payments Revenue (\$'million)



Transaction Value & Merchant Number Churn (%)



Merchants (#)





# Payments – Operational Highlights (continued)

## Focus on core verticals - delivering out-performance

- Core Health, Hospitality and Retail verticals - 85% of merchants - 91% of transaction value
- Hospitality vertical growing strongly - transaction value up 48%
- Health and Retail verticals - transaction value up 16% in both
- Medicare revenue of \$1.9 million (H1 FY19: \$1.7 million)

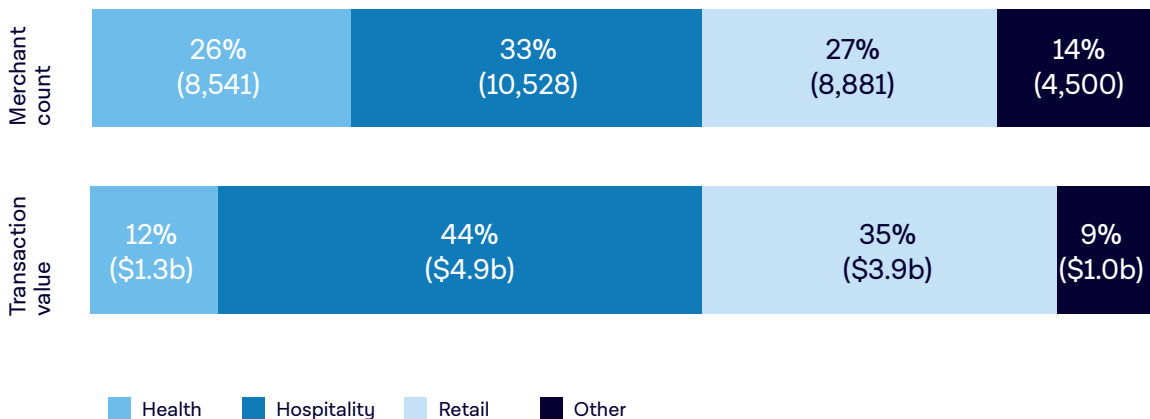
## New payments product offerings to merchants

- eCommerce launched March 2019 - 41 merchants actively using product (H1 FY19: nil)
- Integrated to 11 popular shopping carts and hosted payment pages
- Alipay payment solution launched October 2018 - 20,234 have payment option available (H1 FY19: 2)

## Terminal fleet growth is accelerating

- 58,993 terminals at 31 December 2019 - up 26% from H1 FY19

## Merchant count and transaction value by vertical - H1 FY20



# Banking - Operational Highlights

## Tyro Business Loan

- \$37.4 million in loan originations
- Average loan size of \$31,500 (H1 FY19: \$33,700)
- 4.7 months average loan tenure (H1 FY19: 5.0 months)
- 67% of loans made were repeat loans
- Available to all Tyro merchants - previously only available to banking clients
- \$18.0 million loans on the balance sheet at 31 December 2019
- 1.6% lending loss to originations, with a quantum of only \$0.6 million (H1 FY19: 1.0%)

## Tyro Bank Account

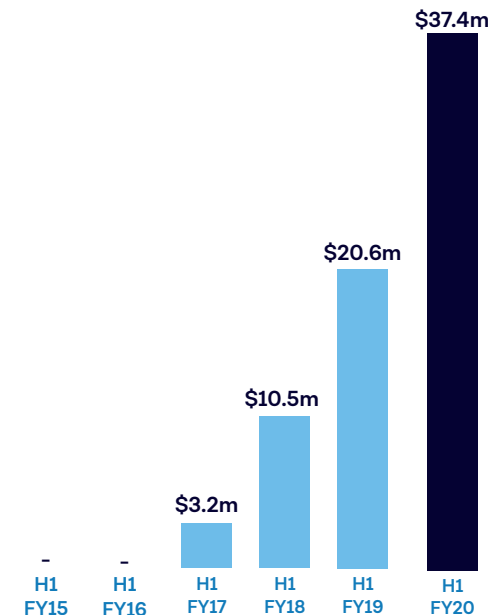
- \$39.7 million in deposits on the balance sheet at 31 December 2019
- 3,127 active accounts
- Average account balance of \$12,700 (H1 FY19: \$12,500)
- Average interest rate 1.1% (H1 FY19: 0.9%)

## Tyro Term Deposit Account

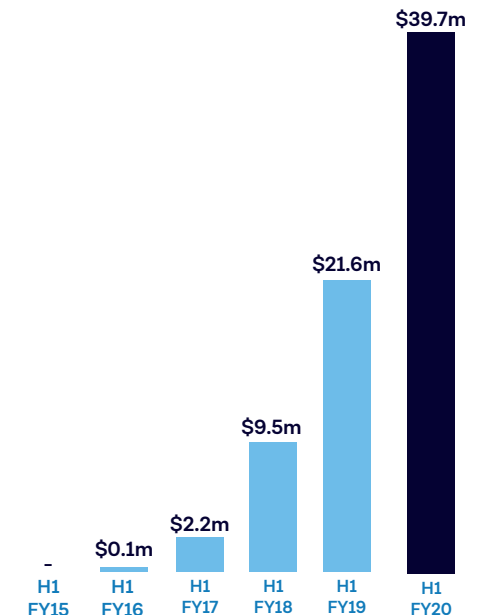
- Pilot launched on 10 December 2019
- On successful conclusion of pilot to be available to entire merchant base in H2 FY20

	H1 FY20 \$'000	H1 FY19 \$'000		GROWTH %
<b>Loan Originations</b>	<b>37,407</b>	<b>20,569</b>	<b>▲</b>	<b>81.9%</b>
Revenue	2,570	1,505	▲	70.8%
Gross Profit	2,349	1,406	▲	67.1%
Gross Profit margin as % of Revenue	91.4%	93.4%	▼	200bps

Loan originations (\$'million)



Merchant deposits (\$'million)



# Banking - Operational Highlights (continued)

## Value-adding Banking Products



### Tyro Business Loan

#### Merchant Cash Advance

- An unsecured merchant cash advance designed to help merchants finance working capital and investment needs
- Merchants select a percentage (typically between 10% and 30%) of daily card transaction value to be repaid each day as part of the loan acceptance process
- A fixed loan fee calculated at the time the loan is taken out and repaid over the duration of the loan
- Maximum size of each loan is determined by the merchant's annual card transaction value with us, and is currently capped at 10% of that amount to a maximum of \$100k for the first loan and \$120k for subsequent loans
- Key data points considered currently in determining a merchant's eligibility for a loan include the historic value of transactions processed with us, company director credit scores, standard adverse reporting research and ABN validity



### Tyro Bank Account

#### Deposit Account

- A fee-free, interest-bearing transaction account available to our merchants
- Deposits are protected under the Financial Claims Scheme<sup>1</sup>
- Can be linked to Xero accounting software enabling bank feed reconciliation, batch payments and approval of payroll and bill payments
- Managed through the Tyro app which includes features such as just-in-time reminders for scheduled bill payments and the ability to track daily card transactions
- Prerequisite for accessing Flexible Settlements and the Tyro Business Loan



### Tyro Term Deposit

#### Term-Deposit Account

- Pilot launched on 10 December 2019
- Provides merchants with an opportunity to lock away their savings at competitive rates
- 30, 60 and 90 day fixed terms on balances as low as \$1,000
- Facilitated through the Tyro App

<sup>1</sup> The Financial Claims Scheme is an Australian Government initiative that protects depositors of Authorised Deposit-taking Institutions (banks, building societies and credit unions) and policyholders of general insurance companies from potential loss due to the failure of these institutions.

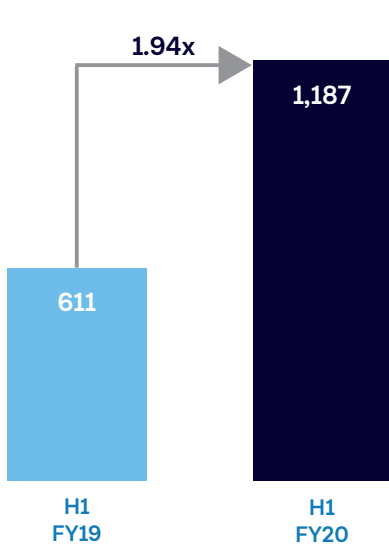


# Banking - Operational Highlights (continued)

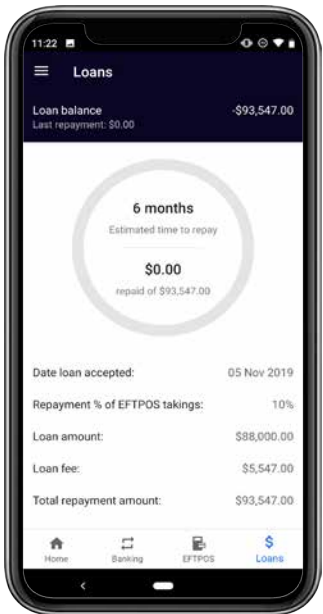
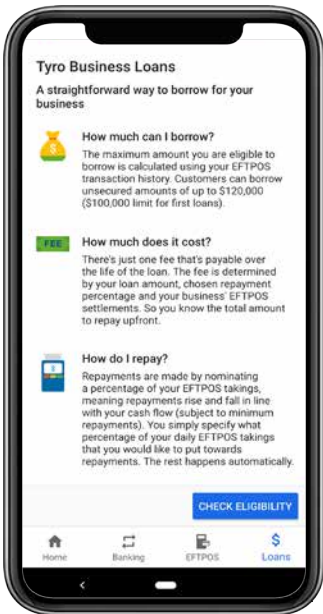
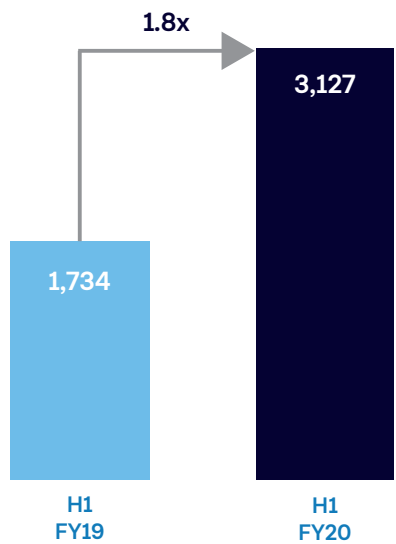
## We are scaling our Banking products to our entire merchant base

- All 32,450 of Tyro's merchants can now check their eligibility for a loan through the Tyro App (compared to ~7,500 merchants in prior periods)
- A credit team review can be conducted if eligibility is not met through the automated process to determine lending eligibility
- First loan amounts were increased from a maximum eligible loan amount of \$50k to \$100k
- Resulted in higher originations from merchants

Number of loan originations



Number of active bank accounts



# OVERVIEW OF H1 FY20 FINANCIAL PERFORMANCE



# Financial Performance - P&L

	H1 FY20	H1 FY19		Growth
	\$'000	\$'000		%
Transaction value	11,064,972	8,534,297	▲	29.7%
Payments revenue and income	113,604	88,123	▲	28.9%
Lending and investment income	3,344	2,755	▲	21.4%
Other revenue and income	341	477	▼	28.5%
<b>Revenue</b>	<b>117,289</b>	<b>91,355</b>	<b>▲</b>	<b>28.4%</b>
Payments direct expenses	(66,779)	(49,795)	▲	34.1%
Interest expense on desposits	(221)	(99)	▲	123.2%
<b>Total direct expenses</b>	<b>(67,000)</b>	<b>(49,894)</b>	<b>▲</b>	<b>34.3%</b>
<b>Gross profit</b>	<b>50,289</b>	<b>41,461</b>	<b>▲</b>	<b>21.3%</b>
<b>Operating expenses:</b>				
Employee benefits expense (excl. share-based payments)	(34,364)	(29,465)	▲	16.6%
Administrative expenses	(8,208)	(8,407)	▼	2.4%
Contractor and consulting expenses	(2,827)	(4,497)	▼	37.1%
Marketing expenses	(2,694)	(1,829)	▲	47.3%
Lending and non-lending losses	(698)	(289)	▲	141.5%
<b>Total operating expenses</b>	<b>(48,791)</b>	<b>(44,487)</b>	<b>▲</b>	<b>9.7%</b>
<b>EBITDA<sup>1</sup></b>	<b>1,499</b>	<b>(3,026)</b>	<b>▲</b>	<b>149.5%</b>
Share-based payments expense	(5,254)	(792)	▲	563.4%
IPO expenses	(9,010)	-	▲	100.0%
<b>EBITDA after share based payments and IPO expenses</b>	<b>(12,766)</b>	<b>(3,818)</b>	<b>▲</b>	<b>234.4%</b>
Net lease interest expense	(305)	-	▲	100.0%
Depreciation and amortisation	(6,175)	(3,821)	▲	61.6%
<b>Loss before tax expense</b>	<b>(19,246)</b>	<b>(7,639)</b>	<b>▲</b>	<b>151.9%</b>
Income tax expense	-	(28)	▼	100.0%
<b>Loss for the period</b>	<b>(19,246)</b>	<b>(7,667)</b>	<b>▲</b>	<b>151.0%</b>

Discrepancies between totals and sums and components in tables are due to rounding

## Strong cost control - delivers positive EBITDA

- Total operating expenses up 9.7% against revenue growth of 28.4% - operating leverage
- Employee benefits expense up 16.6% - reflecting increased headcount to support growth
- Administrative expenses down 2.4%
- Contractor and consulting expenses down 37.1% - increased headcount and expertise brought in-house reduced requirement for contractors
- Marketing expenses up 47.3% - driving increased brand awareness and merchant acquisition
- Lending and non-lending losses up 141.5% - reflecting 82% increase in loan originations

## EBITDA

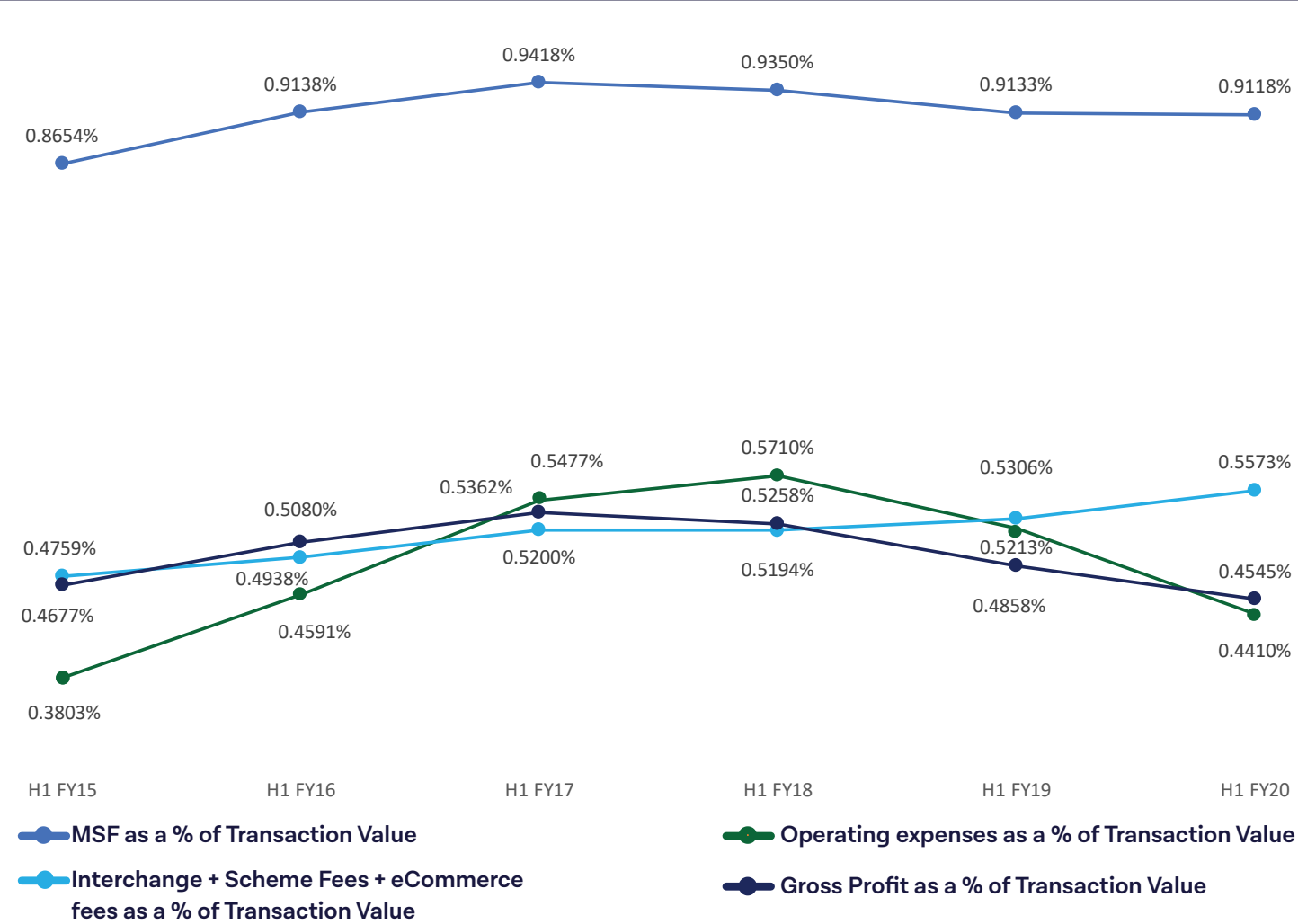
- First positive EBITDA contribution since banking licence (late H1 FY16)

<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 and expenses associated with the IPO.



# Operating Metrics

## Operating Metrics as a % of Transaction Value



- **MSF reflects:**
  - Targeting larger Merchants - pricing on an incremental profit basis
  - Gradual increase in debit card mix
  - Excludes terminal rental
- **Interchange Fees & Scheme Fees**
  - Increase driven in part by eCommerce transaction fees
- **Operating leverage increasing**
  - First positive EBITDA contribution since banking licence (late H1 FY2016)
  - Cost increase from that period reflects scaling of the business for banking licence

# Financial Position

	DECEMBER 2019	JUNE 2019
	\$'000	\$'000
<b>ASSETS</b>		
Cash <sup>1</sup>	140,254	31,810
Loans to merchants	18,048	15,665
Other current assets	40,663	29,765
Financial investments	34,529	37,159
Property, plant and equipment	18,107	18,734
Other non-current assets	25,181	15,531
<b>TOTAL ASSETS</b>	<b>276,782</b>	<b>148,664</b>
<b>LIABILITIES</b>		
Customer deposits	39,705	26,918
Other current liabilities	28,890	27,631
Non-current liabilities	6,420	1,046
<b>TOTAL LIABILITIES</b>	<b>75,015</b>	<b>55,595</b>
<b>NET ASSETS</b>	<b>201,767</b>	<b>93,069</b>
Contributed equity	264,642	141,856
Accumulated losses and reserves	(62,875)	(48,787)
<b>TOTAL EQUITY</b>	<b>201,767</b>	<b>93,069</b>

Discrepancies between totals and sums and components in tables are due to rounding

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

## Strong balance sheet will underwrite continued growth

### Impact of the IPO

- Increase in contributed equity \$120.1m - primary offer of \$125.0m less capitalised tax effected offer costs of \$4.9m
- Non-capitalised IPO expenses - \$9.0 million
- Net increase in cash of \$108.4 million

### Current assets

- Trade receivables from Schemes impacted by timing of end of period

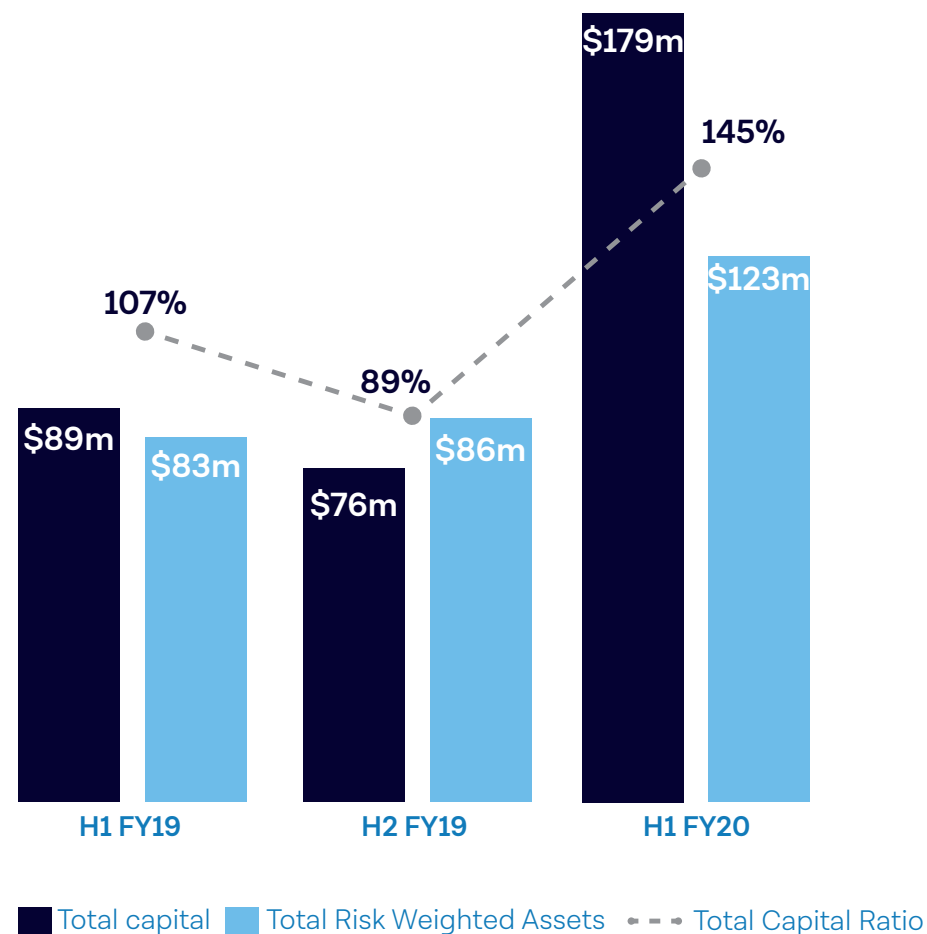
### Capital expenditure

- FY20 full-year capex of \$15.2 million expected
- \$3.0 million in terminal purchases included in working capital
- \$6.2 million total depreciation and amortisation (H1 FY19: \$3.8 million)

### Impact of AASB 16 Leases

- Recognise operating leases on the balance sheet with adjustments to the lease liability and right-of-use asset
- \$7.5 million recognised in assets against \$9.5 million recognised in liabilities

# Liquidity & Capital Adequacy



## Total Capital Ratio increased to 145%

- IPO capital raised in December 2019

## Total risk weighted assets increased by \$37m

- Investments of funds raised from IPO
- Growing lending balance
- Increases in receivables
- Other assets held under AASB 16



# Cash Flow Analysis

	H1 FY20 \$'000	H1 FY19 \$'000
<b>Loss after tax</b>	<b>(19,246)</b>	<b>(7,667)</b>
Non-cash items	10,960	4,278
Change in working capital	(13,983)	(12,855)
<b>Operating cash flows (excluding banking)</b>	<b>(22,269)</b>	<b>(16,243)</b>
Net increase in customer loans	(2,758)	(2,228)
Net increase in retail deposits	12,787	10,066
<b>Operating cash flows</b>	<b>(12,240)</b>	<b>(8,405)</b>
Net investment in term deposits, financial and equity investments	(22,482)	10,041
Net capital expenditure (excluding terminals)	(1,050)	(580)
Other investing activities	(1,644)	(1,136)
<b>Cash flows after operating and investing cash flows</b>	<b>(37,416)</b>	<b>(81)</b>
Payment for property leased	(2,357)	-
Proceeds from exercise of share options	2,735	409
Proceeds from the Offer net of capitalised Offer costs	120,051	-
<b>Net cash flows</b>	<b>83,013</b>	<b>328</b>

## Operating cash flows:

Net operating outflow before banking of \$22.3 million is principally driven by:

- Cash spend of \$7.5 million relating to IPO costs
- Terminal purchases of \$2.4 million
- Banking balances increased by \$2.2 million over the period as a result of growth in retail deposits and lending originations

## Investing and Financing cash flows:

- Cash flows increased by \$123 million, attributed to proceeds from IPO of \$120.1 million and the exercise of share options of \$2.7 million
- Capital expenditure increased by \$1.2 million
- Net lease payments which were previously classified as operating cash flows - adoption of AASB16

# TRADING UPDATE

tyro

# TRADING UPDATE<sup>1</sup>

## Momentum continuing into January 2020

### Payments business:

- Transaction value YTD \$12.9 billion, up 29% on pcp
- Revenue YTD \$132.7 million, up 28% on pcp
- Gross Profit YTD \$55.0 million, up 23% on pcp

### Banking business:

- Loan originations YTD \$43.8 million, up 75% (\$25.0 million in originations YTD January 2019)
- Deposit balances of \$41.1 million 31 January 2020, up 97% (\$20.9 million at 31 January 2019)
- Revenue YTD \$2.9 million, up 67% on pcp

On the basis of trading to date, we remain on track to deliver the FY20 pro forma forecast<sup>2</sup> as contained in our Prospectus dated 18 November 2019.

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

<sup>2</sup> The pro forma forecast is contained in the Tyro Prospectus lodged on 18 November 2019. Refer to the Prospectus for detailed information on the FY20 full year pro forma financial forecast and on the general and specific assumptions used in preparing the financial forecast including those set out in Section 4.9.4 of the Prospectus.



# Our Growth Strategy

## CONTINUE TO GROW IN EXISTING VERTICALS IN AUSTRALIA

- Estimated \$171 billion Health, Hospitality and Retail SME payments market of which we only have ~10% market share at 30 June 2019
- 32,450 merchants - up 23% in 12 months
- Market segment has been under serviced by the major banks
- Successful in tender for new Medicare Easyclaim contract
- Key drivers for continued growth - increased marketing for brand awareness, more POS integrations, additional payment methods and developing more industry specific solutions

## ADD NEW CORE VERTICALS

- Enter into the Accommodation and Services verticals
- Adoption of a similar approach proven successful in other core verticals
- Leverage our existing platform + payments domain knowledge

## DRIVE EXPANSION INTO ECOMMERCE AND OTHER PAYMENT TYPES

- eCommerce launched March 2019 - \$3.1 million in transaction value generated in H1 FY20 from a zero base
- Alipay payments platform launched 31 October 2018 - \$16.7 million in transaction value generated
- Entry into eCommerce and other payment types presents growth opportunity

## CROSS-SELL AND DRIVE EXPANSION IN LENDING AND OTHER VALUE-ADDING SERVICES

- Cross-sell opportunity of our current products
- Promoting our value-added offerings
- 3,100+ active business bank accounts
- \$37.4 million in loan originations - up 82%
- Term deposit account launched in December 2019

## LAUNCH TYRO CONNECT

- Currently in pilot phase
- Designed to be an integration hub for apps
- Reinforces our value proposition to merchants
- Intended to be decoupled from other products, enabling cross-sell opportunities

## M&A AND STRATEGIC PARTNERSHIPS

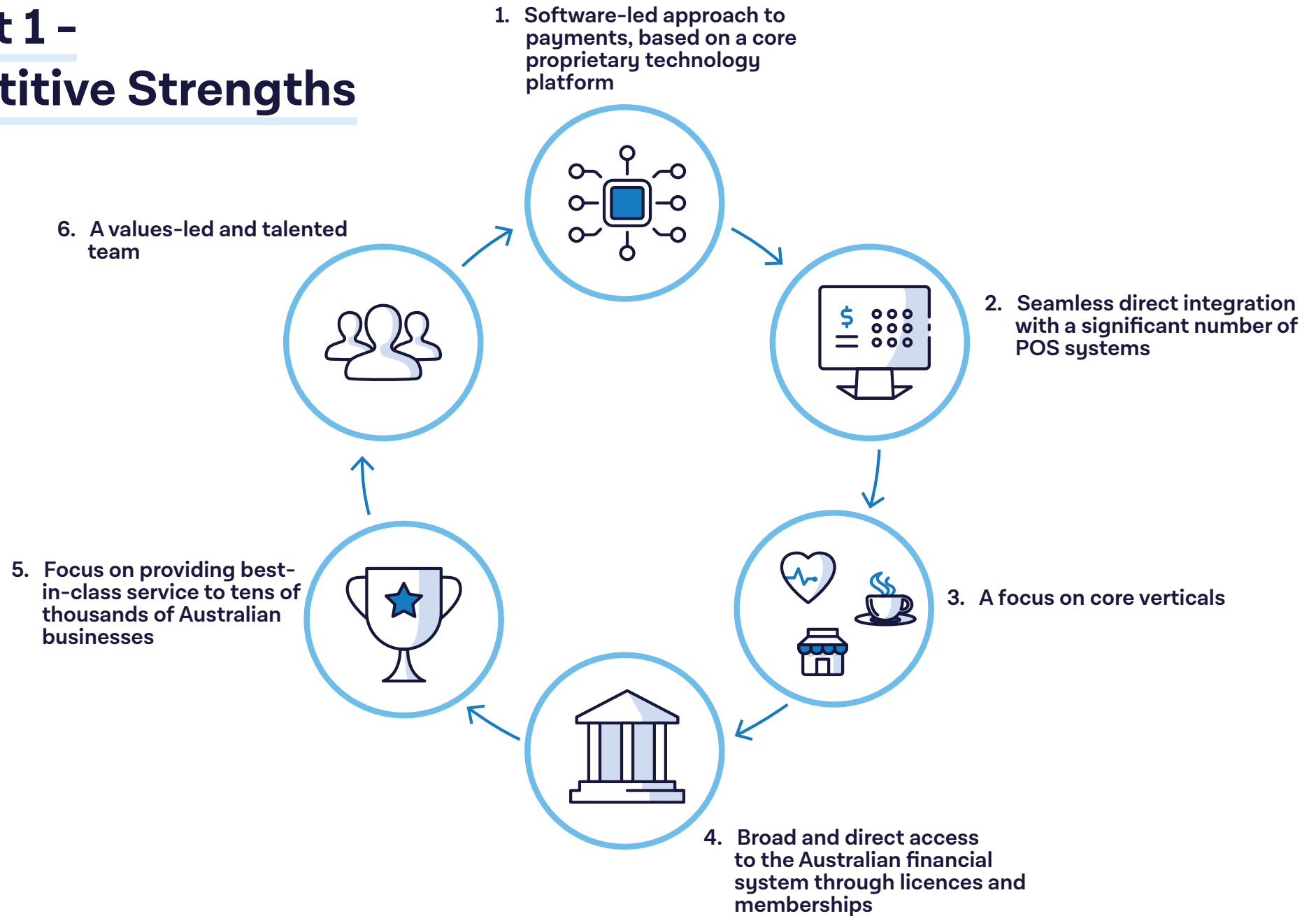
- Strategic equity investment in me&u - App that enables patrons to view menus, order and pay for meals via their mobile phone
- Assess potential opportunities to gain scale, leverage our platform or capabilities, enhance our market position
- Maintain a disciplined approach to inorganic growth - only pursue opportunities which exhibit significant alignment around valuation, strategy, capability and culture



# SUPPLEMENTARY MATERIALS

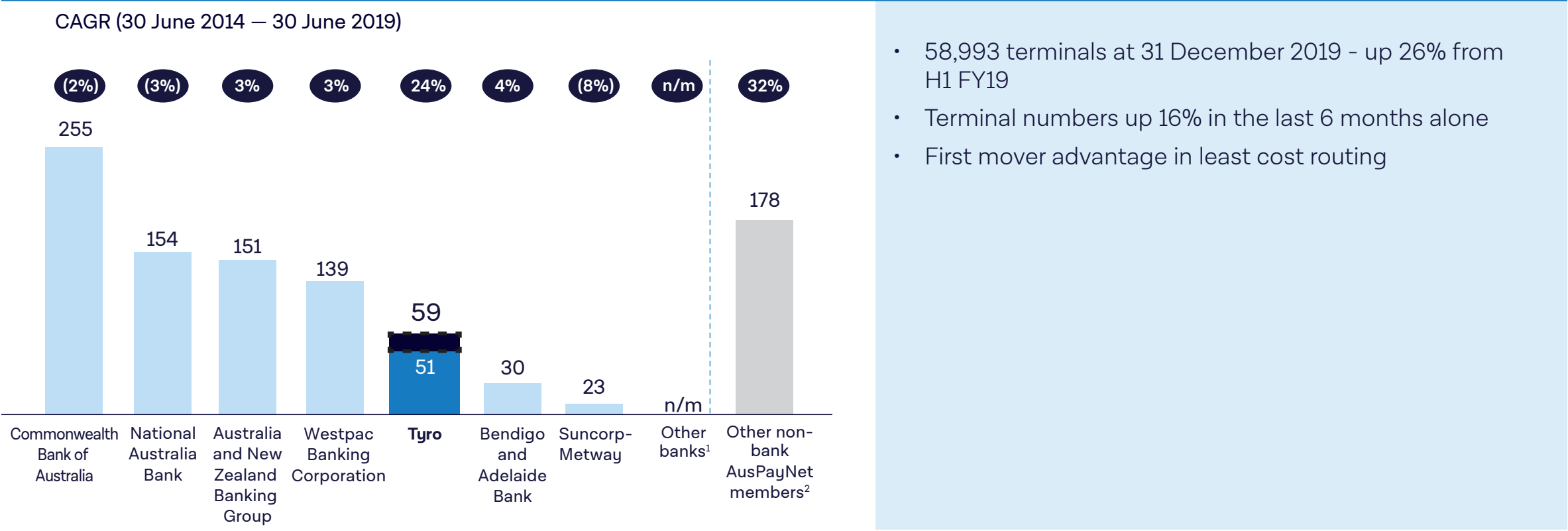


# Attachment 1 - Our Competitive Strengths



# Attachment 2 - Capturing Card-Present Terminal Market Share

Number of terminals by banks and other providers in Australia ('000) - as at 30 June 2019  
(updated for Tyro terminals at 31 December 2019)

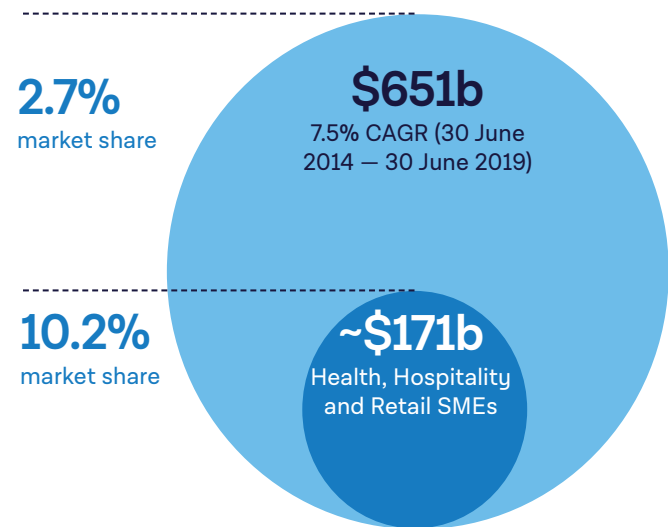


Source: APRA, Authorised deposit-taking institutions points of presence statistics, 30 June 2019; AusPayNet, Device Statistics EFTPOS Statistics, 30 June 2019.

Note: Other providers (labelled 'Other non-bank AusPayNet members') include 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. Does not include non-bank payment providers who are not members of the Australian Payments Network (for example, Square). Discrepancies between totals and the sum of components shown in the figure above are due to rounding. 1) Not material. No other bank reported by APRA had terminal numbers exceeding 127 terminals (being the Regional Australia Bank) at 30 June 2019; 2) Calculated by taking the total number of terminals reported in market by AusPayNet (Device Statistics – EFTPOS Statistics, 30 June 2019 and subtracting the sum of terminals provided by all domestic banks as reported by APRA in the above source. We estimate that this number reflects the following changes since 30 June 2018: Bank of Queensland merchant acquiring services are provided by First Data (10,643 terminals); Wirecard operates the customer portfolio of Citi's merchant acquiring business in 11 markets in Asia Pacific, including Australia (3,566 terminals); and Smartpay (a non-bank payment provider) having gained its own acquiring capabilities in Australia (where it previously used Bendigo and Adelaide Bank for acquiring services).

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

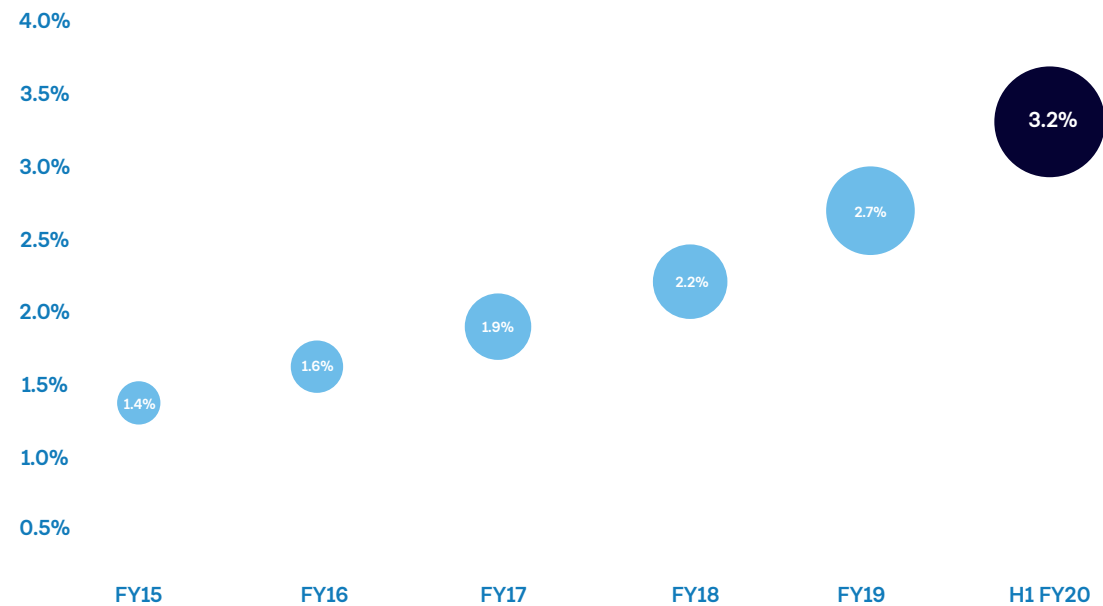
Annual transaction value of card payments acquired in Australia<sup>1</sup> (\$ billion) – as at 30 June 2019



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.

<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 2019 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 2014 to 30 June 2019) to determine a figure as at 30 June 2019. 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.

Tyro's estimated market share of total card payments acquired in Australia – as at 31 December 2019



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

# Disclaimer

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All currency figures are in Australian dollars unless otherwise stated. Totals may not add up precisely due to rounding.

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