

# ASX Announcement

## SHAREHOLDER LETTER

**Sydney, 9 March 2023** – Tyro Payments (ASX: TYR) today released a shareholder letter that has been emailed and posted to Tyro shareholders. As indicated in the letter, shareholders are invited to join a Shareholder webinar on 17 March 2023. The details of the webinar are included in the letter and on Tyro's investor centre at <https://investors.tyro.com/investor-centre/>.

The shareholder letter is attached to this announcement.

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*Pursuant to Listing Rule 15.5, Tyro confirms this document has been authorised for release to the market by the Board*

**About Tyro** - Tyro is a technology-focused and values-driven Group providing Australian businesses with payment solutions and value-adding business banking products. The Group provides simple, flexible, and reliable payment solutions as a merchant acquirer, along with complementary business banking products. More than 66,800 Australian merchants chose to partner with Tyro at 31 December 2022. The Group processed \$21.7 billion in transaction value in the first half of FY23. The Group generated \$95.2 million in normalised gross profit, originated a record \$72.7 million in loans and held merchant deposits totaling \$95.0 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 600 people, approximately half of whom are in technology roles.



9 March 2023

## SHAREHOLDER LETTER

Dear Shareholder,

On behalf of the Board, it is with great pleasure that I write to you as the new Chair of Tyro Payments Limited. After close to four years as a Non-executive Director and two years as Chair of the People Committee, I am excited to take up the Chair role as we work towards becoming the leading specialist payments and banking solutions provider for Australian businesses.

The Board would like to provide you with an update on Tyro's strong performance, Board and management renewal, the interest shown by third parties in acquiring Tyro and finally, invite you to join a Shareholder webinar on 17 March 2023. The details of the webinar are included on page 2 of this letter and on our investor centre at <https://investors.tyro.com/investor-centre/>.

### **New strategic direction drives profitability**

We're really pleased with our first half results, announced last month, which include the Group's first profit as a listed company. Our results demonstrate strong growth and highlight the delivery of several new products and services that will create lasting benefits for our merchants. These will help us build new and improved customer experiences and drive further operational efficiencies.

The first half results highlighted transaction value growth of 37% to \$21.7 billion, a statutory net profit of \$1.1 million and record EBITDA of \$19.5 million.

### **Rejuvenated leadership and culture**

We have renewed our Board over the last three years and, more recently, the management team. In addition to my new role as Chair, in 2021 we welcomed Aliza Knox as a non-executive director, followed by Claire Hatton and Shefali Roy in 2022. Together, our Board has the necessary depth of experience in payments, technology, banking, risk management, customer excellence, governance, and strategy, including dealing with complex mergers and acquisitions, to take a rejuvenated Tyro into its next phase of growth.

In addition, our Board is now one of the most diverse of all ASX-listed companies with 67% female representation, including a woman Chair. Diversity in experience, thought and gender genuinely helps deliver the robust governance that has, and continues to, serve us well.

Following an extensive internal and external search, we bolstered our management team by appointing Jon Davey as CEO. Jon joined Tyro following our acquisition of Medipass Solutions in May 2021. He has refreshed his leadership team with the recruitment of a new Chief Technology Officer, a new Chief Product Officer, and a new leader of our Health business.

Jon has brought a renewed energy and determination to his role. He and the entire Tyro team have a single-minded focus to deliver on our strategy of becoming the leading specialist payments and banking solutions provider for Australian businesses.

### **Our journey through COVID-19**

Like all Shareholders, the Board was disappointed with the performance of Tyro's share price through the COVID-19 pandemic and into 2022. While 2022 was a period of global downward re-rating in technology and payments stocks, when benchmarked to relevant peers both domestically and internationally, Tyro's share price performance is comparable.

We also experienced slower growth directly attributable to the COVID-19 pandemic. The related lockdowns severely impacted Tyro merchants' ability to generate transaction value in our core verticals of hospitality, retail, and health. During this difficult trading period, Tyro committed to

supporting our merchants - small to medium businesses who are the backbone of the Australian economy. Standing with our merchants through those tough times meant we stayed true to our values and, in due course, this contributed to our strong recent first half performance which was the first reporting period in two years not impacted by the pandemic.

### **Interest from third parties in acquiring Tyro**

During 2022, Tyro came to the attention of third parties who expressed interest in potentially acquiring Tyro. In September 2022, Tyro received a non-binding indicative offer (NBIO) from private equity firm Potentia and certain co-investors to acquire Tyro at \$1.27 per share. This was followed by interest from other parties and a further NBIO from Potentia in December 2022 at \$1.60 per share.

While the Board carefully considered all approaches, it unanimously determined these significantly undervalued Tyro and, as such, were not in the best interests of Shareholders as a whole. These decisions were based on a well-informed understanding of Tyro's intrinsic value following many months of work by the Board, together with the management team and our external advisors. We are unwavering in our view that any offer for Tyro must take into consideration our attractive growth prospects and the value of Tyro's banking licence as we continue to take market share in the Australian payments and business banking spaces, our continued improvement in operating leverage and our position as a well-funded and capitalised business capable of supporting its own growth ambitions.

We would like to assure our Shareholders that Tyro remains open to engaging with any change of control proposal it receives that represents fair value for all Tyro Shareholders. Tyro continues to engage with Potentia which is currently finalising due diligence, to enable it to develop a significantly improved proposal and confirm the necessary funding commitments attached to any future offer. We note there is no certainty whether any further non-binding indicative offer, a binding offer, or a transaction of any kind will eventuate.

### **Continued engagement**

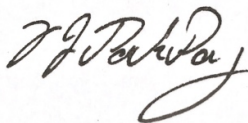
We will be hosting a Shareholder webinar on 17 March 2023 and the Board would like to invite our Shareholders to join, CEO Jon Davey, CFO Prav Pala, and me as we present Tyro's strategy, a summary of the results for the first half of financial year 2023 and provide Shareholders with the opportunity to ask questions. The details of this webinar are as follows:

Date: 17 March 2023  
Time: 10:00am (AEDT)  
Webinar registration link: <https://ccmediaframe.com/?id=4LuyEKX7>

Following registration, you will be provided with access to the webinar.

Our continued engagement with you, our Shareholders, is of the utmost importance to my fellow Directors and me. I further invite you to reach out to our investor relations team, and check the investor centre at <https://investors.tyro.com/investor-centre/> where we will provide regular updates.

Yours sincerely,



**Fiona Pak-Poy**  
**Chair**  
**Tyro Payments Limited**