

# JOHNSON | WINTER | SLATTERY

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12 December 2022

The Manager  
ASX Market Announcements Office  
ASX Limited  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

**FOR LODGEMENT ONLINE**

Dear Sir/Madam

## **Notice of change of interests of substantial holder**

We act for Potentia Capital Management Pty Ltd (ACN 630 264 210) (**Potentia**).

On behalf of Potentia and its associates, we enclose a Form 604 (Notice of change of interests of substantial holder) together with its annexures, including Potentia's revised non-binding indicative offer to Tyro Payments Limited (**Company**) dated 11 December 2022 (**Revised NBIO**).

The Revised NBIO was today rejected by the Company's board of directors.

Yours faithfully,



Johnson Winter Slattery

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# Form 604

Corporations Act 2001  
Section 671B

## Notice of change of interests of substantial holder

To Company Name/Scheme Tyro Payments Limited (ASX:TYR)

ACN/ARSN 103 575 042

### 1. Details of substantial holder(1)

Name Potentia Capital Management Pty Ltd (ACN 630 264 210) (**Potentia**) on behalf of itself and each of its associates identified in **Annexure A** of this notice.

ACN/ARSN (if applicable) N/A

There was a change in the interests of the substantial holder on 11 December 2022

The previous notice was given to the company on 9 September 2022

The previous notice was dated 9 September 2022

### 2. Previous and present voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in when last required, and when now required, to give a substantial holding notice to the company or scheme, are as follows:

Class of securities (4)	Previous notice		Present notice	
	Person's votes	Voting power (5)	Person's votes	Voting power (5)
Fully paid ordinary shares in TYR ( <b>Shares</b> )	67,675,513	13.07%	83,497,780	16.08% <sup>1</sup>

### 3. Changes in relevant interests

Particulars of each change in, or change in the nature of, a relevant interest of the substantial holder or an associate in voting securities of the company or scheme, since the substantial holder was last required to give a substantial holding notice to the company are as follows:

Date of change	Person whose relevant interest changed	Nature of change (6)	Consideration given in relation to change (7)	Class and number of securities affected	Person's votes affected
08/09/2022	United Super Pty Ltd (ACN 006 261 623) as trustee of the Construction and Building Unions Superannuation Fund ( <b>CBUS</b> )	Divestment	\$2,226.79	1,808 Shares	1,808
16/09/2022	CBUS	Acquisition	\$1,963.11	1,510 Shares	1,510
25/10/2022	CBUS	Divestment	\$591.27	414 Shares	414
14/11/2022	CBUS	Divestment	\$10,831.55	7,000 Shares	7,000
05/12/2022	CBUS	Divestment	\$4,830.00	3,000 Shares	3,000
See <b>Annexure B</b>	Insignia Financial Limited (ACN 100 103 722) and certain wholly owned subsidiaries of Insignia Financial Limited ( <b>Insignia</b> )	See <b>Annexure B</b>	See <b>Annexure B</b>	See <b>Annexure B</b>	See <b>Annexure B</b>
11/12/2022	Aware Super Pty Ltd (ABN 11 118 202 672) as trustee of Aware Super (ABN 53 226 460 365) ( <b>Aware Super</b> )	See <b>Note 1</b> below.	\$31,171,252.03	14,103,362 Shares	14,103,362

<sup>1</sup> Based on 519,238,424 Shares on issue.

11/12/2022	Aware Financial Services Australia Limited (ABN 86 003 742 756) ( <b>Aware FS</b> )	See <b>Note 1</b> below.	\$1,093,235.83	458,032 Shares	458,032
<b>Note 1:</b> On 11 December 2022, Potentia entered into an equity commitment letter ( <b>ECL</b> ) with its associate Aware Super to fund the acquisition of Shares by Potentia. A copy of ECL is included as <b>Annexure C</b> . The ECL does not give Potentia or any other entity listed in this notice a relevant interest in Aware Super and Aware FS' Shares. The ECL was entered into in connection with Potentia's revised non-binding indicative offer to Tyro Payments Ltd dated 11 December 2022 ( <b>Revised NBIO</b> ). A copy of the Revised NBIO is included as <b>Annexure D</b> .					

#### 4. Present relevant interests

Particulars of each relevant interest of the substantial holder in voting securities after the change are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Nature of relevant interest (6)	Class and number of securities	Person's votes
Potentia	CBC Co Pty Ltd (ACN 108 337 104) as trustee for the Cannon-Brookes Head Trust	Not applicable.	Relevant interest under section 608(2)(b) of the Corporations Act arising from the power to control the exercise of a right to vote or dispose of securities pursuant to an agreement (See <b>Note 2</b> below).	64,719,528 Shares	64,719,528
CBUS	JP Morgan Nominees Australia Limited (as custodian for CBUS)	CBUS	Relevant interest under section 608(1) of the Corporations Act by reason of having control of and / or voting power of the Shares.	102,110 Shares	102,110
Insignia	MLC Investments Limited (ACN 002 641 661)	Not applicable.	Relevant interest under section 608(3) of the Corporations Act by reason of having control of or voting power above 20% in: NULIS Nominees (Australia) Limited (ACN 008 515 633) ( <b>NULIS</b> ); MLC Investments Limited (ACN 002 641 661) ( <b>MLCI</b> ) (NULIS and MLCI each held through MLC Wealth Limited (ACN 071 514 264); I.O.O.F. Investment Management Limited (ACN 006 695 021); Australian Executor Trustees Limited (ACN 007 869 794) (held through SFG Australia Limited (ACN 006 490 259); OnePath Funds Management Limited (ACN 003 002 800) (held through Australian Wealth Management Limited (ACN 111 116 511) and Oasis Fund Management Limited (ACN 106 045 050) (held through OnePath Investment Holdings Pty Limited (ACN 118 858 629) which, in turn, is held through Australian Wealth Management Limited (ACN 111 116 511)).	2,280,675 Shares	2,280,675
	NULIS Nominees (Australia) Limited (ACN 008 515 633)	Not applicable.		247,811 Shares	247,811
	I.O.O.F. Investment Management Limited (ACN 006 695 021)	Not applicable.		103,665 Shares	103,665
	Australian Executor Trustees Limited (ACN 007 869 794)	Not applicable.		5,000 Shares	5,000
	OnePath Funds Management Limited (ACN 003 002 800)	Not applicable.		1,458,778 Shares	1,458,778
	Oasis Fund Management Limited (ACN 106 045 050)	Not applicable.		18,819 Shares	18,819
Aware Super	State Street Australia Limited	Aware Super	Relevant interest under section 608(1) of the Corporations Act by reason of having power to control the voting and disposal of the Shares.	14,103,362 Shares	14,103,362
Aware FS	State Street Australia Limited	Aware FS	Relevant interest under section 608(1) of the Corporations Act by reason of having power to control the voting and disposal of the Shares.	458,032 Shares	458,032
<b>Note 2:</b> On 7 September 2022, Potentia entered into a voting and acceptance deed with CBC Co Pty Ltd (ACN 108 337 104) as trustee for the Cannon-Brookes Head Trust in respect of 64,719,528 Shares ( <b>Deed</b> ). A copy of the Deed is included as Annexure A to the Notice of Initial Substantial Holder disclosed to ASX on 9 September 2022.					

#### 5. Changes in association

The persons who have become associates (2) of, ceased to be associates of, or have changed the nature of their association (9) with, the substantial holder in relation to voting interests in the company or scheme are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
Aware Super	Pursuant to the ECL (see <b>Note 1</b> above) and section 12(2)(c) of the Corporations Act, Aware Super is an associate of Potentia.

Aware FS	Pursuant to the ECL (see <b>Note 1</b> above) and section 12(2)(c) of the Corporations Act, Aware FS is an associate of Potentia.
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## 6. Addresses

The addresses of persons named in this form are as follows:

Name	Address
Potentia and each member of the Potentia Group referred to in <b>Annexure A</b>	Suite 38.01, Level 38, Gateway, 1 Macquarie Place, Sydney NSW 2000
CBUS	CBUS Level 22, 130 Lonsdale Street, Melbourne VIC 3000
Insignia	Level 1, 800 Bourke Street, Docklands VIC 3008
HarbourVest	c/o HarbourVest Partners, LLC, One Financial Center, 44th Floor, Boston, MA 02111 United States
MLC Investments Limited, NULIS Nominees (Australia) Limited, and MLC Wealth Limited	'30 The Bond', Level 3, 30-34 Hickson Road, Millers Point NSW 2000
Insignia Financial Limited, I.O.O.F Investment Management Limited, Australian Wealth Management Limited, OnePath Funds Management Limited, Oasis Fund Management Limited, OnePath Investment Holdings Pty Limited, Australian Executor Trustees Limited, and SFG Australia Limited	Level 1, 800 Bourke Street, Docklands VIC 3008
Aware Super	Level 28, 388 George Street, Sydney NSW 2000
Aware FS	Level 28, 388 George Street, Sydney NSW 2000

## Signature

print name Timothy Reed

capacity Managing Director

sign here



date 12 December 2022


## DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 6 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (6) Include details of:
  - (a) any relevant agreement or other circumstances because of which the change in relevant interest occurred. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
  - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (7) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown".
- (9) Give details, if appropriate, of the present association and any change in that association since the last substantial holding notice.

## Annexure A – Associates

This is Annexure A of 1 page referred to in the Form 604 ('Notice of change of interests of substantial holder') signed by me and dated 12 December 2022.

  
.....  
**Timothy Reed, Managing Director**  
Potentia

- Potentia Capital IA Pty Ltd (ACN 659 062 718) as trustee for Potentia Capital Trust IA Australia
- Potentia Capital IB Pty Ltd (ACN 659 062 969) as trustee for Potentia Capital Trust IB Australia
- Potentia Capital IC Pty Ltd (ACN 659 063 322) as trustee for Potentia Capital Trust IC Australia
- Potentia Capital Pty Ltd (ACN 169 877 445) Australia
- Potentia Capital Holdings Pty Ltd (ACN 630 152 493)
- CBC Co Pty Ltd (ACN 108 337 104) as trustee for the Cannon-Brookes Head Trust
- HarbourVest Partners Co-Investment VI Aggregator L.P., CHV Investments Fund L.P. and Sunvest II LLC (**HarbourVest**)
- MLC Investments Limited (as trustee of the WM Pool – Equities Trust No. 66) and MLC Investments Limited (as trustee of the WM Pool – Equities Trust No. 79) (collectively, and in that specific trustee capacity, **MLC Investments**). MLC Investments Limited is a wholly owned indirect subsidiary of Insignia Financial Limited
- United Super Pty Ltd (ACN 006 261 623) as trustee of the Construction and Building Unions Superannuation Fund
- Aware Super Pty Ltd (ABN 11 118 202 672) as trustee of Aware Super (ABN 53 226 460 365)

## **Annexure B – Insignia changes in relevant interests**

This is Annexure B of 2 pages referred to in the Form 604 ('Notice of change of interests of substantial holder') signed by me and dated 12 December 2022.



.....  
**Timothy Reed, Managing Director**  
Potentia

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Date of change	Person whose relevant interest changed	Registered holder of securities	Nature of change (6)	Consideration given in relation to change (7)	Class and number of securities affected	Person's votes affected
10/11/2022	Insignia	MLC Investments Limited (ACN 002 641 661)	Acquisition	\$513,463.49	338,605 Shares	338,605
3/11/2022	Insignia	MLC Investments Limited (ACN 002 641 661)	Acquisition	\$334,472.09	214,228 Shares	214,228
31/10/2022	Insignia	MLC Investments Limited (ACN 002 641 661)	Acquisition	\$409,474.27	270,159 Shares	270,159
21/10/2022	Insignia	MLC Investments Limited (ACN 002 641 661)	Acquisition	\$777,339.43	531,236 Shares	531,236
13/10/2022	Insignia	MLC Investments Limited (ACN 002 641 661)	Acquisition	\$524,614.46	365,774 Shares	365,774
19/09/2022	Insignia	MLC Investments Limited (ACN 002 641 661)	Divestment	\$615,444.91	478,825 Shares	478,825
16/09/2022	Insignia	MLC Investments Limited (ACN 002 641 661)	Acquisition	\$9,966.49	7,664 Shares	7,664
08/11/2022	Insignia	NULIS Nominees (Australia) Limited (ACN 008 515 633)	Acquisition	\$2,642.61	1,700 Shares	1,700
10/10/2022	Insignia	NULIS Nominees (Australia) Limited (ACN 008 515 633)	Divestment	\$4,957.00	3,450 Shares	3,450
05/10/2022	Insignia	NULIS Nominees (Australia) Limited (ACN 008 515 633)	Acquisition	\$10,083.16	7,406 Shares	7,406
20/10/2022	Insignia	I.O.O.F. Investment Management Limited (ACN 006 695 021)	Divestment	\$5,436.25	3,500 Shares	3,500
19/10/2022	Insignia	I.O.O.F. Investment Management Limited (ACN 006 695 021)	Acquisition	\$6,974.00	4,400 Shares	4,400
13/10/2022	Insignia	I.O.O.F. Investment Management Limited (ACN 006 695 021)	Divestment	\$2,492.96	1,766 Shares	1,766
10/10/2022	Insignia	I.O.O.F. Investment Management Limited (ACN 006 695 021)	Acquisition	\$720	500 Shares	500
10/10/2022	Insignia	I.O.O.F. Investment Management Limited (ACN 006 695 021)	Acquisition	\$4,320.00	3,000 Shares	3,000
4/10/2022	Insignia	I.O.O.F. Investment Management Limited (ACN 006 695 021)	Acquisition	\$35,230.00	26,000 Shares	26,000
4/10/2022	Insignia	I.O.O.F. Investment Management Limited (ACN 006 695 021)	Divestment	\$34,114.78	26,000 Shares	26,000
17/09/2022	Insignia	I.O.O.F. Investment Management Limited (ACN 006 695 021)	Divestment	\$2,158.35	1,692 Shares	1,692
12/09/2022	Insignia	I.O.O.F. Investment Management Limited (ACN 006 695 021)	Divestment	\$2,648.75	2,000 Shares	2,000
8/09/2022	Insignia	I.O.O.F. Investment Management Limited (ACN 006 695 021)	Divestment	\$79,046.84	63,888 Shares	63,888
8/09/2022	Insignia	I.O.O.F. Investment Management Limited (ACN 006 695 021)	Divestment	\$7,419.73	5,945 Shares	5,945
12/10/2022	Insignia	Australian Executor Trustees Limited (ACN 007 869 794)	Divestment	\$7,760.88	5,350 Shares	5,350
16/09/2022	Insignia	OnePath Funds Management Limited (ACN 003 002 800)	Acquisition	\$92,644.37	71,243 Shares	71,243
5/10/2022	Insignia	OnePath Funds Management Limited (ACN 003 002 800)	Acquisition	\$108,244.09	78,425 Shares	78,425
27/10/2022	Insignia	OnePath Funds Management Limited (ACN 003 002 800)	Divestment	\$229,505.44	58,679 Shares	58,679

## Annexure C - ECL

This is Annexure C of 3 pages referred to in the Form 604 ('Notice of change of interests of substantial holder') signed by me and dated 12 December 2022.



.....  
**Timothy Reed, Managing Director**  
Potentia

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11 December 2022

Potentia Capital Management Pty Ltd (ACN 630 264 210) (**Potentia**)  
Suite 38.01, Level 38  
1 Macquarie Place  
SYDNEY NSW 2000

**Office**

Level 28, 388 George Street  
Sydney NSW 2000  
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PO Box R1827  
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**Service**

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enquiries@aware.com.au  
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Dear Directors,

**Letter of support in relation to the proposed transaction**

**1 Background**

Potentia is the manager of the entities comprising Potentia Capital Fund I (**Fund I**) and Potentia Capital Fund II (**Fund II**). It is intended that Fund I and/or Fund II will establish an entity (**BidCo**), a wholly owned subsidiary of a holding company (**HoldCo**), which will acquire 100% of the issued shares in Tyro Payments Ltd (ACN 103 575 042) (**Target Shares**) through a combination of any or all of:

- (a) pre-bid acquisitions of Target Shares or pre-bid economic interests in Target Shares; or
- (b) a scheme of arrangement for all Target Shares under Part 5.1 of the *Corporations Act 2001* (Cth) (**Corporations Act**),

together, the **Transaction**.

Aware Super Pty Ltd as trustee for Aware Super (**Investor**) is providing this letter of support to Potentia (in its capacity as manager of Fund I and Fund II) to express its intention to provide financial support for HoldCo and BidCo to complete the Transaction, subject to the terms of this letter.

This letter is strictly confidential and may not be disclosed to any third party without the Investor's prior written consent or unless required by the rules of a stock exchange.

This letter of support does not constitute a binding commitment to provide funding and remains subject to due diligence, internal approvals and acceptable terms and conditions. The Investor has obtained relevant internal approvals to provide this letter of support.

**2 Intention to Support**

- (a) Subject to the terms of this letter, the Investor intends to provide equity funding, either directly or through an associate to HoldCo (**Funding Support**) solely for the purpose of allowing BidCo to fund a portion of the aggregate consideration for acquiring a pre-bid stake or the closing of the Transaction (or both), and to pay related fees and expenses.
- (b) The Investor provides its intention to support in clause 2(a) on the basis that the Funding Support will only be applied by HoldCo, to the extent necessary, to enable payment by BidCo for Target Shares for the purpose of acquiring a pre-bid stake or completing the Transaction (or both).
- (c) For the avoidance of doubt:


- (i) this letter does not constitute a guarantee from the Investor of the performance of any of the obligations of Potentia, HoldCo, BidCo or any entity under any document relating to the Transaction; and
- (ii) references to completing the Transaction in relation to acquiring 100% of the Target Shares does not include any other form of transaction other than by way of a scheme of arrangement (unless otherwise agreed in writing by the Investor).

### 3 Trustee limitation of liability

- (a) Subject to clause 3(b):
  - (i) Aware Super Pty Ltd (**Aware Super Trustee**) is entering into this letter in its capacity as trustee of Aware Super (**Fund**);
  - (ii) Potentia will not sue Aware Super Trustee in any other capacity or (except in respect of property of the Fund) seek to appoint a receiver, liquidator, administrator (or person performing a similar function) or prove in any liquidation, administration or arrangement of or affecting the Investor;
  - (iii) the Aware Super Trustee's liability (despite any other clause in this letter to the contrary) under this letter (or in any way connected with any related representation, warranty, conduct, act, omission, agreement or transaction) is limited to the amount which the Investor is entitled to, and does receive or pay out of assets of the Fund in the exercise of its right of indemnity against the assets of the Fund;
  - (iv) Potentia waives all rights and releases Aware Super Trustee from all other liability (including, but not limited to, personal liability) in relation to this letter; and
  - (v) Aware Super Trustee has no obligation to meet any liability under this letter out of any assets held by the Investor in its own right nor in any circumstances out of assets held by it in any other capacity.
- (b) Despite anything else in clause 3(a), Aware Super Trustee is liable under this letter to the extent that Aware Super Trustee's own dishonesty or intentional or reckless failure to exercise due care precludes Aware Super Trustee from being indemnified out of the assets of the Fund in respect of that liability or limits the amount of such an indemnity.

Yours faithfully

Signed for **Aware Super Pty Ltd** as trustee for **Aware Super**  
by its duly authorised attorneys under power of attorney  
dated 31 March 2021

DocuSigned by:  
  
4FC2109A9501499...

Signature of Attorney

Sarah Young

Name of Attorney

DocuSigned by:  
  
F9C37B69AFFD4FF...

Signature of Attorney

Jennifer Glass

Name of Attorney

## Annexure D – Revised NBIO

This is Annexure D of 8 pages referred to in the Form 604 ('Notice of change of interests of substantial holder') signed by me and dated 12 December 2022.



.....  
**Timothy Reed, Managing Director**  
Potentia

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11 December 2022

**VIA EMAIL**

Fiona Pak-Poy  
Independent Non-Executive Chair-Elect  
Tyro Payments Limited

David Thodey  
Independent Non-Executive Chair  
Tyro Payments Limited

**Revised Non-Binding Proposal**

**to acquire 100% of Tyro Payments Limited at \$1.60 per share**

Dear Fiona and David,

Potentia Capital Management Pty Ltd (“Potentia Capital”, “Potentia” or “we”), together with its co-investors HarbourVest Partners LLC (“HarbourVest”), MLC Investments Limited<sup>1</sup> (“MLC”), Construction and Building Unions Superannuation Fund (“CBUS”) and Aware Super Pty Ltd (ABN 11 118 202 672) as trustee of Aware Super (ABN 53 226 460 365) (“Aware”), (together “Co-investors”), is pleased to submit the following revised indicative and non-binding offer (the “Revised Non-Binding Offer” or “Revised Proposal”) for the acquisition of 100% of the diluted share capital of Tyro Payments Limited (“Tyro” or the “Business”) on the terms outlined in this letter (the “Proposed Transaction”).

Over the past 12 weeks, Potentia have committed significant resources to assessing the Proposed Transaction and to validate our investment thesis in Tyro. As such, we have updated our view of valuation and are pleased to submit a Revised Non-Binding Offer of \$1.60 per share.

Potentia has already conducted extensive due diligence of the business. Our outstanding due diligence is now confirmatory in nature. Notwithstanding the Summer break, providing we receive full due diligence access in a timely manner and subject also to understanding the Board’s intention to recommend, we expect to be in a position to sign a binding agreement by 31 January 2023. This agreement would have only a limited set of regulatory conditions.

We reiterate our belief that Tyro requires a level of business transformation that can be best undertaken under private ownership. Potentia Capital is uniquely placed to assist Tyro to deliver this transformation given our strong experience in B2B software and payments, track record of helping Australian software businesses scale, and the significant capital and resources Potentia can bring to support organic and inorganic growth.

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<sup>1</sup> MLC Investments Limited is acting in its capacity as trustee of the WM Pool - Equities Trust No. 66 and in its capacity as trustee of the WM Pool - Equities Trust No. 79 (together the **MLC Trusts**). The investment manager for the MLC Trusts is MLC Asset Management Pty Limited (trading as MLC Private Equity).

## 1 Terms of Revised Non-Binding Offer

Based on our due diligence to date, we are pleased to submit this revised indicative, non-binding offer for 100% of the shares in Tyro for A\$1.60 per share (the “**Offer Price**”). On a fully diluted basis, this represents an enterprise value of A\$875 million.<sup>2</sup>

We believe this is a full and fair price which is highly attractive to Tyro’s shareholders. At A\$1.60 per share, the Offer Price implies 5.9x FY22 Normalised Gross Profit, representing a premium of:

- a) 62% to the closing price of A\$0.99 per share on 7 September 2022, being the day prior to any public announcement or rumour of activity from Potentia Capital in Tyro (“**Undisturbed Share Price Date**”);
- b) 62% to Tyro’s 30-day VWAP to 7 September 2022 of A\$0.99 per share;
- c) 88% to Tyro’s 60-day VWAP to 7 September 2022 of A\$0.85 per share;
- d) 77% to Tyro’s 90-day VWAP to 7 September 2022 of A\$0.90 per share, and;
- e) 167% to Tyro’s 52 week low to 7 September 2022 of A\$0.60 per share.

The Revised Proposal also represents a \$0.33 per share increase from our initial NBIO submitted to the Board on 7 September 2022.

### Consideration for Tyro shareholders

As part of the Revised Non-Binding Offer, we are giving shareholders the option to receive their consideration in the form of either:

- a) 100% cash consideration;
- b) 50% cash and 50% scrip; or
- c) 100% scrip.

This structure allows shareholders to roll either a portion or all of their shares into the newly privatised Tyro. It is intended that the Proposed Transaction would be undertaken by way of scheme of arrangement. We would welcome the opportunity to discuss this further with the Tyro Board.

We believe our Revised Non-Binding Offer represents a compelling proposition to Tyro and its shareholders for the following reasons:

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<sup>2</sup> Based on fully diluted shares on issue of 549.9 million (including all options and performance rights) and the latest reported net cash of A\$36.9 million, lease liabilities of A\$34.0 million and investment in associates of A\$1.9 million per Tyro’s FY22 Annual Report.

- **Revised Non-Binding Offer supported by market knowledge and extensive due diligence:** Potentia is offering a full valuation for the business reflecting our extensive due diligence and commercial analysis, and our experience in the payments and software sectors.
- **Credibility and track record:** Potentia has entered into definitive agreements for 18 software and technology-enabled assets since founding in 2014, one of the strongest records in the technology sector of any Australian sponsor. Further, Potentia's pre-bid voting agreement with Grok and our significant investment of resources in due diligence to date demonstrates our conviction and the seriousness of our approach.
- **Co-Investment:** A number of Potentia's large, institutional investors have agreed to co-invest with Potentia as part of the Proposed Transaction. In addition to funds available through Potentia Fund I and Potentia Fund II, the Co-investors have access to significant financial resources which will enable Potentia Capital to complete the Proposed Transaction.
- **Ideal partner for Tyro:** As discussed above, our conviction on the opportunity, our well-considered strategy to transform the business, and our experience in the payments sector makes Potentia an ideal partner for the business' next phase of growth. Potentia strives to be a business partner, not just a provider of capital. Our mission is to work closely with the businesses we invest in to help them grow.
- **Full and fair valuation:** The Revised Proposal provides Tyro shareholders with an attractive opportunity to sell their Tyro shares at a material premium to recent trading prices, and materially above the price that Fidelity, the previously second largest shareholder, exited their position in the days prior to our Initial NBIO.
- **Maximum certainty for Tyro shareholders:** Our limited due diligence requirements, conviction on funding, and limited regulatory approvals including our expectation of no competition issues means our Revised Proposal presents Tyro shareholders with compelling value and maximum certainty.

### **Agreement with Grok**

As you are aware, Potentia entered into a Voting and Acceptance Deed with Tyro's major shareholder Grok Ventures<sup>3</sup> ("Grok"), 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 of A\$1.27, and subject to certain conditions. At Potentia's revised non-binding offer price of \$1.60, Grok cannot take any action under a competing proposal, unless that competing proposal is \$1.85 per share or greater.

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<sup>3</sup> CBC Co Pty Ltd (ACN 108 337 104) as trustee for the Cannon-Brookes Head Trust

## 2 Overview of Potentia Capital and Co-Investors

### Potentia Capital

Potentia Capital is a Sydney-headquartered private equity investment firm focused exclusively on technology, tech-enabled services and software businesses. The team is led by Andrew Gray (previously of US technology buyout firm Francisco Partners and Australian buyout firm Archer Capital) and Tim Reed (previously CEO of MYOB). Collectively, Potentia is one of the most experienced in the Australian private equity market having over 50 years private equity experience with a focus on technology buyouts and a shared history of working together as both owners and operators. We have a strong track record of successfully partnering with management teams to drive business transformation and growth in the technology, tech-enabled services and software sectors spanning the full range of economic and business cycles.

The transaction would be funded from a mix of Potentia Fund I, an A\$450m closed-end fund, and Potentia Fund II, an A\$635m closed-end fund alongside participation by the Co-Investors. Potentia's investors include large Australian superannuation firms, global fund of funds and global pension funds. Potentia has a strong track record of driving business transformations and has directly relevant experience in owning and transforming software businesses, including:

- **Linkly (2019):** a leading provider of POS-payment terminal middleware software and online payment gateway services to merchant acquirers in Australia. It serves the major banks in Australia and several merchant acquirer disrupters;
- **Ascender (2015):** Potentia backed the Ascender management team to create the leading pan-Asian payroll software and tech-enabled services platform servicing over 1,200 clients and 1.3m employees from 13 delivery centres. During Potentia's ownership period, Ascender invested heavily in its software platforms as well as successfully completing three bolt-on acquisitions and over a dozen strategic partnerships in the HR tech space. Potentia exited the Ascender business to NYSE-listed Ceridian in March 2021;
- **Micromine (2018):** a leading global provider of general mine planning software. Through our ownership, Potentia has driven the shift of customers from a legacy perpetual license revenue model onto subscription pricing, as well as broadening the product offering through investment in R&D and strategic acquisitions, and material investment in salesforce effectiveness. Potentia announced the sale of Micromine to NASDAQ-listed Aspen Technology in July 2022;
- **Education Horizons (2019):** a leading provider of education software in Australia, providing education and administration systems for independent schools across K–12. Potentia's investment thesis was predicated on accelerating investment into the business' tech platform and building a global footprint which has been achieved through the acquisition of UK-based business Double First in early 2020; and
- **MYOB (2008):** prior to founding Potentia, its principals drove significant value creation at MYOB, Australasia's leading accounting software company. MYOB was privatised in early 2009 and sold to Bain Capital for A\$1.2 billion in 2011 following a significant 2½ year business



transformation.

### HarbourVest Partners

HarbourVest is an independent, global private markets firm with 40 years of experience and more than \$98 billion of assets under management (as at 31 March 2022). Its interwoven platform provides clients access to global primary funds, secondary transactions, direct co-investments, real assets and infrastructure, and private credit. HarbourVest has a long history of investing in equity and debt capital alongside its general partner relationships. HarbourVest has consummated over 750 direct co-investments deploying more than \$18.0 billion of capital (as at 31 March 2022). HarbourVest has a long-standing relationship with Potentia Capital, both as a limited partner of its funds and as a co-investment partner in prior transactions.

### MLC

MLC Private Equity is a leading private equity manager with \$4 billion in funds under management and has been investing in private equity globally since 1997. Supported by a proven investment process, MLC Private Equity partners and invests with leading private equity managers globally. The MLC Private Equity program is one of the largest and most established global private equity programs in Australia. The MLC Private Equity team has delivered strong investment performance over the life of its program. MLC Private Equity is part of the Insignia Financial Limited group of companies which has Group Funds Under Management and Administration of \$298 billion (as at 30 June 2022).

### CBUS

Cbus is the leading Industry Super Fund representing those that help shape Australia. As one of Australia's largest super funds, we provide superannuation and income stream accounts to more than 850,000 members and we manage more than \$70 billion of our members' money (as at 30 June 2022). Our members include workers and retirees, their families and employers.

As a significant investor in the Australian economy, Cbus invests in a range of asset classes including private equity, infrastructure, equities, property, fixed interest, global credit and alternative growth assets. Since its inception in 1984, the Cbus' Growth (MySuper) option has returned 8.88% p.a. for our members (to 30 June 2022).

### Aware Super

Aware Super is one of Australia's largest profit-for-members industry funds with over A\$150 billion in assets on behalf of 1.1 million members under our management.

Aware Super is run solely for the benefit of its members. We take a long-term approach to investing – aligned with our members' retirement pathways – and seek to enable businesses that we invest in to make the best possible decisions for the long term. As an Australian domiciled investor with significant funding and local decision-making Aware Super provides a high level of execution certainty and is well placed to complete expedited due diligence. We have participated in a range of Australian public-to-private transactions and are committed to building a collaborative relationship with



businesses in which we invest.

### **3 Approvals and conditions**

The Revised Non-Binding Offer is subject to the usual and customary conditions of a transaction of this type, including:

- Access to due diligence materials via a vendor data room and satisfactory completion of confirmatory due diligence;
- Execution of mutually satisfactory definitive transaction documentation including:
  - customary deal protection mechanisms including exclusivity arrangements (no shop, no talk, no due diligence, notification rights and matching rights) and break fees;
  - obtaining any consents required under material contracts and leases;
  - customary conditions including obtaining all necessary regulatory approvals required to complete the Proposed Transaction (including FIRB and APRA approval); and
- No distributions: the Company does not make or declare any dividend, distribution or return of capital (unless otherwise agreed);
- Support from the Tyro Board.

We do not anticipate material issues or delays from any competition or other regulatory requirements arising from Potentia Capital's investments in other businesses.

### **4 Diligence requirements & timing**

Potentia confirm that we have already undertaken a substantial portion of our due diligence. The next phase of required due diligence is highly limited in nature, and required to complete Accounting, Tax, Legal and Technical reports by 3<sup>rd</sup> party advisors consistent with a transaction of this nature.

We have appointed Jarden Group as our financial adviser, EY in relation to tax and technology, PWC for accounting, and Johnson Winter Slattery as our legal adviser in relation to this Proposed Transaction.

### **5 Capital structure & source of funds**

We envisage funding the cash component of the Proposed Transaction with equity to be provided by a mix of funds controlled by Potentia (including funds from Potentia Fund I and Potentia Fund II), and the Co-investors, with a prudent amount of debt to be provided by third party financial institutions.

### **6 Contact details**

If you have questions regarding the contents of this Revised Non-Binding Offer, please do not hesitate to contact us at the below contact details:

**Tim Reed**  
Partner

**Andrew Joyce**  
Partner

Also included below are key contacts from our financial adviser, Jarden Australia:

**Aidan Allen**  
Managing Director

**Bryce Thompson**  
Managing Director

## 7 General

This Revised Non-Binding Offer is an incomplete proposal. It is intended to be indicative only and is not capable of acceptance. This Revised Non-Binding Offer:

- does not impose any legally binding obligation or commitment on or on behalf of Potentia or Tyro to enter into any discussions or negotiate with each other or any other person. Accordingly, any transaction is subject to the negotiation, execution and delivery of mutually agreed definitive documentation; and
- will not create any liability, commitment, or obligation (contractual, pre-contractual or otherwise) on the part of Potentia Capital or the Co-investors, and will not confer any rights upon Tyro, its directors, the management team, and their advisers or upon Tyro's shareholders.


We would like to reiterate that we believe Tyro is an excellent fit with our investment strategy and partnership model. We have a full team of investment executives and advisers on standby and are focused on delivering an efficient and expeditious path to an agreed transaction.

We look forward to hearing from you.

Yours sincerely,



**Tim Reed**  
Partner  
Potentia Capital



**Andrew Joyce**  
Partner  
Potentia Capital