

Media Release

FULL YEAR RESULT

Sydney, 18 August 2020 – Tyro Payments Limited this morning reported its FY20 full-year results, in what proved to be a challenging year for both the Company and its 32,000 merchants.

With the majority of Tyro's merchants being SMEs operating in the hospitality, health and retail verticals, COVID-19, and the bushfires earlier in the year, wreaked havoc on the plans and ambitions of many of these businesses. In response, Tyro in the second-half of the year, focused on actions and initiatives designed to assist those impacted merchants in their recovery journeys, together with ensuring the continuity of the high service standards and reliability for which Tyro is renown.

Notwithstanding these challenges and the redirection of effort in the second-half of the year, Tyro continued to grow, albeit at a lower rate than planned at the time of its IPO. The operation delivered an all-time record \$20.1 billion in transactions processed, record revenues of \$210.7 million and achieved a record \$60.1 million in loan originations.

Tyro improved its EBITDA performance, reporting a loss of \$4.4 million compared to a \$8.6 million loss in FY19. After taking account of the costs associated with listing on ASX on 6 December 2019, Tyro realised a statutory net loss after tax of \$38.1 million and a proforma net loss before tax of \$25.9 million¹.

Highlights for FY20

- * Record \$20.1 billion in transactions processed by Tyro merchants – up 15% (FY19: \$17.5 billion).
- * 32,176 merchants choosing Tyro as their payments solution – up 11% (FY19: 29,031).
- * Transaction growth driving record payments revenue of \$202.8 million – up 10% (FY19: \$183.7 million).
- * Australia's 5th largest merchant acquiring bank by terminal count – 62,722 terminals up 22% (FY19: 51,317).
- * Record merchant loan originations in the year of \$60.1 million – up 15% (FY19: \$52.2 million).
- * EBITDA² loss of \$4.4 million narrowing 49.2% from FY19's \$8.6 million loss.
- * Strong Balance Sheet - \$188.3 million in cash and financial investments available for future growth.
- * Successful trial of new term deposit product and roll-out to all eligible merchants from 1 July 2020.
- * Rapid response to COVID-19 implementing initiatives to support Tyro's merchants, team, and community.
- * eCommerce solution in roll-out phase and fast-tracked to merchants in response to COVID-19.
- * Telehealth payment solution launched, and successful renewal of Medicare Easyclaim contract.
- * NPS improvement to 43 (FY19: 37) – highlighting customer satisfaction and approval of our products.
- * More than 31,900 merchants enabled with Alipay as a payments option.
- * Largest successful IPO by market capitalisation on ASX in 2019.
- * Tyro Connect launched.

Summary of results (see Appendix A for more detail)

	FY20	FY19		% Change
Transaction Value	\$20.1 billion	\$17.5 billion	▲	15.1%
Total Revenue	\$210.7 million	\$189.8 million	▲	11.0%
EBITDA ²	(\$4.4 million)	(\$8.6 million)	▲	49.2%
EBIT (proforma ¹)	(\$25.4 million)	(\$19.1 million)	▼	33.1%
Net loss before tax (proforma ¹)	(\$25.9 million)	(\$19.1 million)	▼	35.9%
Net loss after tax (statutory)	(\$38.1 million)	(\$18.4 million)	▼	106.4%

¹ Proforma adjustments include the elimination of certain non-recurring items of expenditure including the exercise and vesting of Liquidity Event Performance Rights triggered by the IPO and costs of the IPO expensed.

² 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.

Commentary

Tyro this morning reported its FY20 full-year results, announcing record revenue of \$210.7 million, a narrowing of its EBITDA² loss to \$4.4 million and a proforma net loss before costs associated with the IPO of \$25.9 million. After taking account of costs associated with listing on ASX, Tyro realised a statutory net loss after tax of \$38.1 million. On announcing the result, Robbie Cooke, Tyro's CEO and Managing Director said in relation to the challenges faced by Tyro's merchants and the business:

“Looking back at FY20 it is difficult to imagine a year with more contrast. We went from the exhilarating highs of successfully completing our IPO in December in what were tumultuous markets, to the gut-wrenching lows caused by the cruel combination of the devastating bushfires in January and the onset of COVID-19 from mid-March. As a team, our hearts went out to all our merchants as we tried to offer what assistance we could as they fought the challenges nature threw at them.

Most of our efforts in the second-half of the year were focused on doing what we could to assist our merchants on their recovery journeys, along with ensuring our business was able to continue providing the high service standards and reliability for which we are renown.”

In discussing the results delivered Cooke said:

“Like many of our merchants COVID-19 seriously disrupted our plans and ambitions for the year. In February we had been on track to deliver our Prospectus forecast, however by March we recognised the uncertainty COVID-19 posed and decided to withdraw our forecast. We also took the unique step in March of providing weekly transaction value updates to provide full transparency as to our performance as we navigated the extreme uncertainty thrust upon our operation. I am pleased to say we will continue these updates at least until the end of calendar 2020.

Considering the challenges faced in the second half, our overall result was strong, albeit clearly behind where we had forecast to be at the time of our IPO.

We still achieved an all-time record annual transaction value of \$20.1 billion up 15% with more than 32,000 merchants trusting us with their payments needs. We lifted revenue 11% to a new record \$210.7 million and we also booked a record \$60.1 million in loan originations. This performance is a credit to the determination, resolve and sheer hard work of all the team at Tyro. A tremendous effort when considering the organisational focus on our IPO, reacting to the devastating bushfires and working with our merchants to assist them through the pandemic. Maintaining our operating rhythm in such a frenetic year demonstrates the robustness of our business and the depth of talent in our team”.

Commenting on Tyro's outlook Cooke said:

“The COVID-19 challenge continues to feature with the second wave of the virus significantly impacting our Victorian merchants and the broader consumer sentiment across Australia. We remain on high alert as the risk of further outbreaks remains.

Whilst we are not immune to the pressures facing the Australia economy, we have a resilient business model and a determination to continue on our journey of building an ecosystem centred around payments, enhanced by value-adding features and products designed to attract new merchants and retain existing merchants. We remain as convinced as ever as to the opportunity in front of us as we remain focused on our purpose of setting businesses free to get on with business by simplifying payments and banking.”

More detailed commentary with respect to Tyro's full year performance and each of Tyro's business segments can be found in Tyro's FY20 Annual Report available here: www.tyro.com/about-tyro/investors.

We invite you to join our Investor call today with dial-in details provided in **Appendix B**.

For further information, please contact:

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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 FY20, the company processed more than \$20.1 billion in transaction value. In FY20 the company generated \$210.7 million in revenue, originated \$60.1 million in loans and held merchant deposits totalling \$50.5 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 475 people, approximately half of whom are in technology roles.

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APPENDIX A

	FY20 (\$'000)	FY19 (\$'000)		Change (%)
Transaction Value	20,131,045	17,496,322	▲	15.1%
Payments revenue and income	202,826	183,685	▲	10.4%
Lending and investment income	3,600	5,271	▼	31.7%
Other revenue and income	4,249	814	▲	422.0%
Total Revenue	210,675	189,770	▲	11.0%
Payments direct expenses	(116,684)	(106,234)	▲	9.8%
Interest expenses on deposits	(516)	(276)	▲	87.0%
Total direct expenses	(117,200)	(106,510)	▲	10.0%
Gross profit	93,475	83,260	▲	12.3%
Operating expenses:				
Employee benefits expense (excl. share-based payments)	(67,662)	(60,813)	▲	11.3%
Administrative expenses	(16,598)	(17,775)	▼	6.6%
Contractor and consulting expenses	(5,913)	(7,715)	▼	23.4%
Marketing expenses	(5,716)	(4,771)	▲	19.8%
Lending and non-lending losses	(1,958)	(797)	▲	145.7%
Total operating expenses	(97,847)	(91,871)	▲	6.5%
EBITDA	(4,372)	(8,611)	▲	49.2%
Share-based payments expense	(10,896)	(3,788)	▲	187.6%
IPO expenses	(9,730)	-	▲	100.0%
EBITDA after share-based payments and IPO expenses	(24,998)	(12,399)	▼	101.6%
Net lease interest expense	(535)	-	▲	100.0%
Depreciation and amortisation	(12,524)	(7,864)	▲	59.3%
Loss before tax	(38,057)	(20,263)	▼	87.8%
Income tax benefit	-	1,824	▼	100.0%
Net loss after tax	(38,057)	(18,439)	▼	106.4%

Reconciliation to proforma loss before tax:

	FY20 (\$'000)	FY19 (\$'000)		Change (%)
Loss before tax	(38,057)	(20,263)	▼	87.8%
Add back:				
IPO costs	9,730	-	▲	100.0%
Share-based payments expense relating to IPO	2,411	1,195	▲	101.8%
Loss before tax (proforma)	(25,916)	(19,068)	▼	35.9%

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APPENDIX B

FY20 Financial Results and Investor/Analyst Briefing

A briefing for investors and analysts will be held at 11:00am Australian Eastern Standard Time on Tuesday, 18 August 2020. Investors and analysts can access this briefing using the following registration details:

<https://s1.c-conf.com/diamondpass/10008740-invite.html>

Please note that registered participants will receive their dial in number upon registration.

For further information, please contact:

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