

H1 FY23 INVESTOR PRESENTATION

28 FEBRUARY 2023

tyro



Tyro Payments Limited
ABN 49 103 575 042

Disclaimer



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

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



CEO Overview
Jon Davey



A Rejuvenated Tyro



Growth

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

Profitability

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

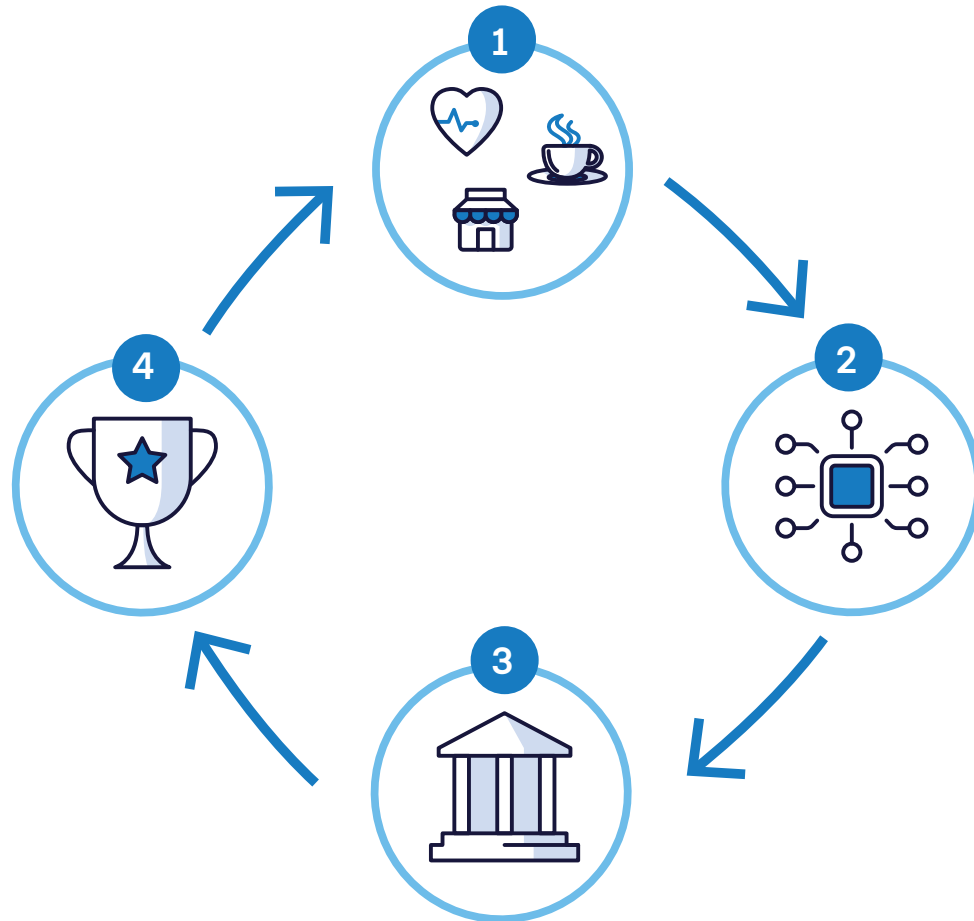
Delivery + Innovation

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

Leadership

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

Tyro's Value Proposition



1. Focus on Industry Verticals

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

2. Direct Integration to POS Systems

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

3. Banking Licence

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

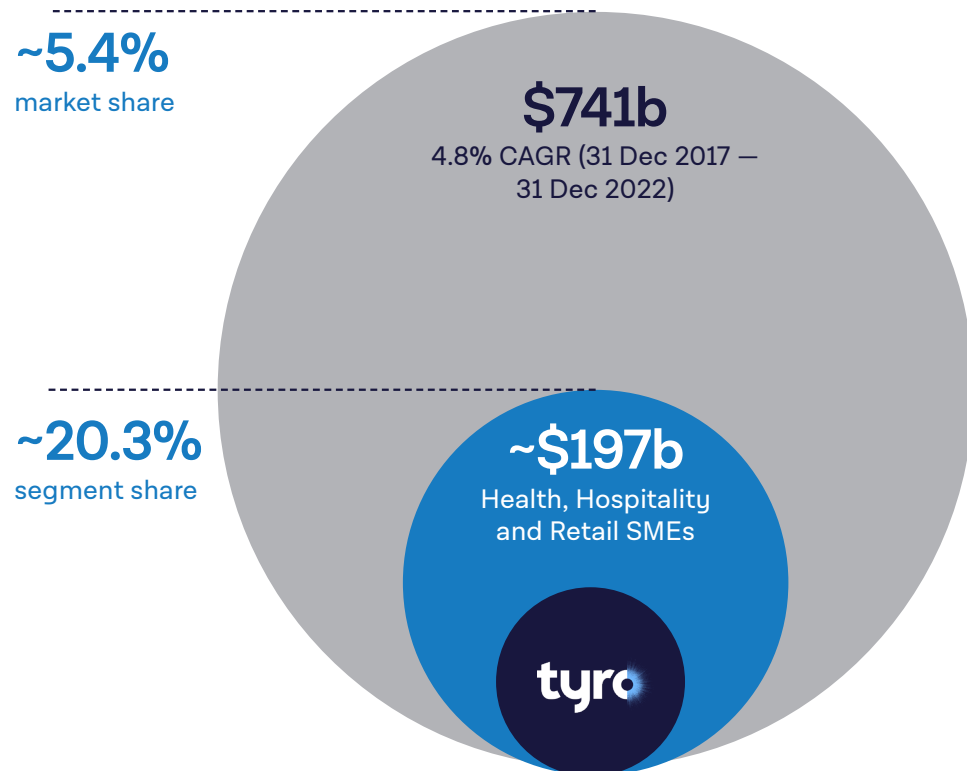
4. Local 24/7 Support

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

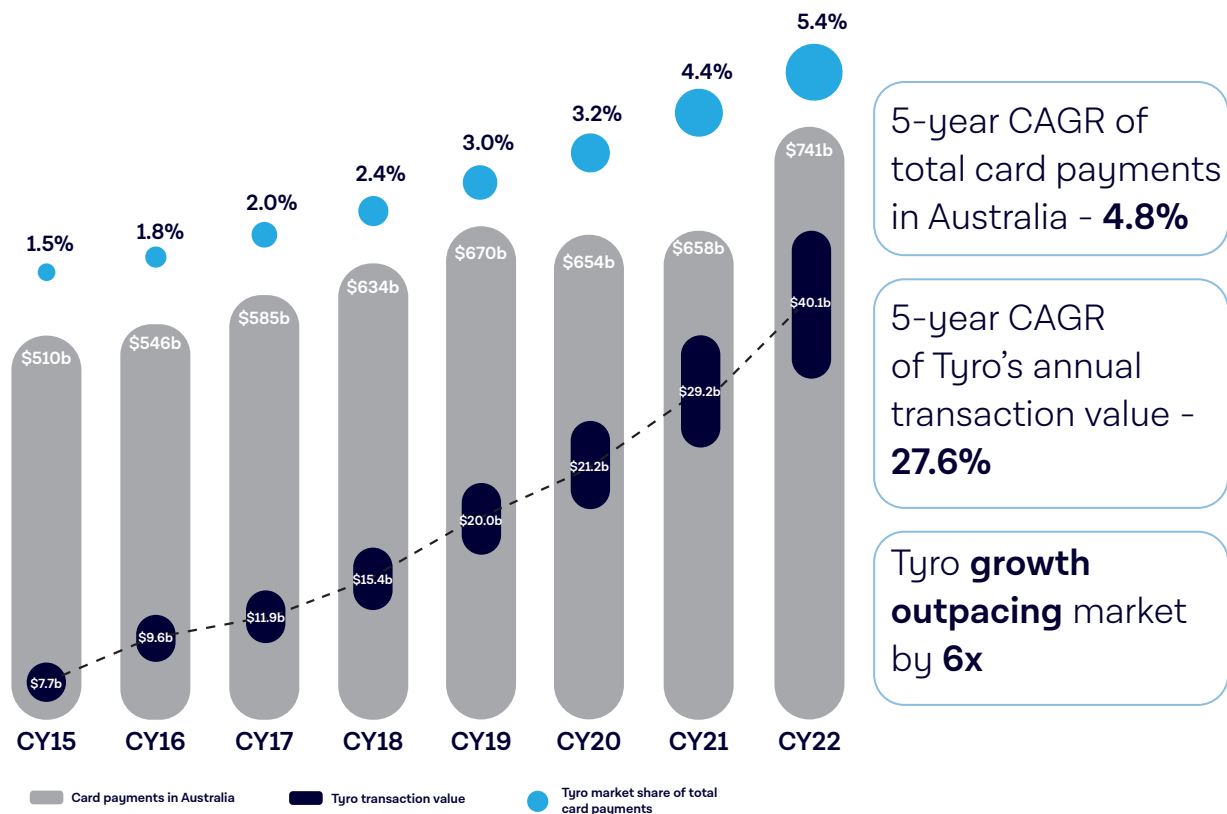
Payments Opportunity

5.4% market share growing at 6x market growth

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



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



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

¹ Includes the total value of transactions acquired in Australia for credit and charge cards, and debit cards and the total value of transactions for prepaid cards. While our payments product can be used by businesses across different verticals and size of merchants, we provide our assessment of annual transaction value for small and medium-sized enterprises in our core verticals of Health, Hospitality and Retail. This has been estimated by multiplying the count of SMEs in these core verticals at 31 December 2022 by the estimated proportion of these merchants that accept card payments and average transaction values by vertical per merchant across 'card-present' and 'card-not-present' by reference in particular to our aggregated merchant data, and applying a growth rate (based on CAGR of total industry transaction value acquired from 31 December 2017 to 31 December 2022) to determine a figure as at 31 December 2022. Market sizes and subsets of those amounts are provided to illustrate their sizes relative to our relevant performance metrics and do not imply that we could achieve 100% penetration of them. Market share is based on our CY22 transaction value.

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

Banking Opportunity

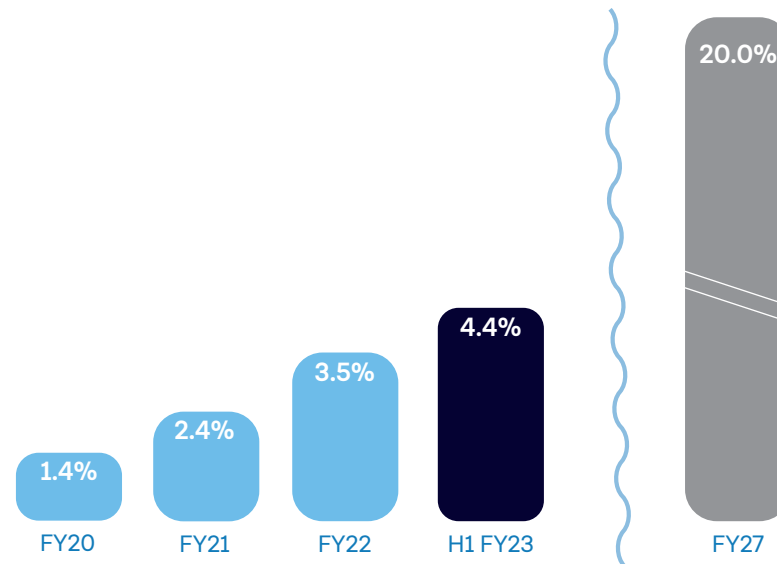
< 10% Tyro Bank Account Customer Penetration

Targeting 20% Banking contribution to Group gross profit by FY27

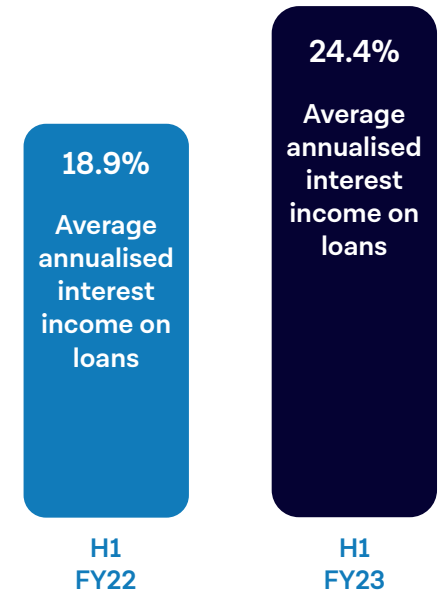
Total merchants vs. activated accounts



Banking contribution to Group gross profit



Interest income on lending product¹



Significant Opportunity to Grow Banking Business

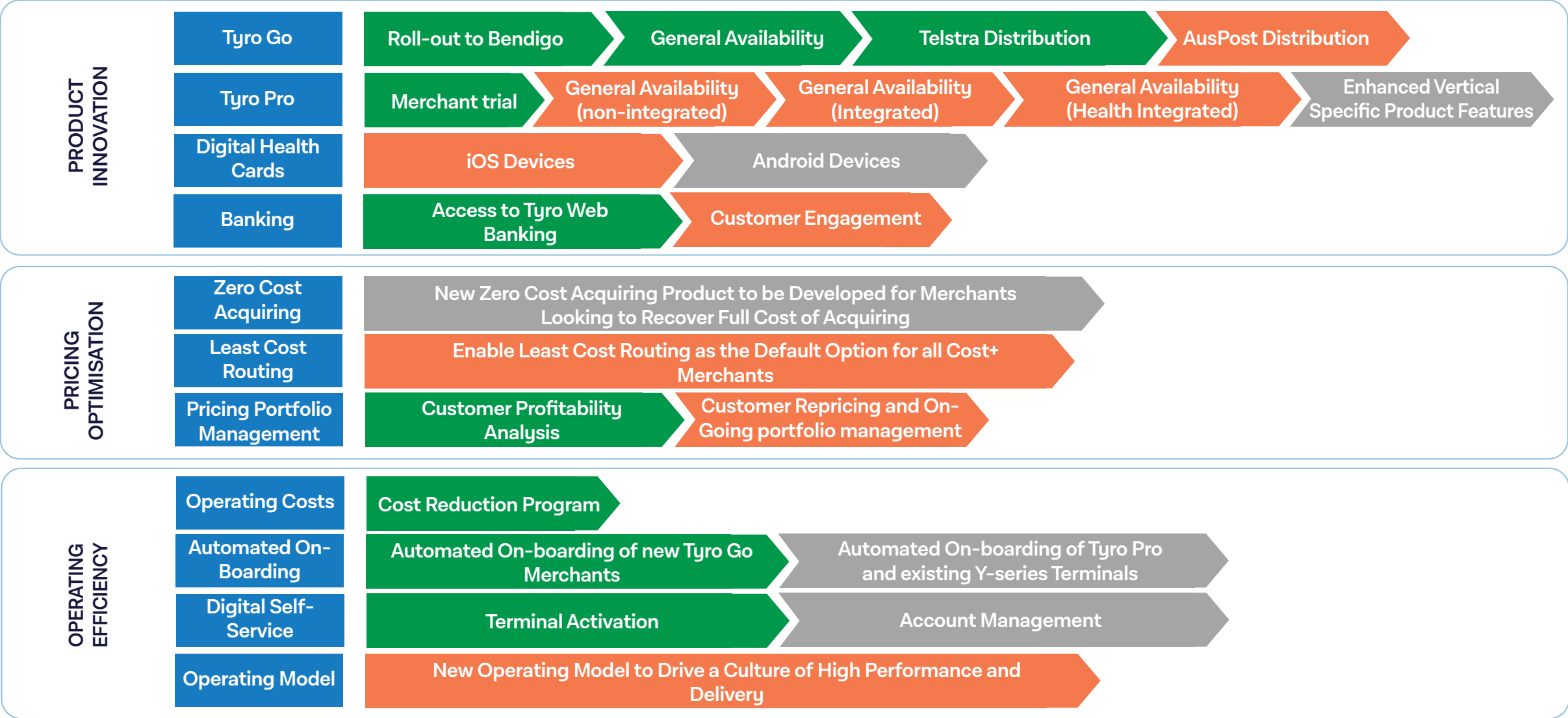
- 6,400 activated accounts - <10% of the total merchant base
- \$95.0 million in deposits from 6,400 activated accounts
- 1,538 total loans drawn down in the period (H1 FY22: 879) - average loan size of ~\$47,300
- Over 25,000 open but inactive accounts

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

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

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

Immediate Strategic Priorities



 Strategic priority delivered on time + performing in-line with expectations

 Strategic priority in progress

 Strategic priority in planning and development phase

H1 FY23 Performance

Transaction Value

\$21.7B

↑↑ 37% GROWTH ON PCP

Merchants

66,884

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

Gross Profit

\$95.2M

↑↑ 40% GROWTH ON PCP

EBITDA

\$19.5M

↑↑ H1 FY22: \$2.8M
H2 FY22: \$7.9M

STRONG BALANCE SHEET

\$0.6M POSITIVE FREE CASH FLOW FOR H1 FY23

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

ACHIEVEMENT OF STATUTORY NET PROFIT

\$1.1M

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

H1 FY23 OPERATING LEVERAGE

79.6%

↓↓ H1 FY22: 95.9%
H2 FY22: 90.2%

Bendigo Transaction Value

\$2.8B

↑↑ 11% GROWTH ON PCP

Churn

8.9% transaction value churn

↓↓ 9.0% TRANSACTION VALUE CHURN IN H1 FY22

Loan Originations

\$72.7M

↑↑ 101% GROWTH ON PCP

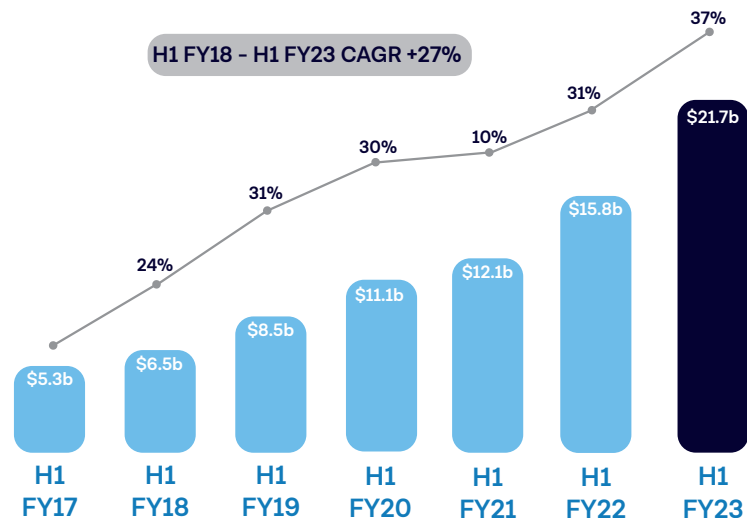
Value of Banking licence evident as business scales

6,400 activated accounts

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

Payments Business - Overview

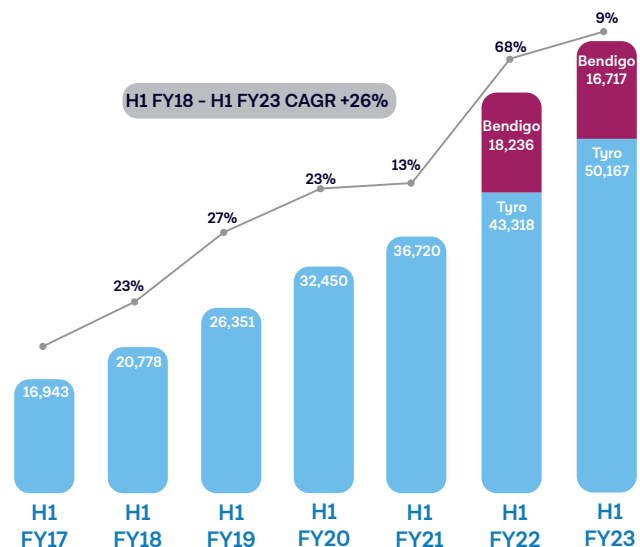
Transaction Value (\$'billion)



Strong transaction value growth - up 37%

- Record half-year growth 5-year CAGR at 27%
- Benefit of external factors - inflation and absence of COVID lockdowns
- Tyro core transaction value \$18.9 billion - up 42% with average merchant size of ~\$750,000
- Bendigo transaction value \$2.8 billion - up 11% with average merchant size of ~\$350,000
- Hospitality up 60% | Health up 32% | Retail up 24%
- Debit cards and LCR 49% | Credit cards 39% | EFTPOS 10% | International 2.3%

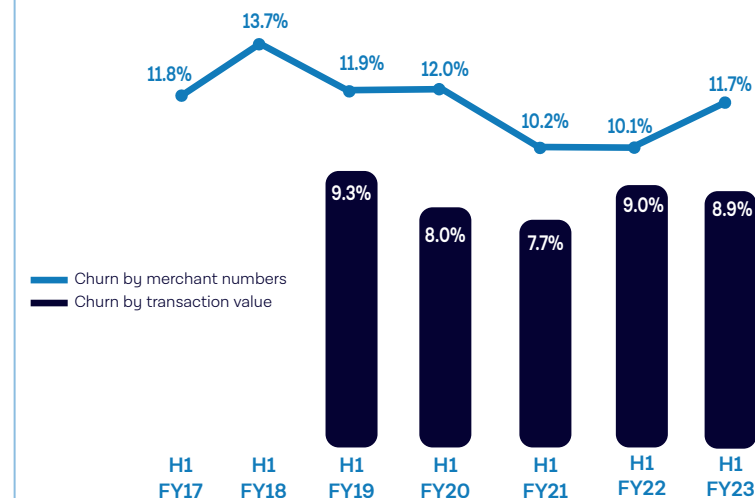
Merchant Numbers¹ (#)



Tyro core merchant growth - up 16%

- 8,473 new applications (H1 FY22: 7,391) - Tyro Core generating 7,583 + Bendigo 890 of applications
- Record monthly new applications received in August 2022 - 1,603
- H1 FY23 averaging ~1,400 per month
- Strongest growth in Health up 24%
- Largest Tyro core vertical by merchant number Hospitality with 34% followed by Health (29%) and Retail (22%)
- Micro 29% | Small 55% | Medium 13% | Large 3%

Merchant Churn (%)



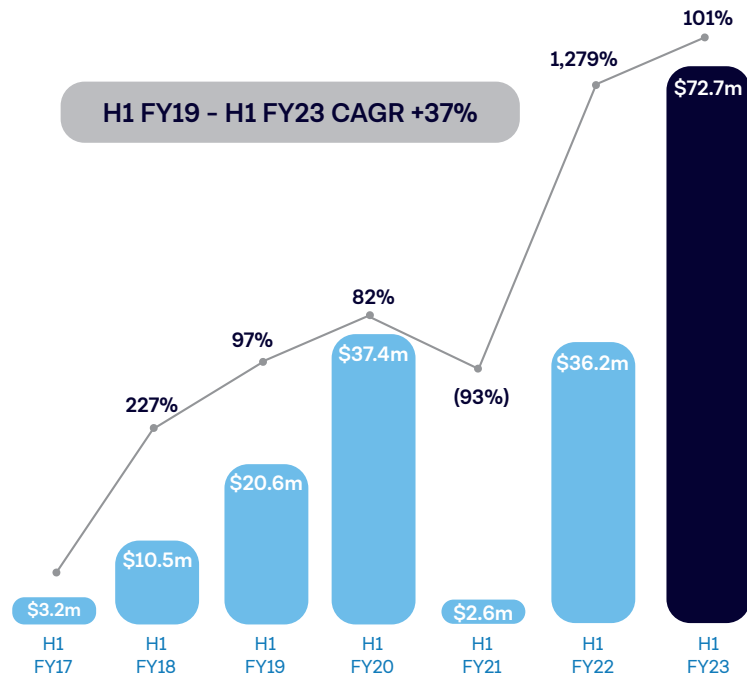
Industry leading low transaction value churn - 8.9%

- Transaction value churn of 8.9% down from 9.0% in H1 FY22
- Merchant number churn of 11.7% up from 10.1% in H1 FY22

¹ The Bendigo customer base decreased by 1,519 merchants, however that decrease includes approximately 1,000 merchants who were in transit at reporting date and were neither recorded on Bendigo or Tyro systems.

Banking Business - Overview

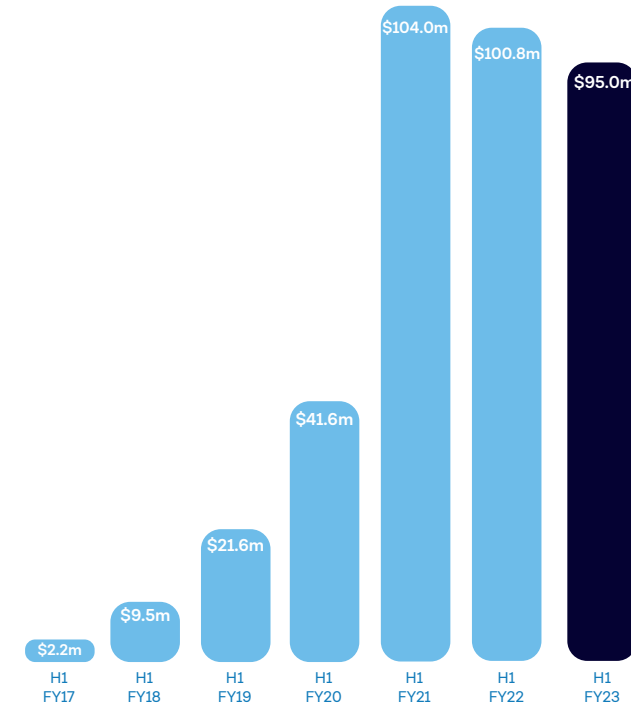
Loan Originations (\$'million)



Record lending originations of \$72.7 million - up 101%

- Lending originations averaging ~\$3 million per week
- Interest income of \$5.2 million (pcp: \$1.8 million)
- Net interest margin¹ averaging 23.2% (pcp: 17.6%)
- Lending loss to originations well managed - 1.2% (pcp: 0.3%)
- Total loans held at 31 December 2022 - \$44.5 million (30 June 2022: \$39.5 million)
- Average loan drawdown ~\$47,300 (pcp: \$41,200)
- Average tenure of loans - 6 months

Merchant Deposits - Transaction and Term Deposit Accounts (\$'million)



Positive growth in activated accounts - up 5.4%

- 6,400 activated accounts (pcp: 6,074)
- Significant opportunity for growth with only ~10% of merchant base activated
- Average balance of ~\$14,000 per transaction account
- Average balance of ~\$60,500 per term deposit account
- Average interest rate on transaction account of 1.07% (pcp: 0.25%)
- Average interest rate on term deposit account of 2.24% (pcp: 0.70%)
- Deposits of \$95.0 million provides headroom for future loan-book growth

¹ Net interest margin is calculated as interest income on loans less interest expense on deposits divided by the average monthly loan balance before fair value adjustments.

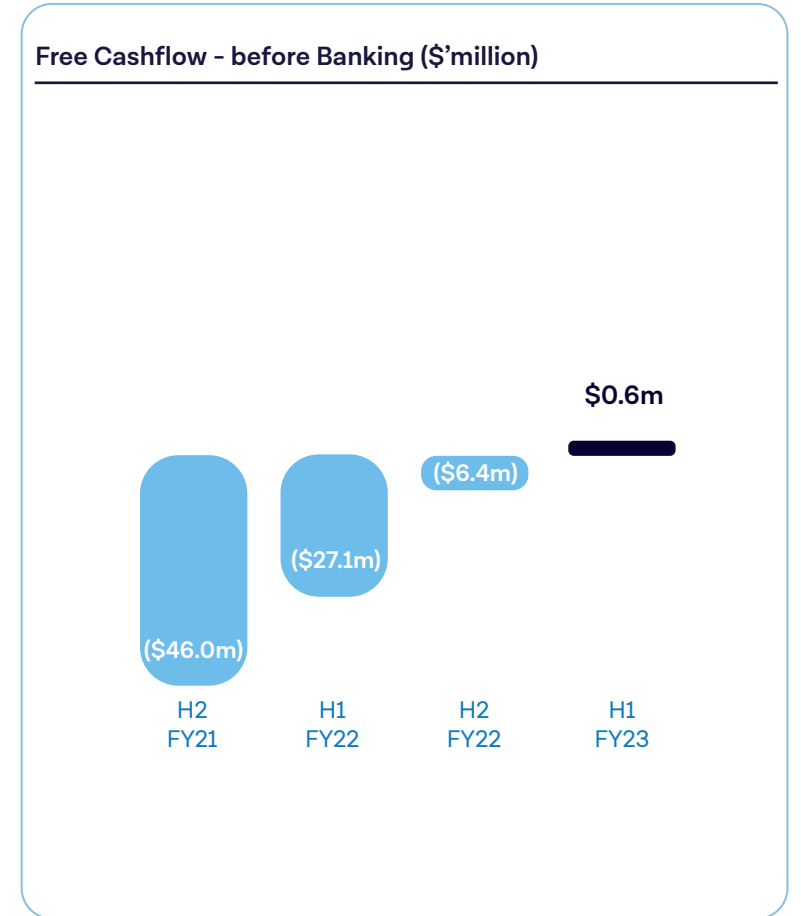
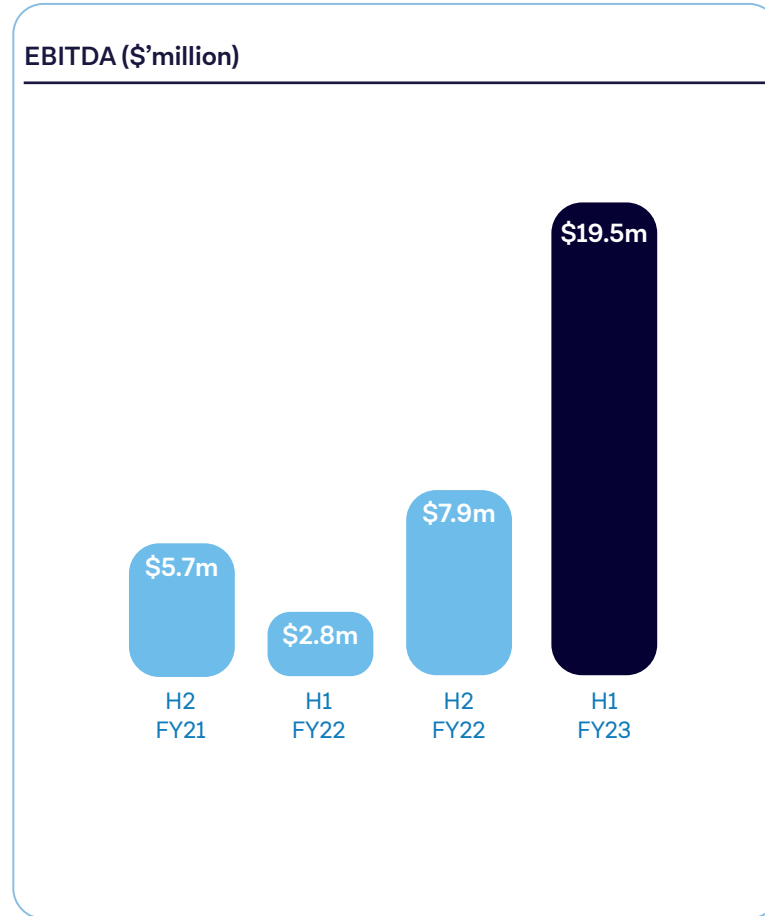
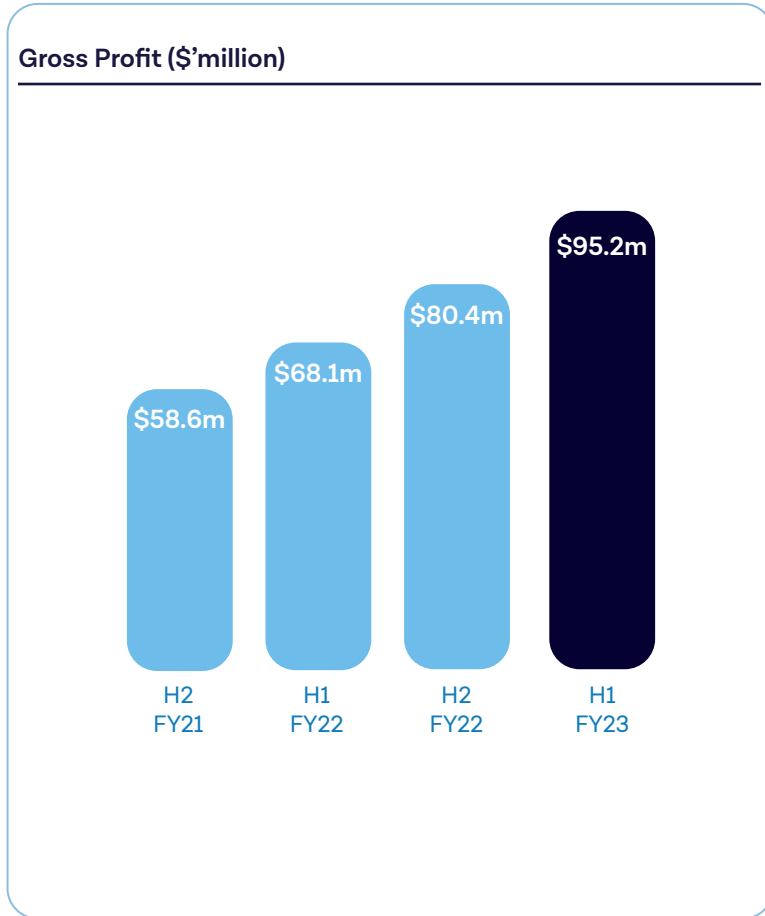


**Detailed
Financial
Performance**

Prav Pala, CFO



Key Financial Performance Metrics



Financial Performance Analysis

	H1 FY23 \$'000	H1 FY22 \$'000		GROWTH %
Transaction value	21,693,388	15,826,286	▲	37.1%
Payments revenue and income	209,423	145,984	▲	43.5%
Banking revenue (including fair value gain/(loss))	4,461	2,561	▲	74.2%
Other revenue and income ¹ (normalised)	2,706	667	▲	306.2%
Revenue¹ (normalised)	216,590	149,212	▲	45.2%
Less: Direct expenses	(117,746)	(78,053)	▲	50.9%
Less: Bendigo gross profit share and support fees ²	(3,684)	(3,096)	▲	19.0%
Gross profit² (normalised)	95,160	68,063	▲	39.8%
Less: Operating expenses (excl. share-based payments)	(75,704)	(65,291)	▲	16.0%
EBITDA³ (normalised)	19,456	2,772	▲	601.0%
Less: Share-based payments expense	(3,970)	(3,720)	▲	6.7%
Less: Depreciation and amortisation	(11,625)	(9,949)	▲	16.8%
EBIT⁴ (normalised)	3,861	(10,897)	▲	135.4%
Less: Net interest expense	(740)	(296)	▲	150.6%
Profit/(loss) before tax⁴ (normalised)	3,121	(11,193)	▲	127.9%

¹ Normalised other revenue and income is adjusted for the fair value gain of \$4.0 million on the recognition of me&u as a financial asset.

² Normalised gross profit is adjusted for Bendigo support fees of \$0.7 million associated with transition of Bendigo merchants to the Tyro platform, the Bendigo gross profit share of \$4.4 million not deducted from statutory gross profit but deducted to calculate normalised gross profit and a fair value gain on the recognition of me&u as a financial asset. Refer to page 18 for a reconciliation of statutory to normalised results.

³ 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, change in accounting treatment of investments and one-off costs to implement the cost reduction program and any M&A related spend. Refer to page 18 for a reconciliation of statutory to normalised results.

⁴ EBIT and normalised net profit before tax excludes the non-cash accounting impact of the Bendigo Alliance, expenses associated with the change in accounting treatment of investments and one-off costs to implement the cost reduction program and any M&A related spend. Refer to page 18 for a reconciliation of statutory to normalised results.

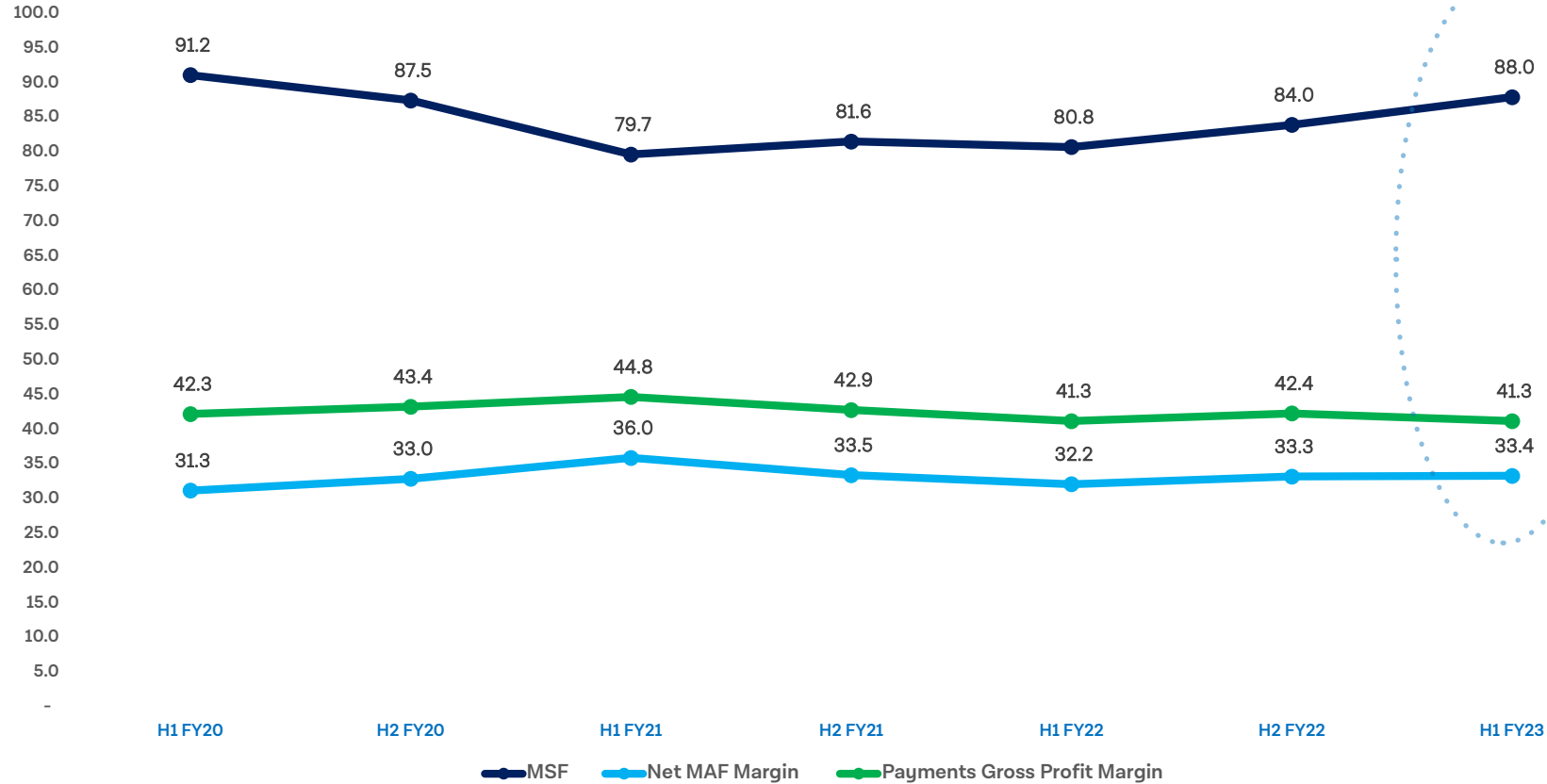
PAYMENTS BUSINESS	H1 FY23 \$'000	H1 FY22 \$'000		GROWTH %
Revenue	209,423	145,984	▲	43.5%
Less: Interchange, scheme, integration + support fees	(117,492)	(77,926)	▲	50.8%
Gross profit (statutory)	91,931	68,058	▲	35.1%
Less: Bendigo gross profit share	(4,377)	(4,446)	▼	1.6%
Add: Bendigo support fees	693	1,350	▼	48.7%
Gross profit² (normalised)	88,247	64,962	▲	35.8%

BANKING BUSINESS	H1 FY23 \$'000	H1 FY22 \$'000		GROWTH %
Interest income	5,237	1,833	▲	185.6%
Fair value (loss)/gain on loan	(776)	728	▼	206.6%
Revenue	4,461	2,561	▲	74.2%
Less: Interest expense on deposits	(254)	(127)	▲	99.0%
Gross profit	4,207	2,434	▲	72.9%

OTHER REVENUE AND INCOME	H1 FY23 \$'000	H1 FY22 \$'000		GROWTH %
Investment income	2,971	336	▲	783.7%
Other revenue and income	3,709	331	▲	1,020.5%
Less: me&u fair value gain	(3,974)	-	▲	100.0%
Gross profit² (normalised)	2,706	667	▲	306.2%

Margin Analysis

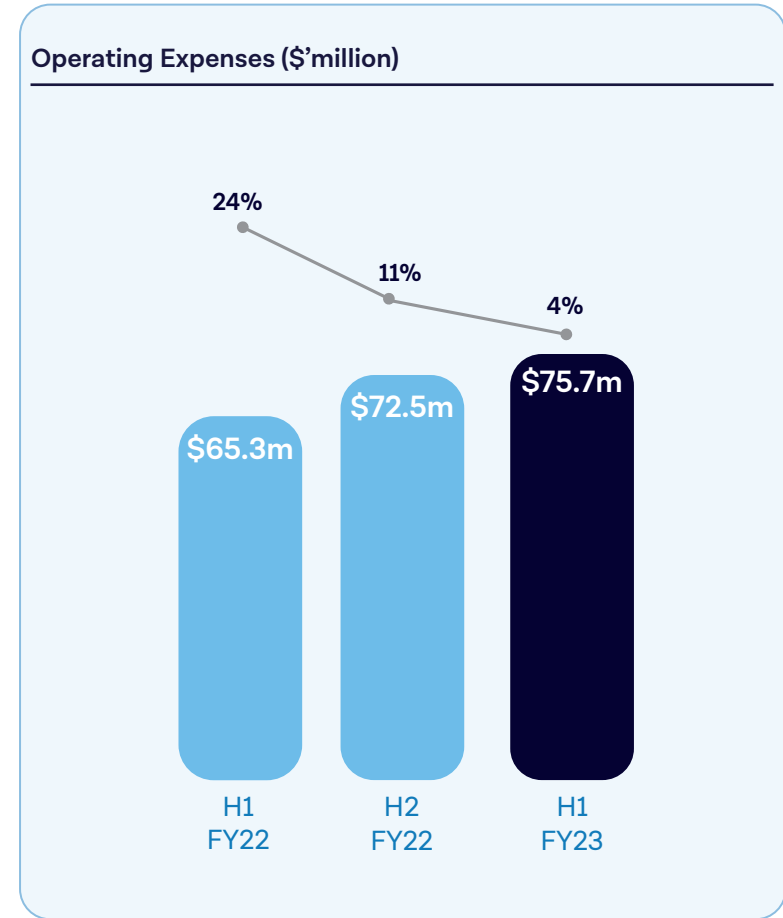
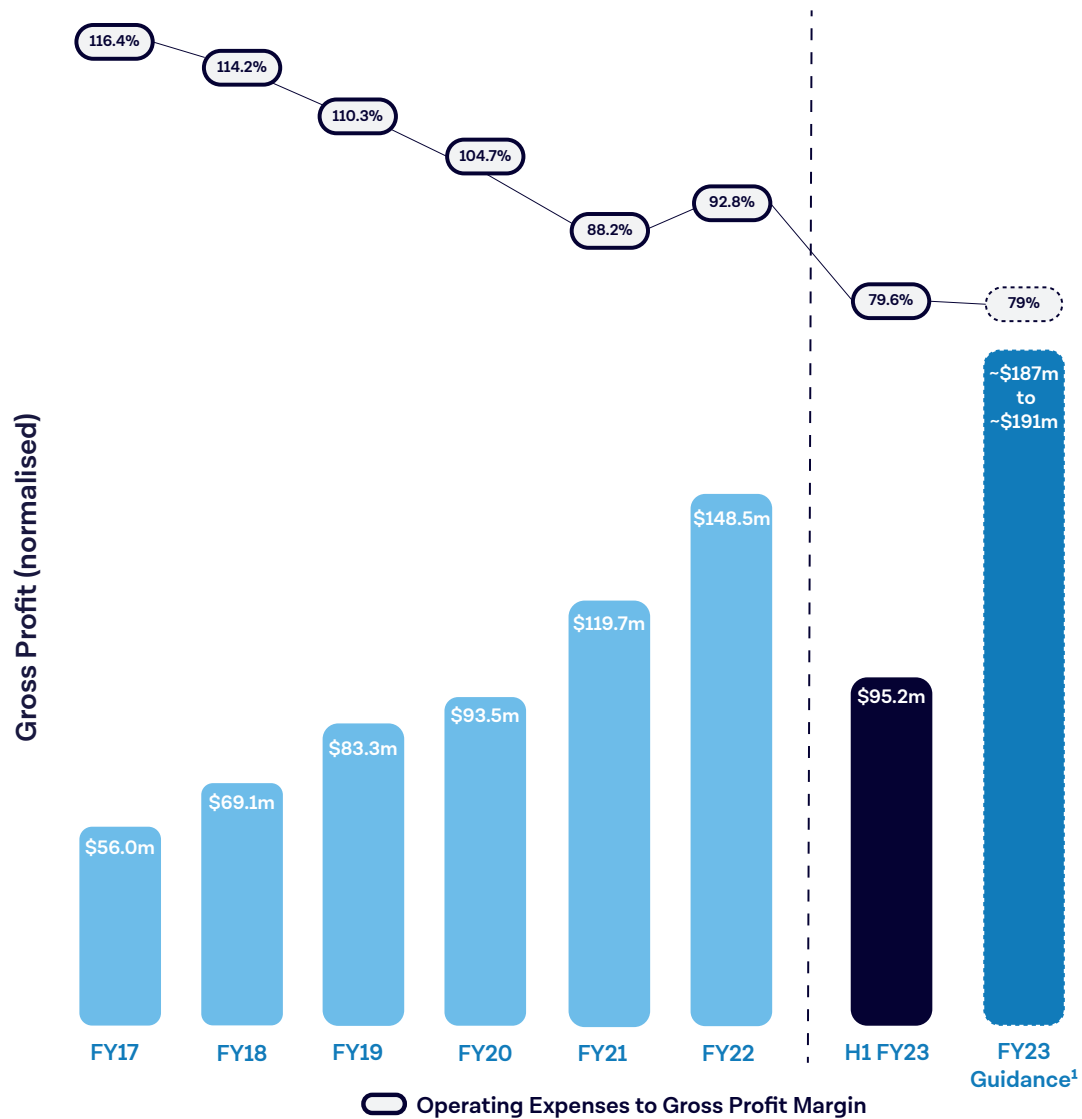
Tyro Core Payments Business¹ Margins as a proportion of Transaction Value (bps)



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

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

Achieving Operating Leverage



¹ Refer to page 21 for FY23 Guidance.

Achieving Positive Free Cash Flow



Free Cash Flow¹	H1 FY23	FY22
	\$'000	\$'000
EBITDA	19,456	10,667
Capital expenditure	(17,024)	(33,482)
Rent	-	(2,788)
Redundancy payments	(1,240)	-
Remediation	(221)	(5,041)
Bendigo payment	-	(3,536)
Other	(388)	633
Free Cash Flow	583	(33,547)

¹ Free cash flow is calculated before changes in banking funds and timing differences relating to net scheme receivables. It is calculated as EBITDA before share based payments adjusted for non-cash items in Tyro's working capital movements, statutory adjustments (including rent payments) and capital expenditure including internally generated intangibles. Terminal capital expenditure includes both new and replacement terminals.

Reconciliation of Statutory to Normalised Results

	NORMALISATION ADJUSTMENTS					H1 FY23 NORMALISED \$'000
	H1 FY23 STATUTORY \$'000	BENDIGO ALLIANCE GROSS PROFIT SHARE \$'000	BENDIGO ALLIANCE TRANSITIONAL COSTS \$'000	INVESTMENT IN ASSOCIATES & MINORITY INTERESTS \$'000	COST REDUCTION PROGRAM AND M&A \$'000	
Total revenue	220,564	-	-	(3,974) ⁷	-	216,590
Payments direct expenses	(117,492)	(4,377) ¹	693 ²	-	-	(121,176)
Interest expenses on deposits	(254)	-	-	-	-	(254)
Total direct expenses	(117,746)	(4,377)	693	-	-	(121,430)
Gross profit	102,818	(4,377)	693	(3,974)	-	95,160
Operating expenses:						
Employee benefits expense (excl. share-based payments)	(48,933)	-	-	-	1,240 ³	(47,693)
Contractor and consulting expenses	(8,764)	-	-	-	1,005 ⁴	(7,759)
Administrative and other expenses	(16,387)	-	-	-	883 ⁴	(15,504)
Marketing expenses	(3,609)	-	-	-	-	(3,609)
Operating expenses before lending and non-lending losses	(77,693)	-	-	-	3,128	(74,565)
Lending and non-lending losses	(1,139)	-	-	-	-	(1,139)
Total operating expenses	(78,832)	-	-	-	3,128	(75,704)
EBITDA	23,986	(4,377)	693	(3,974)	3,128	19,456
Share-based payments	(3,970)	-	-	-	-	(3,970)
Share of losses from associates	132	-	-	(132)	-	-
Depreciation and amortisation	(17,213)	5,588 ⁵	-	-	-	(11,625)
EBIT	2,935	1,211	693	(4,106)	3,128	3,861
Net interest expense	(1,835)	1,095 ⁶	-	-	-	(740)
Net profit before tax	1,100	2,306	693	(4,106)	3,128	3,121

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 Alliance transition fees payable in the interim period while merchants are transferred from the Bendigo platform to the Tyro platform.
3. Employee redundancy costs incurred as part of the cost reduction program
4. One-off costs incurred relating to change of control offers received
5. Amortisation accounted for at the completion of the Bendigo Alliance on a straight line basis over a 10-year period.
6. Non-cash interest accounting charge relating to the Bendigo Alliance.
7. Recognition of me&u investment as a financial asset at fair value instead of an investment in associate.

Trading Update¹

PAYMENTS BUSINESS:

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

BANKING BUSINESS:

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

GROUP:

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

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

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



FY23 Guidance Re-Affirmed¹



Earnings guidance range for FY23¹:

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

Positive Free Cash Flow¹:

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

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

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

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

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

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

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

Forward-Looking Statements

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

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

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

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

APPENDIX

Supporting Supplementary Information



Financial Position

	31 DEC 2022	30 JUN 2022
	\$'000	\$'000
ASSETS		
Cash ¹	51,438	51,583
Loans to merchants	44,464	39,504
Financial investments	69,948	72,695
Property, plant and equipment	45,081	41,452
Intangible assets and goodwill	130,093	132,033
Right of use assets	29,343	31,158
Other current assets	59,339	26,735
Other non-current assets	15,059	14,928
TOTAL ASSETS	444,765	410,088
LIABILITIES		
Customer deposits	95,011	83,273
Commissions payable to Bendigo Bank	89,855	92,781
Other current liabilities	62,007	40,626
Non-current liabilities	32,516	33,808
TOTAL LIABILITIES	279,389	250,488
NET ASSETS	165,376	159,600
Contributed equity	279,422	278,798
Accumulated losses and reserves	(114,046)	(119,198)
TOTAL EQUITY	165,376	159,600

¹ Cash includes all cash and cash equivalents and amounts due from other financial institutions

Balance Sheet Reflective of Prudent Capital Management

Cash + Financial Investments

- Total cash and FRNs of \$117.4 million (30 June 2022: \$122.8 million)
- Movement of negative \$5.4 million in cash and FRNs reflecting:
 - › positive free cash flow of \$0.6 million
 - › \$5.1 million inflow from banking cash flows + \$2.0 million inflow primarily from the redemption of a convertible note
 - › offset by outflow of \$13.1 million relating primarily to timing differences in net scheme receivables

Other current assets

- Increase in other current assets of \$32.6 million primarily reflective of an increase in scheme and other receivables

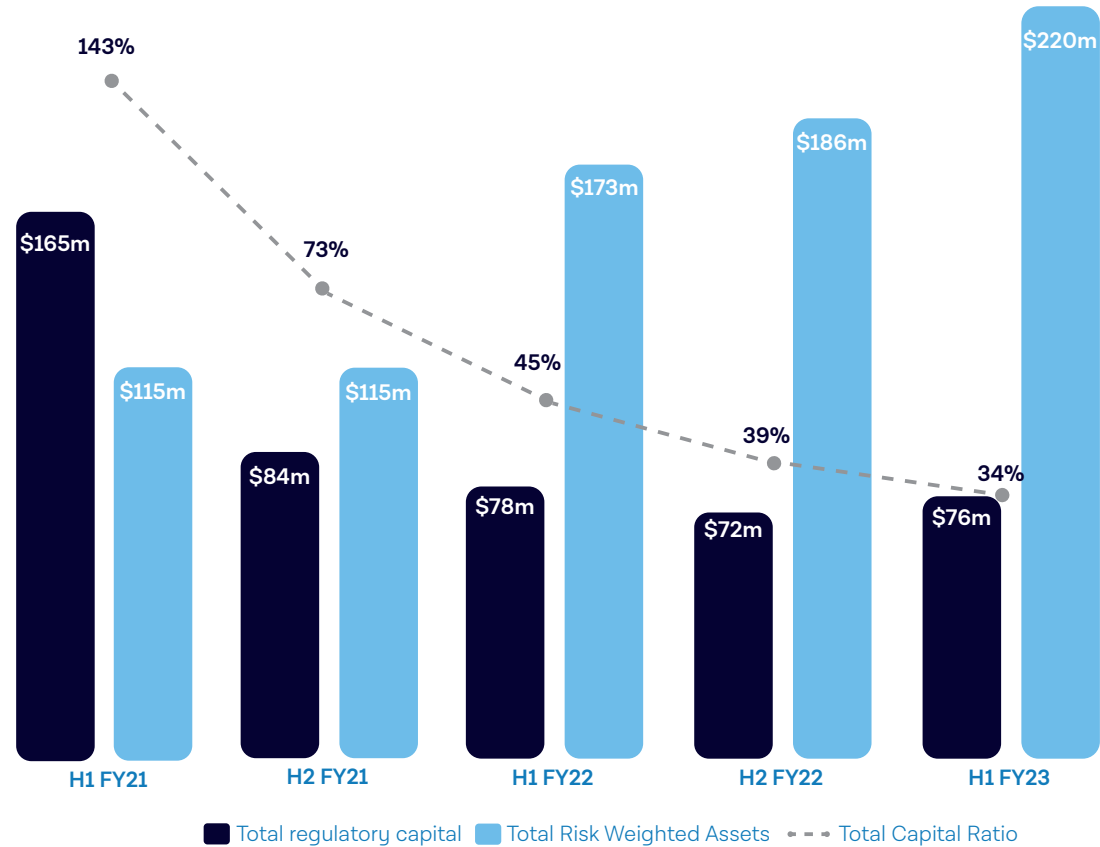
Capital Expenditure

- H1 FY23 capex on terminals of \$10.2 million (H1 FY22: \$8.8 million) - continued roll-out for Bendigo fleet + roll-out of Tyro Go and Tyro Pro
- Capitalisation of software development costs of \$6.6 million (H1 FY22: \$2.2 million)
- Depreciation and amortisation for H1 FY23 of \$17.2 million (H1 FY22: \$15.5 million) - increase on a statutory basis mainly reflects depreciation on increased terminal fleet and amortisation of additional software development costs
- Depreciation and amortisation on a normalised basis - \$11.6 million (H1 FY22: \$9.9 million)
- FY23 full year capex expected to be in line with previous guidance \$35 million

Other current liabilities

- Increase in other current liabilities of \$21.4 million reflective of \$19.7 million increase in the merchant clearing account and scheme, interchange and commission fees payable

Liquidity + Capital Adequacy Analysis



Liquidity

- Total cash and investments of \$117.4 million (30 June 2022: \$122.8 million)
- Sufficient to support the Group through to positive free cash flow exiting FY23

Total Capital Ratio

- Total capital ratio of 34% at 31 December 2022. Movement from 39% at 30 June 2022 reflecting:
 - › \$31 million increase in net scheme receivables at 31 December 2022
 - › increase in lending book (\$44.5 million versus \$39.5 million at June 2022)
- Total Capital Ratio significantly above APRA Prudential Capital Requirement
- Positive impact on capital ratio following Tyro adopting new Basel III capital requirements from 1 January 2023 - pro forma total capital ratio of 39% at 31 December 2022 under new Basel III capital requirements

Capex

- FY23 full year capex expected to be in line with previous guidance \$35 million

Reconciliation of Free Cash Flow to Statutory Cash Flow from Operating Activities



	H1 FY23 \$'000	FY22 \$'000
Free cash flow¹ (before banking)	583	(33,547)
Add back: Bendigo payment	-	3,536
Add back: Rent	-	2,788
Add back: Capital expenditure (excluding terminals)	5,826	20,653
Less: Timing differences in net scheme receivables	(13,059)	(2,451)
Net cash flows used in operating activities excluding loans and deposits	(6,650)	(9,021)

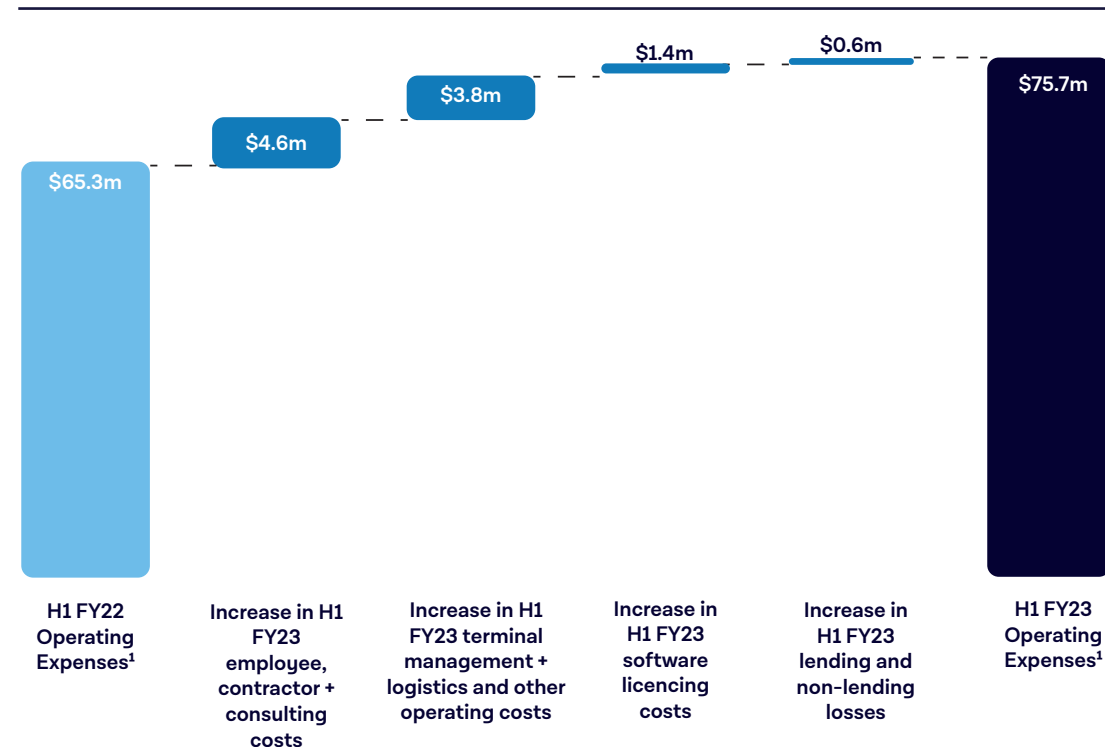
¹ Free cash flow is calculated before changes in banking funds and timing differences relating to net scheme receivables. It is calculated as EBITDA before share based payments adjusted for non-cash items in Tyro's working capital movements, statutory adjustments (including rent payments) and capital expenditure including internally generated intangibles. Terminal capital expenditure includes both new and replacement terminals.

Operating Cost Base Analysis

	H1 FY23	H1 FY22		Growth
	\$'000	\$'000		%
Operating expenses¹:				
Employee benefits expense (excl. share-based payments)	47,693	45,113	▲	5.7%
Contractor and consulting expenses	7,759	5,705	▲	36.0%
Administrative and other expenses	15,504	10,965	▲	41.4%
Marketing expenses	3,609	2,998	▲	20.4%
Lending and non-lending losses	1,139	510	▲	123.3%
Total operating expenses	75,704	65,291	▲	16.0%

- Employee benefits expense up 5.7% reflecting:
 - › Full period impact of prior period remuneration reviews
 - › Headcount reductions made in October 2022 benefiting November and December 2022
 - › 24 permanent roles made redundant | 31 contractors off-boarded
- Contractor and consulting expenses up 36.0% reflecting:
 - › Increased cost for contractors working on Tyro Go and Tyro Pro prior to projects going live
- Administrative and other expenses up 41.4% reflecting:
 - › \$2.0 million increase in terminal management and logistics due
 - › \$1.4 million increase in new licences including investment in cyber-security and hosting
- Lending + non-lending losses up 123.3% reflecting:
 - › \$0.9 million in lending losses (H1 FY22: \$0.1 million) - still well within risk appetite
 - › \$0.2 million in non-lending losses (H1 FY22: \$0.4 million)

Operating expenses¹ (excl. share-based payments) - H1 FY23 vs. H1 FY22



¹ Operating expenses excludes one-off costs to implement the cost reduction program and any M&A related spend. Refer to page 18 for a reconciliation of statutory to normalised results.

Payments Business - Supplementary Information



1. Geographical Performance (Tyro core only):

	H1 FY23 \$'million	H1 FY22 \$'million	GROWTH %	PROPORTION OF TYRO CORE TV (%)
Geographical Transaction value performance				
NSW	6,776	4,253	59%	36%
Victoria	4,467	2,941	52%	23%
Queensland	4,125	3,294	25%	22%
Western Australia	1,839	1,550	19%	10%
South Australia	807	601	34%	4%
Tasmania	335	295	14%	2%
ACT	392	257	53%	2%
NT	169	129	31%	1%

2. Performance by Vertical (Tyro core + Bendigo):

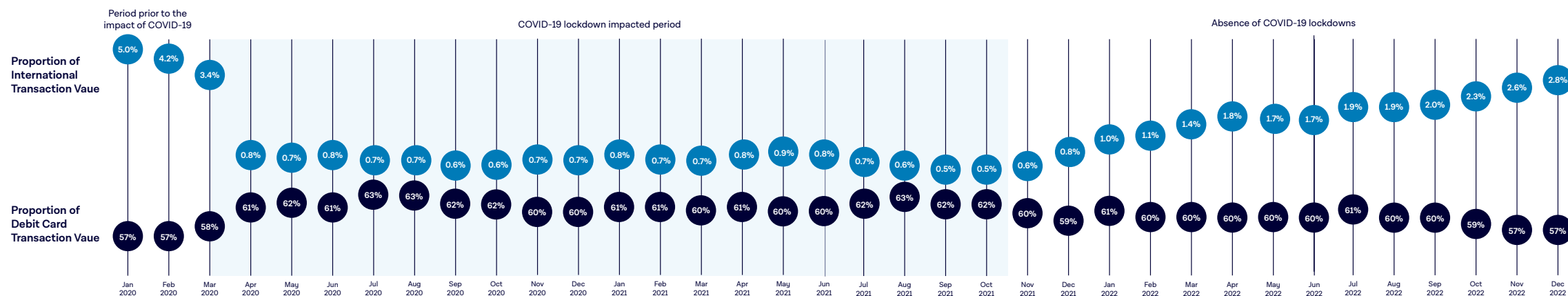
	H1 FY23 \$'million	H1 FY22 \$'million	GROWTH %	PROPORTION OF TOTAL TV (%)	MERCHANT COUNT		GROWTH %
					H1 FY23 (#)	H1 FY22 (#)	
Performance by Vertical							
Hospitality	9,286	5,804	60%	43%	17,072	15,246	12%
Retail (now excludes pharmacy)	5,508	4,427	24%	25%	10,783	9,990	8%
Health (including Medipass and pharmacy)	2,527	1,914	32%	12%	14,306	11,549	24%
Service/Other	1,589	1,175	35%	7%	8,006	6,533	23%
Bendigo	2,783	2,506	11%	13%	16,717	18,236	(8%)

Payments Business - Supplementary Information (cont.)



3. Payments Card Mix (Tyro core only):

FY20 to H1 FY23



4. Breakdown of Pricing Structure (Tyro core only):

	By Transaction Value		By Merchant Numbers	
	H1 FY23	H1 FY22	H1 FY23	H1 FY22
Cost +	44%	44%	11,994	11,503
Blended/normalised	56%	56%	38,173	31,815

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