

ASX Announcement

TYRO CONCLUDES CURRENT CHANGE OF CONTROL DISCUSSIONS

Sydney, 12 December 2022 – Tyro Payments Limited (**Tyro** or the **Company**) provides an update to the announcements made on 8 September 2022 and 18 October 2022 in relation to unsolicited approaches received from several parties expressing an interest in a potential change of control transaction in respect of Tyro, including from Potentia Capital Management Pty Ltd (**Potentia**) and Westpac Banking Corporation (**Westpac**).

Tyro confirms that, following extensive discussions with these parties and careful consideration by the Board with assistance from its external advisers, the Board has determined that the Company will cease all current discussions with these parties in relation to a possible change of control transaction, as those discussions have not resulted in a proposal that the Board believes fairly values Tyro. Westpac has also notified the Company that it has decided that submitting an offer to Tyro is not in the best interests of Westpac shareholders at this time.

Tyro remains open to engaging with any credible change of control proposal it receives that represents compelling value for Tyro shareholders. Based on the Board's assessment of the Company's attractive growth prospects in the Australian payments and business banking markets, no such proposal has been received, and accordingly the Board and management will continue to focus on executing on Tyro's current strategy. In this regard, Tyro confirms that it is tracking towards the top end of guidance for all operating metrics and is making good progress executing on its three strategic priorities for FY23, namely Tyro Go, Tyro Pro and automated customer onboarding.

Revised non-binding indicative proposal received from Potentia

Tyro also confirms that it has received a revised, non-binding and indicative proposal from Potentia and a consortium of co-investors¹ to acquire 100% of the fully diluted share capital of Tyro by scheme of arrangement (**Revised Indicative Proposal**).

The Revised Indicative Proposal at \$1.60 per share on a fully diluted basis values the Company at an enterprise value of approximately \$875 million², with shareholders proposed to have the option to receive their consideration in the form of 100% cash; 50% cash and 50% scrip; or 100% scrip in an unlisted private Potentia investment vehicle.

As previously disclosed on 8 September 2022, Potentia advised Tyro that it has entered into a Voting and Acceptance Deed with Cannon-Brookes Head Trust (**Grok**) in relation to Grok's 12.5% shareholding in Tyro, such that Grok will accept a takeover bid made by Potentia or vote in favour of a scheme of arrangement proposed by Potentia at a price not less than \$1.27 per share, subject to certain conditions. Potentia has now informed Tyro that, in light of the Revised Indicative Proposal, Grok *"cannot take any action under a competing proposal, unless that competing proposal has a value of \$1.85 per share or greater"*. Tyro understands that the Voting and Acceptance Deed will continue in force until 7 March 2023 and may extend up to 7 June 2023.

The Board has carefully considered the Revised Indicative Proposal, including with the assistance of its financial and legal advisers, and unanimously determined that the Revised Indicative Proposal

¹ In addition to Potentia, the consortium comprises HarbourVest Partners LLC, MLC Investments Limited, Aware Super Pty Ltd as trustee of Aware Super and The Construction and Building Unions Superannuation Fund.

² Based on fully diluted shares on issue of 549.9 million (including all options and performance rights) and adjusted for net cash of \$36.9 million, lease liabilities of \$34.0 million and investment in associates of \$1.9 million as at 30 June 2022.

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continues to significantly undervalue Tyro and, as such, is not in the best interests of shareholders as a whole. The Board has therefore determined to reject the Revised Indicative Proposal in its current form.

In coming to this decision, the Board noted that the Revised Indicative Proposal is subject to several conditions, including:

- satisfactory completion of confirmatory due diligence;
- execution of mutually satisfactory definitive transaction documentation, which will include as conditions precedent:
 - obtaining all necessary regulatory approvals, including APRA and FIRB approval; and
 - obtaining any consents required under material contracts and leases;
- no distribution, declaration of any dividend or return of capital by the Company; and
- securing the support of Tyro's Board.

The Board further noted that the Revised Indicative Proposal comes at a time of significant share market volatility and cyclical weakness in global technology and payment company valuations, with Tyro's share price trading as high as \$2.92 within the past 12 months.

Tyro shareholders do not need to take any action in relation to the Revised Indicative Proposal.

For further information, please contact:

Media: Brett Clegg - Citadel Magnus
Ph: +61 487 436 985
E: bclegg@citadelmagnus.com

Investors: Giovanni Rizzo
Ph: +61 439 775 030
E: grizzo@tyro.com

Monica Appleby
Ph: +61 466 598 946
E: mappleby@tyro.com

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 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 63,700 Australian merchants chose to partner with Tyro at 30 June 2022. The Group processed \$34.2 billion in transaction value in FY22. Group generated \$154.7 million in statutory gross profit, originated a record \$99.1 million in loans and held merchant deposits totaling \$83.3 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.