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Annual Report 2023

Tyro Payments Limited ABN 49 103 575 042

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2023

Appendix 4E

Statutory profit results

Name of Entity	Tyro Payments Limited
ABN	49 103 575 042
Reporting period	For the year ended 30 June 2023
Previous period	For the year ended 30 June 2022

Results for Announcement to the Market

Statutory Results Summary

KEY INFORMATION			CHANGE FROM YEAR ENDED 30 JUNE		
			2023	2022	
	%		\$'000	\$'000	
Transaction value ¹	24.6%	to	42,601,263	from	34,197,453
Revenue from ordinary activities (normalised) ²	33.6%	to	435,802	from	326,143
Gross profit (normalised) ³	30.1%	to	193,205	from	148,503
EBITDA ⁴	296.5%	to	42,299	from	10,667
Profit/(Loss) before tax (normalised) ⁵	Large	to	4,478	from	(16,061)
Profit/(Loss) before tax (statutory)	Large	to	2,461	from	(29,617)
Profit/(Loss) after tax (statutory) attributable to the ordinary equity holders of Tyro Payments Limited	Large	to	6,013	from	(29,617)

Net tangible asset backing

	30 JUNE 2023	30 JUNE 2022
	\$	\$
Net tangible assets per share	\$0.01	(\$0.03)

Net tangible assets are calculated by deducting both the Bendigo intangible assets of \$88.5 million, right-of-use assets of \$26.3 million and deferred tax assets of \$17.1 million from net assets, while including the associated commission payable to Bendigo, lease payable and deferred tax liability in total liabilities.

ASX Listing Rules require the liabilities funding these assets to be deducted from Net Tangible Assets, however, does not allow the recognition of these intangible assets, resulting in the 1 cent net tangible asset per share in June 2023 and negative 3 cents per share in June 2022.

1. Transaction value is a non-IFRS financial measure and is unaudited. Transaction value represents the total value of merchant sales that are processed through the Tyro payments platform and does not represent revenue in accordance with Australian Accounting Standards.
2. Statutory revenue is adjusted for the recognition of the me&u investment as a financial asset after Tyro's ownership reduced in the period with the impact of the initial recognition as a financial asset taken to profit or loss.
3. Normalised gross profit is adjusted for Bendigo support fees associated with transition of Bendigo merchants to the Tyro platform and the Bendigo gross profit share not deducted from statutory gross profit but deducted to calculate normalised gross profit.
4. 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, the non-cash accounting impact of the Bendigo Alliance, expenses associated with the terminal connectivity issue and other one-off costs.
5. Normalised net loss before tax excludes the non-cash accounting impact of the Bendigo Alliance, expenses associated with the terminal connectivity issue and other one-off costs.

Dividends

No dividends were declared or paid and are not proposed to be paid in respect of the year ended 30 June 2023.

Details of interests in associate entities

Changes in associate entities during the reporting period.

	OWNERSHIP INTEREST AT 30 JUNE 2023 %	OWNERSHIP INTEREST AT 30 JUNE 2022 %	DATE ACQUIRED
Axis IP Pty Ltd ¹	11.0%	17.1%	2 December 2020

1. In June 2022, the Group's interest in Axis IP Pty Ltd (Paypa Plane) decreased to 17.1%, in December 2022 it further decreased to 11.9% and in February 2023 it decreased to 11.0% following equity raises by Paypa Plane that the Group did not participate in.

In October 2022, Tyro's investment in meandu Australia Holdings Pty Ltd (**me&u**) reduced from 14.4% to 4.9% after me&u conducted an additional equity raising round in which Tyro did not participate. In accordance with *AASB 9 Financial Instruments*, Tyro's investment in me&u is now being held as a financial asset. The impact of the initial recognition as a financial asset is taken to the Statement of Comprehensive Income. The subsequent changes in the fair value of the financial investment in me&u will be recognised in Other Comprehensive Income.

Compliance Statement

For additional Appendix 4E disclosure requirements refer to the Financial Report contained in Tyro Payments Limited's 2023 Annual Report. This preliminary final report is based on, and should be read in conjunction with, the attached Directors' Report and audited Financial Report. The audit report is included in the 2023 Annual Report.



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Summary of Reporting Suite

Acknowledgment of Country

Tyro Payments Limited acknowledges the Traditional Custodians of Country throughout Australia and recognises their continuing connection to land, waters and communities. We pay our respect to Aboriginal and Torres Strait Islander cultures, and to Elders past and present.

Reporting approach

We are pleased to present our 2023 annual reporting suite to our Shareholders and other stakeholders, which has been prepared with reference to integrated reporting frameworks. This reporting suite provides a consolidated review of our financial, economic, social and environmental performance on matters material to our strategy and our ability to create and sustain value into the future.

2023 annual reporting suite

Our 2023 Annual Report should be read in conjunction with the other reports that comprise our 2023 annual reporting suite. These are available at Tyro's Investor Centre.

Sustainability Report

<https://investors.tyro.com/investor-centre/?page=sustainability>

Media Release

<https://investors.tyro.com/investor-centre/?page=results-centre>

Corporate Governance Statement

<https://investors.tyro.com/investor-centre/?page=corporate-governance>

Investor Presentation

<https://investors.tyro.com/investor-centre/?page=results-centre>

2023 Financial Report

The Financial Report and Notes set out on pages 101 to 147 are prepared in accordance with the Corporations Act 2001, including complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements. The remuneration disclosures set out in the Directors' Report comply with Accounting Standard AASB 124 *Related Party Disclosures* and the *Corporations Regulations 2001* and the financial statements and notes also comply with International Financial Reporting Standards (IFRS) as disclosed in the Financial Report.

Scope and boundaries

The contents of this report relate to Tyro Payments Limited (**Tyro** or the **Company**) and its subsidiaries (the **Group**) for the 2023 financial year. This report covers the Group's performance for the year ended 30 June 2023, compared to the prior year ended 30 June 2022 and the matters included address material issues for the Group. The process Tyro utilised in determining and applying materiality is included in the Notes to the Financial Report. References to H1 FY23, refer to the six months ended 31 December 2022. References to H2 FY23, refer to the six months ended 30 June 2023.

Some parts of this Annual Report include information regarding Tyro's strategy and include forward looking statements about Tyro and the environment in which it operates that involve risks and uncertainties. Actual results and the timing of certain events may differ materially from future results expressed or implied by the forward-looking statements contained in this report.

All amounts contained in this report are stated in Australian dollars (**AUD**) except where indicated.

Non-IFRS measures such as Earnings before Interest, Depreciation and Amortisation (**EBITDA**) have been included in this report as Tyro believes they provide useful information to stakeholders to assist in understanding the Group's performance. Non-IFRS measures should not be viewed in isolation or considered as substitutes for measures reported in accordance with Australian Accounting Standards and IFRS.



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“FY23 was the
opportune time to
evolve Tyro’s way
of doing business”



20-year history of Tyro

Merchants
at 30 June

\$ Transaction Value
at 30 June

2006

0
\$ \$0

First transaction in production made.



2009

1,431
\$ \$511m

First to launch integrated Medicare Easyclaim rebates on a terminal.



2011

4,520
\$ \$2.0b

Launched integrated mobile terminal payment solution.



2003

0
\$ \$0

Founded as MoneySwitch with a vision to be the most efficient acquirer of electronic payments in Australia.



2005

0
\$ \$0

First technology company to obtain an Australian specialist credit card institution licence.



2007

145
\$ \$6m

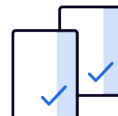
Launched an internet-based or 'cloud' integrated payments solution.



2010

2,991
\$ \$1.3b

Launched non-stop 'live-live' acquiring.



Tyro marked its 20th birthday in February 2023, celebrating its fintech roots, technology vision for the future, and over \$175 billion in transactions processed since being founded. For 20 years, Tyro has helped thousands of Australian businesses grow and thrive and as of today, we have over 68,500 merchants.

Founded in 2003 by entrepreneurs Paul Wood, Peter Haig, and Andrew Rothwell, Tyro has a track record of innovation, creating purpose-built solutions, and being first to market – including the first technology company to receive an Australian specialist credit card institution licence in 2005.

On becoming a public company in 2019, Tyro had the largest successful IPO by market capitalisation on the ASX that year. Tyro has grown to 600 employees across Australia, approximately half of whom are in technology roles.

Tyro is Australia's largest EFTPOS provider outside the big four, offering streamlined business lending and banking products and other value-adding business products.

2016

15,565

\$ \$8.6b

Completed the development of and soft launched the Tyro Business Loan, following the launch of the Tyro Bank Account in 2015.



2019

29,031

\$ \$17.5b

Rebrand reflecting expansion beyond payments into complimentary value-adding offerings.



2021

58,186

\$ \$25.5b

Partnered with Australia's fifth biggest retail bank, Bendigo Bank, to create a long-term merchant acquiring alliance.



2023

68,665

\$ \$42.6b

Launch of industry leading payments products including Tyro Pro and Tyro BYO

Achieving positive free cash flow and record EBITDA of \$42.3 million



2015

13,032

\$ \$6.8b

Became the first new domestic banking licensee in over a decade and raised \$100m in equity.



2018

23,245

\$ \$13.4b

First Australian bank to launch least-cost routing and an integrated Alipay solution.



2020

32,176

\$ \$20.1b

Australia's largest listing on ASX by market capitalisation.



2022

63,770

\$ \$34.2b

Launch of the Tyro Go reader + Merchant Loan Originations exceeding \$99 million for the first time in the history of Tyro.



Key Highlights

Financials

Transaction Value

\$42.6
BILLION



25% Growth year-on-year

EBITDA

\$42.3
MILLION



297% Growth year-on-year

EBITDA Margin

21.9%



15 Points up
year-on-year

Gross Profit

\$193.2
MILLION



30% Growth year-on-year

Loan Originations

\$149.7
MILLION



51% Growth year-on-year

Free Cash Flow

\$5.7 MILLION

First ever year of positive free cash flow
since listing on the ASX



Statutory Net Profit after Tax

\$6.0 MILLION

\$35.6 million improvement over FY22

Products



Launch of
Tyro Go



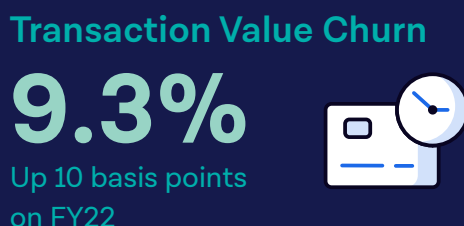
Launch of
Tyro Pro



Launch of
Tyro BYO

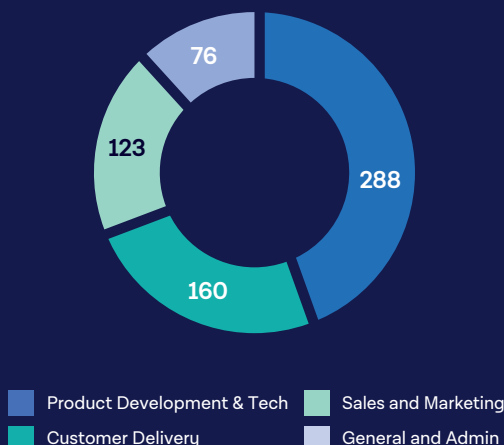


Digital
Onboarding

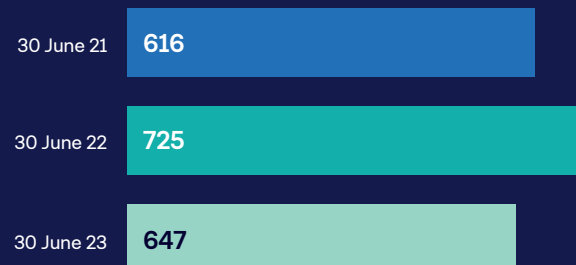


- Delivering Our Plan to Merchants**
- Enhanced Product Portfolio
 - Pricing Optimisation
 - Operating Efficiency

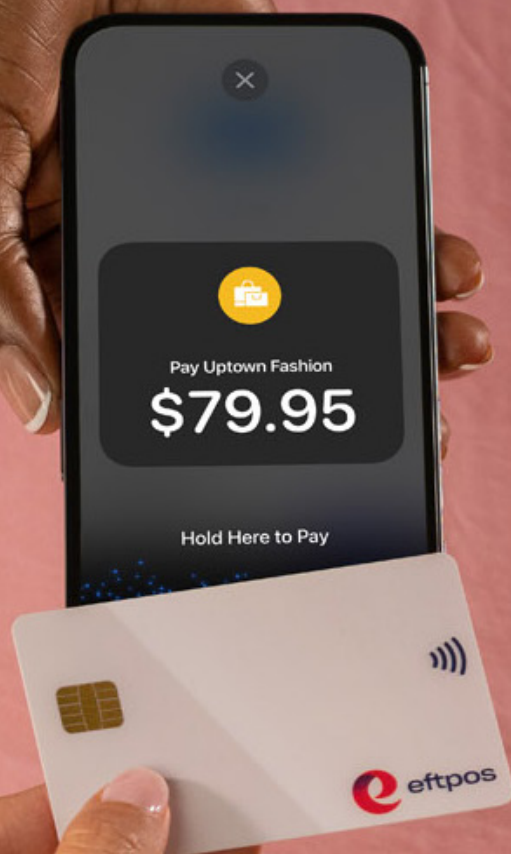
Our Team



Headcount



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Chair's Letter to Shareholders

Dear Shareholders

It is with great pleasure that I write to you as the new Chair of Tyro. After close to four years as a Non-executive Director and two years as Chair of the People Committee, it was an honour to succeed David Thodey and be appointed as Chair in March this year. In doing so I accepted the challenge of leading the Tyro Board and entire Tyro team in our ambition towards becoming the leading specialist payments solutions provider for Australian businesses. Our goal is to assist our merchants to thrive by being more effective and efficient in managing their digital payments and commerce needs.

“

“FY23 was the opportune time to evolve Tyro’s way of doing business”

A transformative year

Tyro celebrated its 20th anniversary in February 2023 celebrating our roots as one of Australia’s first true fintechs. In these 20 years we have processed over \$175 billion in total transactions and currently help over 68,500 Australian businesses grow through the provision of innovative payments and cash management products and leading Australian based customer service. In order to continue to grow and develop, as we have in the past 20 years, we made a number of significant changes in FY23. After our successful listing on the ASX in December 2019, navigating through the challenges of Covid and now dealing with the high interest rate environment that all Australians face and the many implications that has on merchants and in turn their customers, FY23 was the opportune time to evolve Tyro’s way of doing business.

This started with the transformation of our management team. In October 2022 we appointed Jon Davey as CEO. Jon joined Tyro following our acquisition of Medipass Solutions in May 2021 and he has refreshed our leadership team with the recruitment of a new Chief Technology Officer, a new Chief Product Officer, a new Chief Growth Officer, and a new leader of our Health business. Jon has also 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 provider for Australian businesses.

Soon after being appointed CEO, Jon and his team focused on core foundational priorities that needed to be put in place such as the delivery of new innovative products, a new operating model and cost base to drive efficiency while further developing a culture of high performance. Importantly, the team also worked on optimising our pricing plans to more profitably compete in the payments market.

The results achieved in FY23 speak for themselves. Tyro generated record transaction value of \$42.6 billion from over 68,500 merchants, record gross profit of \$193.2 million, record EBITDA of \$42.3 million and a statutory net profit after tax of \$6.0 million together with positive free cash flow of \$5.7 million. It is important to note that these very strong results in FY23 were delivered during a 10-month period of significant uncertainty and disruption created by the interest from third parties in a possible change of control transaction. Notwithstanding this significant disruption, focused execution of key foundational strategies and the resulting product delivery by our team, enabled us to deliver on our guidance which was upgraded three times through the year.

Over the past year we have created a strong foundation for future growth and profitability - we have the right team, the right culture and most importantly the passion to deliver on our future strategy continuing with the innovation that has been delivered over the past 20 years and with a renewed focus on capital management and profitability to deliver superior shareholder returns. The Board and management team is excited by our prospects and has been assessing our strategic direction to ensure we remain relevant, competitive and innovative in the increasingly changing payments landscape we operate in. Jon will elaborate in further detail in his report the steps we are taking to better position Tyro for our future success.

A renewed Board

Together with renewing our management team, our Board which has been renewed over the last three years, has the necessary depth of experience in payments, technology, banking, risk management, customer excellence, governance, M&A and strategy to take a rejuvenated Tyro into its next phase of growth.

I am pleased to lead our Board that is now one of the most diverse of all ASX-listed companies with 67% female representation. Diversity in experience, thought and gender genuinely helps deliver the robust governance that has, and continues to, serve us well.

Our path to a sustainable future

2023 also saw Tyro make significant progress towards minimising our environmental footprint and building on our foundations for a sustainable business model. This work will not only benefit Tyro but also our community and merchants in the years ahead.

A few of the key strides we made in the year were to be accredited by Climate Active as being a Net Zero organisation for the first time in Tyro's history. We have also invested in our sustainability program to drive strategic projects that will assist our SME merchants to become more sustainable through education tools, data management tools and partnerships as well as offering a service to their customers to contribute directly to good causes through their Tyro payments terminal. A further key strategic initiative that we will be driving is to offer dedicated payments services to charitable organisations that assist them in their fundraising activities through adopting payments in the digital economy and being relieved of traditional merchant fees enabling them to maximise their for-purpose goals.

We are only at the start of this journey, and while our initiatives will benefit our merchants and the planet, our investments in our sustainability initiatives are also designed to increase shareholder return. More information about our sustainability practices can be found in our 2023 Sustainability Report on our investor website.

Conclusion

Ultimately Tyro's success comes down to the innovative and passionate people that work at Tyro and continue to believe in the vision Tyro was started with over 20 years ago. It is an honour to lead such an amazing team of people and with the right building blocks in place, I look forward to a productive and successful FY24 for all our stakeholders, not-withstanding there are some obvious uncertain economic headwinds which will affect us all.

On behalf of the Board, I would like to thank our shareholders for their support in FY23, particularly over the 10-month period in which we were involved with the possible change of control transaction. Your engagement and input over this past year has been greatly appreciated and I thank you for your support. Finally, I would also like to thank the whole Board for their incredible support, skill and hard work, demonstrated with unwavering commitment to serving our shareholders at all times through what was an intense year.

I look forward to seeing everybody at our 2023 Annual General Meeting to be held on 15 November 2023.

Yours sincerely,



Fiona Pak-Poy
CHAIR OF THE BOARD

29 August 2023



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CEO Report

It is a great pleasure to present our first full year results since my appointment as CEO. Tyro is a great company, one of Australia's first fintechs. Our founders created the business because they believed Australians deserved better payment acceptance solutions, and this purpose remains core to who we are today. We are proud to have been first to market with Point of Sale (**POS**) integrations, same day merchant settlement, and the implementation of least cost routing (**LCR**). Over the 20 years since we were founded, Tyro has had a reputation for providing customer centric SME solutions and these solutions continue to position the business strongly. It was a thrill therefore to have been appointed CEO last October.

More recently however, while our growth has outperformed the market, we have been viewed as a traditional payment provider, more akin to a big bank than a fast-moving fintech. The challenge put to me by the Board is to regain our mantle as Australia's leading payments innovator; a challenge I have enthusiastically accepted.

I have loved my first 11 months as CEO; it has been action-packed and we have made strong progress, laying the foundations for a new era at Tyro.

I started my role in the shadow of a possible change of control transaction with our first non-binding offer received last September. Since then, we engaged in due diligence with several parties over nearly 10 months. It was a disruptive time for the business; however, we managed the demands with a small team and focused the core team on key strategic priorities and day to day management.

Our FY23 results highlights:

1. We are delivering against our plan.

We have made strong progress against our three key strategic priorities, enhancing our product portfolio, pricing optimisation and operating efficiency. New products and digital customer experiences have been launched, pricing optimisation activities are underway, and delivering margin improvements, and committed cost reduction initiatives have been completed.

2. We are growing sustainably.

The implementation of our cost reduction program, together with an ongoing focus on cost management, has improved efficiency and resulted in a strong uplift in EBITDA margin. FY24 is expected to see further improvements as we continue to focus on leaner, more disciplined operations.

3. The core business is performing well.

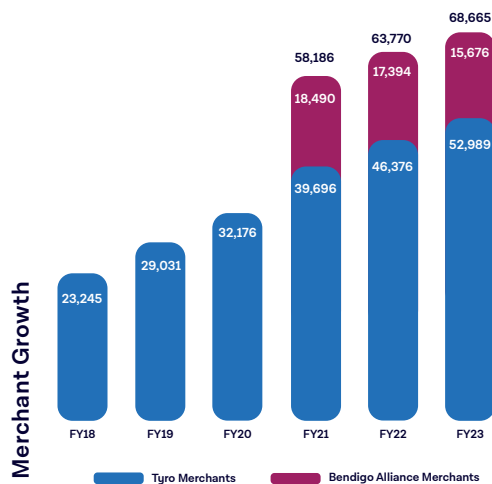
The core Tyro business has performed well. Growth has been strong, and we have seen increased diversification in the mix of industries we support.



FY23 results update

We are pleased with our financial results for the year. We processed \$42.6 billion in transaction value which represents growth of 24.6% on the prior year, almost matching our 5-year annual growth rate of 26.1%. Our merchant base grew by 7.7%. Excluding Bendigo, the core Tyro customer base grew by 14.3%, however our Bendigo merchant base decreased by 9.9% following completion of the transition of merchants from the Bendigo platform.

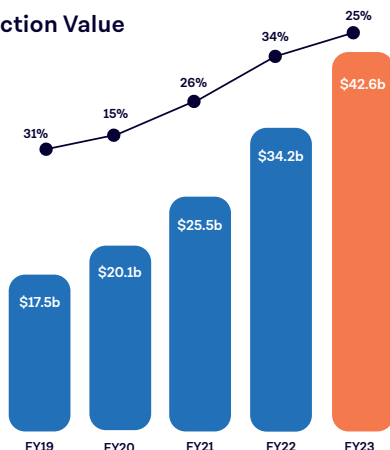
We processed 17,168 new merchant applications (Tyro core 15,466 and Bendigo Bank powered by Tyro 1,702). Across our industry verticals, Tyro Health generated 33% more applications than in the prior year, Hospitality 3%, and Retail applications declined slightly by 4%. The emerging Services vertical generated 4,790 applications, 42% higher than FY22.



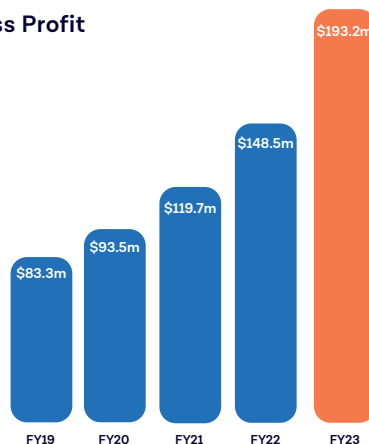
We earned normalised gross profit of \$193.2 million for the year; this was 30.1% higher than last year. Our focus on cost reduction contributed to record EBITDA of \$42.3 million, up 296.5% on the prior year. We also achieved \$5.7 million of free cash flow; our first positive result as a publicly listed company.

Chart 1: Summary of financial results

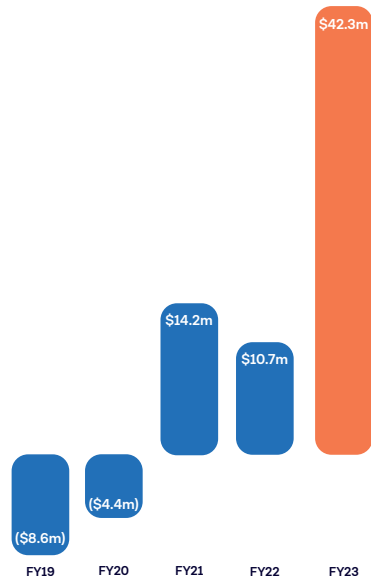
Transaction Value



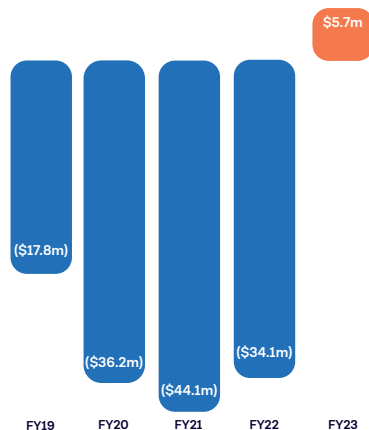
Gross Profit



EBITDA



Free Cash Flow (before banking balances)



Strategic priorities

Our results were underpinned by the progress we have made in enhancing our product portfolio, pricing optimisation and through operating efficiency.

Enhancing our product portfolio

As demand for acceptance of digital payments has grown, merchant needs for cost effective, flexible payment acceptance products have increased. Our Tyro Go card reader and the Tyro BYO Tap to Pay on iPhone solutions meet this need. The Tyro Go card reader is a portable device that connects via Bluetooth to a merchant's smart phone. In the 10 months since launch we have seen existing merchants use the solution as a queue buster and as a way of accepting payments while on the move, and we have seen take-up by new merchants in both existing and new industry verticals as they look for solutions that supplement a terminal or provide a more flexible terminal alternative.

Tyro BYO for iOS was launched at the start of May in partnership with Apple's Australian launch of Tap to Pay on iPhone. Tap to Pay on iPhone is a simple and secure way for merchants to accept payments using their iPhone. A first-to-market iOS payment acceptance solution, Tyro BYO is quick to set up with existing merchants simply needing to download the Tyro BYO App and login to start accepting payments. New merchants can go through digital onboarding and be ready to accept payments in about 10 minutes. The move to hardware agnostic payment solutions is a trend that we believe will continue and our learnings will position us strongly.

We launched our Tyro Pro terminal in November 2022. The large-screen Android terminal is a new generation device that provides opportunities to develop software-based product features specific to the verticals in which we operate, and the merchants that use our solutions. These solutions offer merchants the opportunity to engage with their customers through new payment related experiences at the point of sale.

Pricing optimisation

Having identified opportunities to improve margin through smarter pricing and better merchant pricing solutions, we have made good progress on several initiatives.

The first relates to increasing the take-up of our Least Cost Routing (**LCR**) solution, Tap & Save. We started the year with 31% of merchants utilising LCR functionality. This has increased to 54%. LCR routes certain debit transactions through the cheapest scheme rails ensuring that merchants and their customers receive the benefit of lower transaction costs. The routing of transactions through the cheapest scheme rail can have margin benefits for Tyro which has contributed to the strong gross profit margin we have achieved in FY23.

We also launched our first No Cost EFTPOS pricing product to complement our existing surcharging solution. This product provides merchants with the ability to recover the costs of their card acceptance fees. They open opportunities for Tyro in new segments of the market and provide an alternative way of reducing merchant costs without reducing payment acceptance fees.

Operating efficiency

Within my first week as CEO, we announced implementation of a program to reduce our FY23 operating cost base by \$7 million (\$11 million annualised saving from FY24); this included a 10% reduction in total headcount. With a leaner, more focused organisation, we have been able to prioritise initiatives that will deliver measurable results while delivering operating leverage and profitability.

In April, we introduced a new, simplified operating model. This included a refreshed organisational structure that provides greater clarity on accountabilities and outcomes and is underpinned by streamlined systems and processes. These changes also saw my leadership team reduce from 13 to 7 executives and resulted in an expanded remit for many of these executives. For example, our Growth team (previously Customer team) now includes marketing and digital functions. This provides a single point of accountability for how we take our products to market, how we service our merchants, and how we support key partner relationships.

“

“...the renewed focus on regaining our mantle as Australia's leading payments innovator has energised the team for a new era.”

Driving high performance

Our people are our greatest asset, and I am fortunate to lead a team that is so motivated to help Australian businesses succeed. I am particularly proud of our unique culture where our team members want to make a difference, collaborate with, and learn from the best people, and thrive in an environment that challenges the status quo, embraces diversity and is free from ego. We remain focused on retaining and attracting top talent to ensure we're positioned to realise our ambitions. Over the past six months, we have made several senior leadership changes including three new appointments to our executive team.

Dominic White joined Tyro as Chief Product Officer bringing more than 25 years of market leading experience in designing, developing, and launching payments products for domestic acquirers, global

payments services businesses, and payment schemes in both Australia and Europe.

Deanne Bannatyne joined as Chief Growth Officer. Dee brings 20 years payments experience in areas as broad as risk and compliance, sales, servicing, marketing and digital. Her experience includes stints with global payments businesses, domestic Australian banks, and with a global scale-up.

Finally, Adrian Perillo has been appointed as CEO of our Health Business. Adrian joined Tyro as part of our acquisition of Medipass in 2021. He has 20 years experience in digital and health businesses across a range of functions that include digital, marketing, product, and business operations.

We will continue to invest in our people and their career growth to drive a high-performance culture.

A new era

While we are pleased with the success achieved in FY23, we recognise the challenges ahead.

The current interest rate environment poses a threat to discretionary spend in our hospitality and retail verticals. The competitive landscape is also rapidly changing. Entry to the Australian market by global acquirers and increased investment in payment technology by domestic challengers and the big four banks have given merchants more choice. New payment acceptance forms such as account to account (facilitated by the New Payments Platform) provide further opportunities for acquirers to deliver solutions that offer different payment experiences, and different pricing points.

Despite the broader macro-economic headwinds, I am confident of a strong future for Tyro. We know that if we are to maintain our market leading growth rates, there are important product, distribution, and resourcing questions to answer. We are currently updating our strategy and considering key issues including the role of banking and how we source products, the efficiency and utility of our proprietary payments switch, go-to market approach, and our relationship with partners including our POS partners.

FY23 will be remembered as a challenging year for our team as well as a transformative moment for our company. While headcount reductions, changes in the operating model and the uncertainty presented by a potential acquisition presented challenges for our team members, the renewed focus on regaining our mantle as Australia's leading payments innovator has energised the team for a new era.

We have also provided better clarity to you, our shareholders, on the prospects for this business as we continue to grow, improve operating leverage and profitability, and generate shareholder wealth. We will host our first investor strategy day in October where we will present our updated strategy and give you the opportunity to meet the team and ask your questions. Further details will be provided in September.

Finally, I would like to thank our fantastic merchants and network of partners who inspire us daily. To our committed team, thank you for embracing the changes I have led and for your hard work to deliver a record set of financial and operating results. I would also like to thank the Board for their support.

I am really looking forward to a great FY24.

Yours sincerely,



Jon Davey
CHIEF EXECUTIVE OFFICER

29 August 2023

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Operating and Financial Review

Overall financial highlights for the Group for FY23 include

25% increase in transaction value to

\$42.6 ↑
BILLION
(FY22: \$34.2 billion)

15 point increase in EBITDA Margin to 22%

\$42.3 ↑
MILLION
(FY22: \$10.7 million)

30% increase in normalised gross profit to

\$193.2 ↑
MILLION
(FY22: \$148.5 million)

51% increase in loan originations to

\$149.7 ↑
MILLION
(FY22: \$99.1 million)

14% growth in Tyro core merchant numbers.
8% growth in total merchant numbers to

68,665
(FY22: 63,770)



Table 1: Summary of financial results

	FY23 \$'000	FY22 \$'000	CHANGE %
Transaction value	42,601,263	34,197,453	24.6%
Payments revenue and income	419,215	318,847	31.5%
Lending income	9,372	5,504	70.3%
Other revenue and income ^{1,5}	7,215	1,792	302.6%
Total revenue^{1,5}	435,802	326,143	33.6%
Payments direct expenses	(241,783)	(177,366)	36.3%
Interest expenses on deposits	(814)	(274)	197.1%
Total direct expenses	(242,597)	(177,640)	36.6%
Gross profit^{2,5}	193,205	148,503	30.1%
Operating expenses:			
Employee benefits expense (excl. share-based payments)	(95,662)	(92,628)	3.3%
Contractor and consulting expenses	(12,168)	(13,826)	(12.0%)
Communications, hosting and licensing costs	(16,902)	(14,321)	17.9%
Administrative expenses	(14,461)	(10,414)	39.0%
Marketing expenses	(8,202)	(5,532)	48.3%
Lending and non-lending losses	(3,511)	(1,115)	214.9%
Total operating expenses	(150,906)	(137,836)	9.5%
EBITDA^{3,5}	42,299	10,667	296.5%
Share-based payments expense	(11,165)	(5,199)	114.8%
Depreciation and amortisation	(25,172)	(20,505)	22.8%
EBIT^{4,5}	5,962	(15,037)	Large
Amortisation of Bendigo intangible asset	(11,183)	(11,176)	0.1%
Bendigo gross profit share	8,139	8,490	(4.1%)
Bendigo transitional costs	(974)	(4,669)	(79.1%)
Other one-off benefits/(costs)	4,360	(109)	Large
Share of loss from associates	(131)	(3,558)	(96.3%)
Statutory EBIT	6,173	(26,059)	Large
Net interest expense	(3,712)	(3,558)	4.3%
Statutory profit/(loss) before tax	2,461	(29,617)	Large
Income tax benefit	3,552	-	Large
Statutory profit/(loss) after tax	6,013	(29,617)	Large

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 \$1.0 million associated with transition of Bendigo merchants to the Tyro platform, the Bendigo gross profit share of \$8.1 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.

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.

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.

⁵ Refer to page 25 of the FY23 Investor Presentation for a reconciliation of statutory to normalised results.

Payments Business

We provide integrated payment solutions and value-adding services to support merchants with growing their businesses and providing their customers with a seamless payment experience.

Core payments product offering	Card-Present Payments	Payments made at our merchants whereby consumers present their card of choice to facilitate the payment for goods and services purchased.
	Card-Not-Present Payments	eCommerce, tele-health and mail-order and telephone-order payments made to merchants by consumers where a card is not presented for payment.
	In-app Payments	Payments made using apps whereby payment is facilitated through the app using Tyro's payments infrastructure and not through traditional point-of-sale terminals.

Financial analysis

Table 2: Payments business financial results

	FY23 \$'000	FY22 \$'000	CHANGE %
Transaction value	42,601,263	34,197,453	24.6%
Payments revenue	419,215	318,847	31.5%
Less: Interchange, scheme, integration and support fees	(234,618)	(171,190)	37.1%
Payments gross profit (statutory)	184,597	147,657	25.0%
Less: Bendigo gross profit share	(8,139)	(8,490)	(4.1%)
Add: Bendigo support fees	974	2,314	(57.9%)
Payments gross profit (normalised)	177,432	141,481	25.4%
Merchant Service Fee (MSF) as a % of transaction value	89.0bps	82.9bps	+6.1bps
Net Merchant Acquiring Fee as a % of transaction value	33.2bps	32.1bps	+1.1bps
Payments Gross Profit Margin as a % of transaction value	41.6bps	41.4bps	+0.2bps

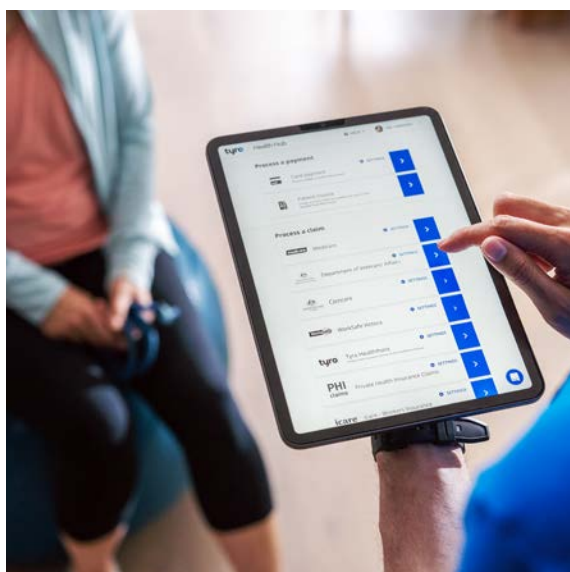
Performance review

Our record FY23 transaction value performance was driven by our existing Tyro portfolio of merchants. Excluding Bendigo, Tyro grew by 28.5% with strong performance recorded in our Hospitality and Health verticals. Including Bendigo, which grew at 2.7% for the year, overall transaction value growth came in at 24.6%. This matches our long term 5-year CAGR growth of 26.1% showing that we continue to outperform overall market growth and take market share in our addressable market.

Our largest vertical by merchants and transaction value, Hospitality, continued to perform strongly in FY23. Hospitality grew transaction value by 37% in the year to \$18.3 billion (FY22: \$13.4 billion) from 17,425 merchants. Merchant growth came in at 9% with the largest driver of growth relating to higher average basket sizes and number of transactions generated at existing merchants. Average transaction value generated from our Hospitality merchants was \$1.1 million in FY23 compared to \$895,000 in the prior year, an increase of 22%. A portion of this growth was driven by inflationary growth, however consumer discretionary spending remained robust for most of the financial year.

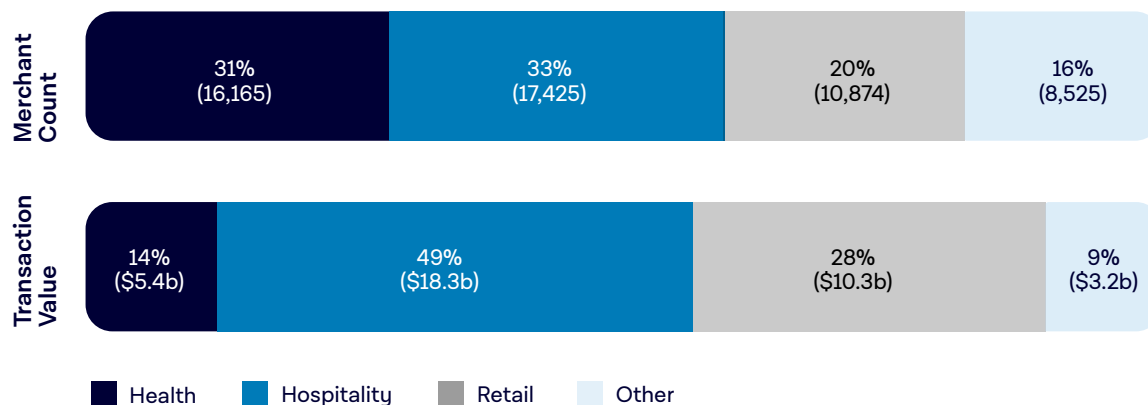
Our Health vertical also recorded strong growth in the year at 34% to \$5.4 billion in transaction value (FY22: \$4.0 billion). Health is benefiting from the combination of our Medipass and legacy Tyro Health businesses which we rebranded and relaunched as Tyro Health. This specialised business unit is driving strong new merchant acquisition and eCommerce take up. The combined Tyro Health business grew its merchants to 16,165 at 30 June 2023, up 24% from the 13,033 merchants at 30 June 2022. Even more impressive is that the average transaction value generated from health merchants increased to \$326,500 in FY23, up 26% from the \$260,000 recorded in the prior year. This was driven by the take up a greater range of eCommerce and claiming products offered by the integrated Tyro Health business. Tyro Health now represents 13% of Tyro's total transaction value contribution and 31% of our total merchant base (excluding Bendigo).

Our Services and Other vertical is continuing to show strong growth driven by our new terminal product offering and improved go-to-market strategy. Transaction value for this vertical came in at \$3.2 billion, up 26% from the \$2.5 billion generated in FY22. Merchant growth came in at 21% with 8,525 merchants active at 30 June 2023 compared to 7,027 at 30 June 2022. Since the launch of Tyro Go and Tyro BYO, we have signed on 2,961 new merchants using these products only. Our Services and Other vertical now represents 16% of Tyro's total merchant base (excluding Bendigo), up from 15% in the prior year.



The one vertical that is experiencing moderating growth is our Retail vertical. This vertical is on the frontline of the impact from rising interest rates and decreased consumer discretionary spending which has been evident since October 2022. Transaction value lifted 14% to \$10.3 billion on a stable merchant base of 10,874 merchants (FY22: 10,332) with growth largely driven by inflationary increases.

Chart 2: Merchant count and transaction value by vertical for FY23



The data only relates to Tyro merchants and excludes Bendigo merchants

The other area of our Payments Business that is experiencing lower growth relates to our Bendigo Bank Alliance. The Alliance generated transaction value of \$5.4 billion, up 2.7% from the \$5.2 billion generated in the prior year. As the mix of Bendigo merchants is more weighted to retail, they are experiencing similar macro-economic issues to the Tyro Retail vertical. However merchant acquisition is also an area of ongoing focus with the number of active merchants in the Alliance decreasing 10% to 15,676 merchants (FY22: 17,394). The decrease in merchant numbers was driven by the transition of merchants from the Bendigo platform taking longer than expected. This has now been completed.

Merchant acquisition metrics are tracking strongly. While retention rates deteriorated over the year, they remain strong and the largest portion of churn was from merchants going out of business (49%).

We generated 71,282 new leads in FY23. 48,316 leads have come from our expanding partner channel with 22,966 coming from digital, above-the-line and other. The key drivers of new leads have come from our exclusive partnership with Telstra (which also includes distribution arrangements with Australia Post), the continued strong referrals from POS partners and the introduction of Tyro BYO. The conversion from leads to new merchant applications came in at 21% with a record total of 17,168 new applications achieved in FY23, up 16% from FY22.

Another positive indicator for our business is the stability of our merchant retention metrics which remain low when considering the segments we serve and the macro-economic environment we currently operate in. Transaction value churn remained constant at 9.3% (FY22: 9.2%) and merchant number churn increased to 11.7% (FY22: 10.5%) due to a cohort of non-trading merchants being removed from active status as previous Covid support offered by state governments and the Federal Government ceased for these merchants in FY23. As these merchants were not generating transaction value, they had little to no impact on our transaction value churn.

From a geographical standpoint, all states and territories delivered growth for our Tyro core business in FY23, achieving growth of between 19% to 35% per state or territory. As can be seen from Chart 3 on the next page, New South Wales delivered growth of 35%, Victoria delivered growth of 31% and Queensland delivered growth of 20%. For the first half of FY23, a portion of the strong growth in New South Wales and Victoria was attributed to extended Covid lockdowns in these States in the prior year.

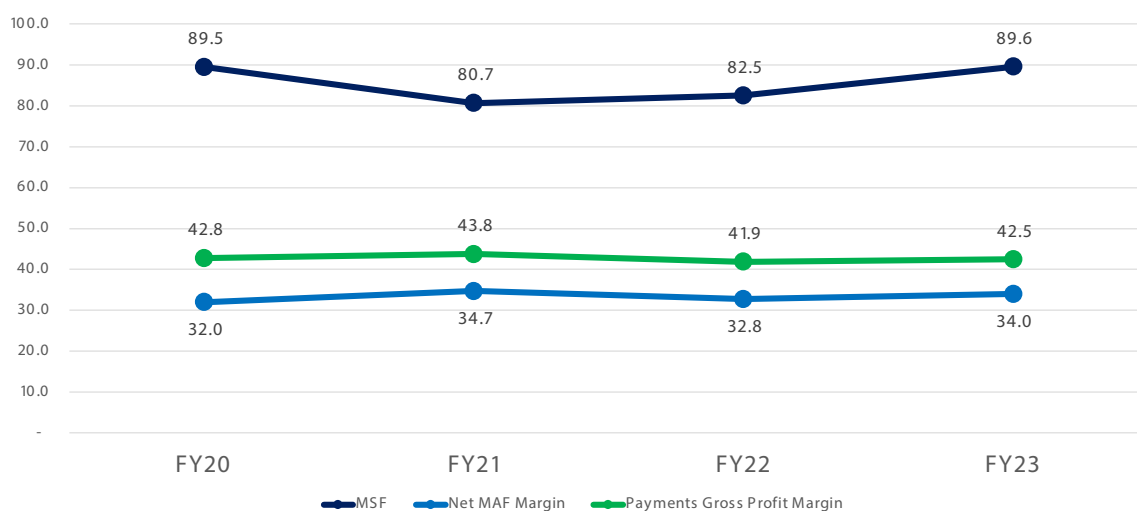
Chart 3: Transaction value performance by State and Territory (Tyro core only)

Transaction value performance	FY23	FY22	GROWTH RATE	PROPORTION OF TOTAL TV
	\$'million	\$'million	%	%
New South Wales	13,360	9,940	35%	36%
Victoria	8,728	6,630	31%	23%
Queensland	8,040	6,707	20%	22%
Western Australia	3,621	3,000	19%	10%
South Australia	1,650	1,200	33%	4%
Tasmania	678	550	16%	2%
Australian Capital Territory	765	650	33%	2%
Northern Territory	312	300	21%	1%

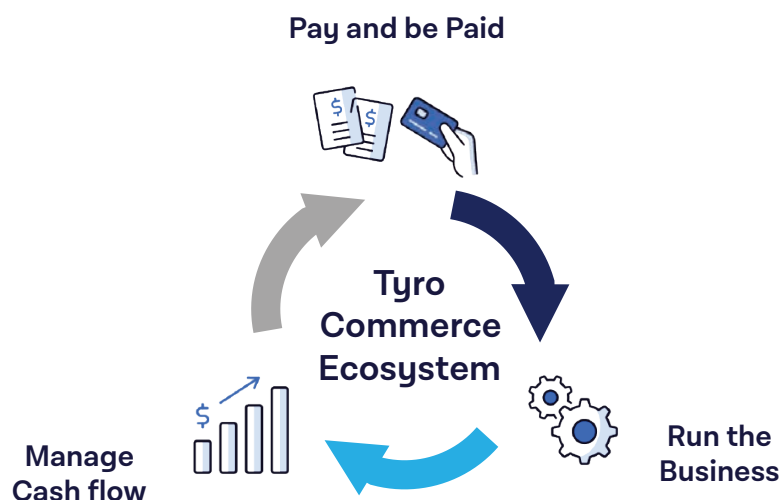
Off the back of the transaction value growth and merchant number growth, our Payments Business generated a 25.4% lift in normalised gross profit to \$177.4 million (FY22: \$141.5 million).

We have generated an uplift in our net Merchant Service Fee (**MSF**) in the year. The MSF for the year increased by 7.1 basis points and this was largely driven by an increase in the international card mix. As our Payments business normalised closer towards pre-Covid levels, the international card mix more than doubled from 1.1% in FY22 to 2.6% in FY23. 4.6 basis points of the change was related to this mix change, either as passing on the costs to cost plus merchants or price changes to recover costs, while 2.4 basis points was related to margin driven price changes. The increase in MSF translated to a lift in our Merchant Acquiring Fee (**MAF**) and payments gross profit margin. MAF increased to 34.0 basis points in the year, a 1.2 basis point increase over FY23. Finally, our gross profit margin increased to 42.5 basis points in FY23, up 0.6 basis points over the prior year.

Chart 4: Margin analysis (Tyro core only)



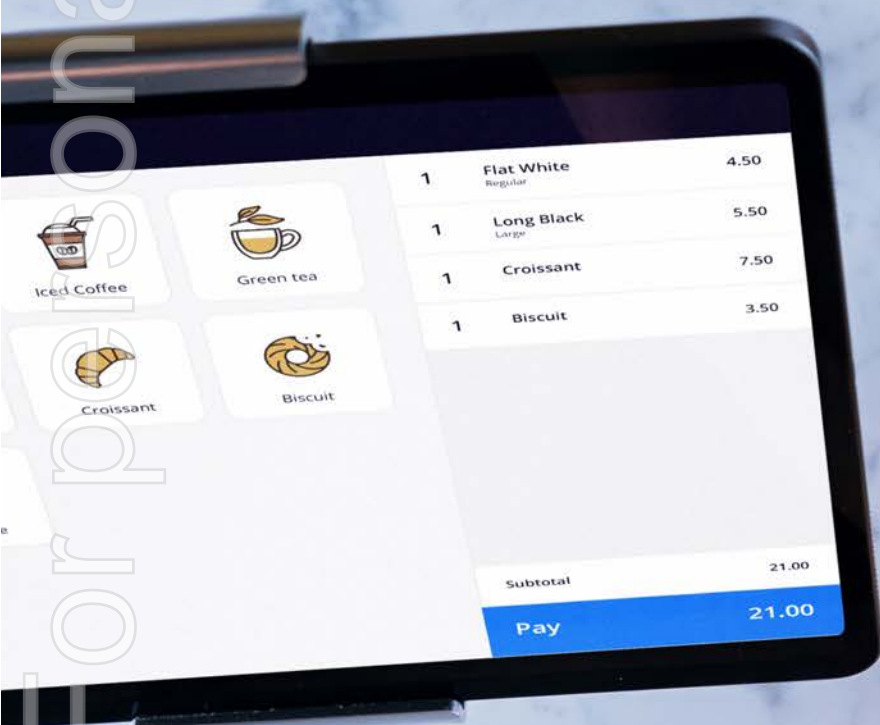
Key strategic growth initiatives



As highlighted in the CEO report, we made significant leaps in FY23 for our Payments business in delivering a new product portfolio including Tyro Pro, Tyro Go and Tyro BYO. We put in place the foundations for an optimised operating model including delivering our new digital customer onboarding and servicing capabilities that have significantly improved our speed of onboarding together with improving the customer experience and driving cost efficiencies. We have focused on the pricing optimisation of our merchant portfolio which is starting to yield strong results in lifting margins without impacting the churn of our merchants and we have uplifted our team through a new management team and appointing experienced senior leaders to drive growth and product delivery.

We will continue to invest in a merchant-led focus on product innovation including improvements to our eCommerce offering and building on the capabilities and revenue model of our Tyro Connect offering.

In order for merchants to thrive in the digital economy, a deepened payments offering across all channels and an emphasis on customer experience will see us deliver a unified commerce experience to our merchants seamlessly integrating in-store payments, online payments, payments data insights, loyalty and cash management products.



Banking Business

We also provide value-adding banking services to support merchants with growing their businesses through cash flow and treasury management.

Value-adding banking services	Loans in the form of a merchant cash advance	An unsecured merchant cash advance designed to help merchants finance working capital and investment needs.
	Tyro fee-free transaction account	A fee-free, interest-bearing transaction account available to our merchants.
	Tyro term deposit account	A competitive interest-bearing fixed term deposit account available to our merchants.

Financial analysis

Table 3: Banking business financial results

	FY23 \$'000	FY22 \$'000	CHANGE %
Loan originations	149,710	99,071	51.1%
Interest income on loans	11,069	4,877	127.0%
Fair value (loss)/gain on loans	(1,697)	627	370.7%
Banking revenue	9,372	5,504	70.3%
Less: Interest on deposits	(814)	(274)	197.1%
Banking gross profit	8,558	5,230	63.6%
Banking gross profit margin (before lending losses) as a % of lending balance	18.5%	20.0%	1.5 points
Net yield after lending losses	12.2%	17.6%	5.4 points

Performance review

Tyro's merchant cash advance loan product generated record new loan originations of \$149.7 million in FY23, up 51.1% from \$99.1 million in FY22. Following enhancements made to the product including an improved automated approval process and expanding the loan product to the Tyro banking web portal (previously limited to the App only), take up of the product increased strongly in the year. A total of 3,160 new loans were written in FY23, an increase of 50.3% over the 2,103 loans written in FY22. The average loan amount drawn down was ~\$47,000, which was similar to the average loan draw down in FY22.

The increase in originations has seen interest income from the loan product increase 127.0% to \$11.1 million. Growth in Banking revenue is 19 points above the growth in loan originations driven by the current higher interest rate environment. We repriced our loan product through the year in line with increased interest rates resulting in an improved average annualised interest rate of 24% generated (FY22: 20%). At 30 June 2023, loans of \$50.5 million were carried on the balance sheet compared to \$39.5 million in the prior year.

Lending losses have again been well managed with total lending losses of \$2.9 million representing 1.9% of originations (FY22: 0.6% loss to originations). The fair value loss of the loan book at 30 June 2023 amounted to \$1.7 million, compared to a gain of \$0.6 million in FY22. The reason for the switch from a gain in FY22 to a loss in FY23 relates to our cautious evaluation of the loan book in light of the current economic environment.

A key component to funding our loan product relates to our deposit products which has seen strong growth in the year with the number of activated accounts increasing 5-fold to over 28,000 activated accounts. We activated the Tyro bank account for all Tyro merchants in FY23 to enable merchants to take advantage of the benefits of this fee free, interest generating cash management product for their businesses. We also started participating in the Australian Money Markets term deposit platform in FY23 to access a stable base of larger term deposits as required to fund our loan book. A total of \$92.7 million is held on deposit with Tyro (FY22: \$83.3 million) with an average deposit balance of ~\$15,400.

Gross profit of \$8.6 million was generated from our Banking business, up 63.6% (FY22: \$5.2 million) reflecting the increased net interest margin generated on our loan product, the increased interest rates paid on deposit accounts and the loss on the fair valuation of the loan book at 30 June 2023.

Key strategic growth initiatives

Despite this strong growth in FY23, just less than 10% of our merchants are actively using a Tyro bank account and less than 3% of our merchants took out a loan in the year. Our banking business still only represents less than 5% of our total Group gross profit. However, the momentum generated in FY23 shows the potential of our banking products to merchants. Cash management and treasury solutions are an increasingly attractive opportunity to merchants as a value-add service to traditional payments products with many of our competitors starting to offer these cash management products. We firmly believe our lending solution and cash management account to be the leading cash flow management products in market and we will be more focused in the years ahead on proactively marketing these banking products to merchants.

Furthermore, as payments optionality increases with the introduction of the new payments platform (NPP), the ability of merchant acquirers to facilitate payments through the NPP will need to become a core product offering. With our current banking assets, we are well placed to offer these services to our merchants.

Group Profitability and Free Cash Flow

The Group generated record normalised EBITDA of \$42.3 million, up 296.5% from the \$10.7 million generated in the prior year. The significant increase in EBITDA reflects a combination of the strong growth in Payments normalised gross profit of 25.4%, Banking gross profit growth of 63.4% and an increase of 303.1% in interest received from Tyro's investment and working capital balances while cost growth was well controlled with an increase of only 9.5% in the year. In October 2022, we announced a cost reduction program which has delivered \$5 million in operating cost savings in FY23 and is on track to deliver an annualised \$11 million reduction in our cost base in FY24 ahead. The \$42.3 million in EBITDA represents an EBITDA margin of 21.9% clearly demonstrating the strong profitability achieved in FY23.

The strong EBITDA result for FY23 translated to the first ever generation of positive free cash flow for Tyro in a financial year. Free cash flow of \$5.7 million was generated for the year (FY22: negative free cash flow of \$34.1 million). This was achieved after spending \$2.9 million on change of control discussions as well as \$1.3 million in termination costs incurred as part of the cost reduction program.

We also generated a statutory net profit after tax for the first time since listing in 2019. Our statutory net profit for the reporting period was \$6.0 million (FY22: loss of \$29.6 million). Depreciation and amortisation was up 14.8% at \$36.4 million (FY22: \$31.7 million) reflecting amortisation of \$11.2 million on the accounting treatment of the Bendigo Bank

Alliance (FY22: \$11.2 million). Excluding the Bendigo amortisation charge, depreciation and amortisation was up 22.8% reflecting new terminal purchases to meet the growth in merchant numbers (including terminals required for the Bendigo Bank Alliance). FY23 statutory net profit benefited from the release of a \$3.7 million provision that was put in place in FY21 relating to the terminal incident. With the settlement of the class action relating to the terminal incident achieved in FY23, we released the remaining provision. We also benefited from a fair value gain of \$4.0 million that was realised in FY23 relating to the change in recognition of our investment in me&u from an investment in an associate to an investment in a financial asset. Finally, we incurred costs of \$2.8 million relating to advisor fees for work undertaken on the interest by third parties in a change of control transaction.

On a normalised basis, excluding the impact of one-off costs incurred, the benefit of the release of the terminal incident provision and the fair valuation of me&u, and the accounting treatment of Bendigo, our net profit before tax was \$4.5 million (FY22: loss of \$16.1 million). A tax benefit of \$3.6 million was recognised in FY23 relating to the recognition of previously unrecognised carried forward losses and timing differences as the business is now profitable and generating positive free cash flow. At 30 June 2023 we have \$38.6 million (tax affected) in recognised and unrecognised tax losses, credits and temporary differences available for probable future use.

Table 4: Reconciliation of normalised net profit/(loss) before tax

	FY23 (\$'000)	FY22 (\$'000)	CHANGE (%)
Statutory net profit/(loss) before tax	2,461	(29,617)	Large
Add back (before tax)			
Recognition of me&u investment as a financial asset	(3,974)	-	Large
Remediation provision release and insurance receivable	(4,539)	(300)	1,413.0%
Bendigo integration costs	974	4,669	(79.1%)
Bendigo Bank partner revenue share	(8,139)	(8,490)	(4.1%)
Amortisation of Bendigo intangible asset	11,183	11,176	0.1%
Interest cost on Bendigo Alliance	2,228	2,534	(12.1%)
Costs incurred in relation to change of control discussions	2,858	-	Large
Other one-off costs	1,295	409	(56.2%)
Share of loss from associates	131	3,558	(96.3%)
Normalised net profit/(loss) before tax	4,478	(16,061)	Large

Financial Position

With cash and financial investments of \$128.9 million (30 June 2022: \$122.8 million) Tyro has sufficient liquidity in place to continue to fund its growth strategy. The movement of positive \$6.1 million in cash and financial investments is reflective of positive free cash flow of \$5.7 million, an inflow of \$6.3 million relating primarily to timing differences in net scheme receivables offset by a \$6.2 million outflow from banking cash flows.

At 30 June 2023, Tyro had total assets of \$431.0 million (FY22: \$410.1 million) of which 30% related to cash and financial investments. 35% of our total assets relate primarily to intangible assets recognised for customer contracts on the Bendigo Bank Alliance and the right of use asset recognised on our office lease. 12% of total assets relates to loans made to merchants with the remaining 23% of total assets made up of property, plant and equipment, deferred tax assets and merchant fees due from our merchants.

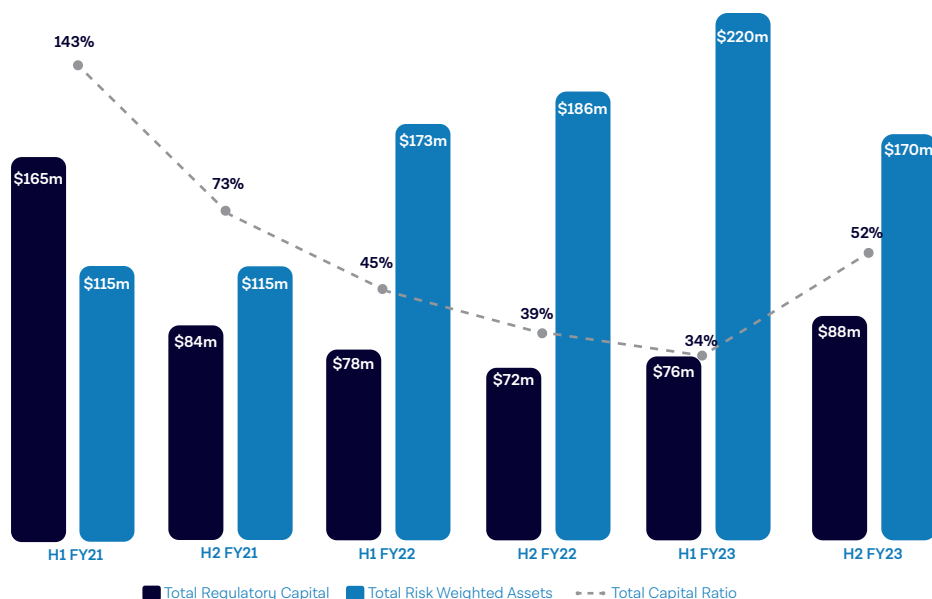
Tyro had total liabilities of \$253.4 million (FY22: \$250.5 million) of which 37% related to the merchant bank account deposits, with the remainder relating to commissions payable to Bendigo under the alliance agreement, trade and other liabilities, lease liabilities and provisions. The Group's total assets exceeded its total liabilities by \$177.7 million (FY22: \$159.6 million).

Capital Management and Liquidity

The Group is also well capitalised with a total capital ratio of 52%. The movement in the ratio from 34% at 30 June 2022 reflects Tyro's capital generation within the year as well as the positive impact of adopting the new Basel III capital requirements. The total capital ratio remains well above APRA Prudential Capital Requirements.

Tyro's capital ratios throughout the year included an appropriate buffer to ensure they remained above APRA's capital adequacy requirements and Board-approved levels. Tyro continues to be a high-growth business, and the current capital management policy is to reinvest all cash flows, and any excess capital generated, into the business to support and maximise future growth and profitability. Accordingly, Tyro does not expect to pay any dividends to shareholders in the near term.

Chart 5: Capital and liquidity ratios



Risk Management

The purpose of risk management is not to eliminate risk from our business model but to ensure that we maximise our opportunities by taking decisions that meet our risk appetite and deliver long-term value for our stakeholders.

Our Board oversees our risk management framework through its Board Risk Committee and promotes a culture of risk awareness in everything we do. We operate in a complex and constantly changing environment where risk is encountered and managed as part of our day-to-day operations. We are committed to ensuring that a consistent approach to identifying, assessing, and managing risk is established across the business and is embedded in our processes and culture, in line with the standard 'three lines of defence' model.

Our approach includes:

- implementing a systematic risk assessment and escalation process;
- managing and reporting risks in line with delegated risk acceptance and escalation authorities and the Board's approved risk appetite; and
- embedding risk culture and awareness, with regular team training and education.

Our Board oversees management's compliance with its policies and procedures and sets its qualitative and quantitative risk appetite (in the form of our Risk Appetite Statement) in pursuit of its business objectives as defined by our strategy. Our Risk Appetite Statement, together with our Risk Management Framework, outlines an approach that establishes how we define risk and how much we are willing to take.

Having a risk management framework that is appropriate to the size, mix and complexity of our business and consistent with our strategic objectives is a requirement of the Australian Prudential Regulation Authority. All employees complete mandatory training to make them aware of their responsibilities and provide them with a mechanism for identifying and reporting risk to their People Leaders and XLT members.

To help ensure we operate within the defined risk appetite set by the Board, our approach to managing our risk is underpinned by a 'three lines' of defence model:

First Line of Defence: Business managers are responsible for the identification and management of risk as part of their day-to-day responsibilities.

Second Line of Defence: The Risk team is accountable for providing risk advice, oversight, and challenge to the business. They maintain the Risk Management Framework and report to the Board on the risk appetite, risk profiles, frameworks, policies and other risk management tools to guide the business.

Third Line of Defence: Internal Audit is accountable for independently assuring that the Risk Management Framework is operating effectively, and our risk management practices are appropriate in the context of statutory and regulatory obligations.



KEY AREAS OF POTENTIAL RISK	MITIGATION STRATEGIES AND ACTIVITIES
Talent Ability to attract, develop and retain talent to deliver on strategy.	Attraction and retention strategies, including competitive monetary and non-monetary benefits. Performance management frameworks that ensure employees are clear on expectations and accountabilities and demonstrate risk behaviours that lead to appropriate outcomes.
Project delivery Ability to deliver new products and innovations that meet customers' needs.	Project governance structures and policies. Prioritisation process to identify which are most important and urgent and allocate resources accordingly. Project managers in place to plan, execute and control delivery. Regular monitoring and reporting to identify and mitigate issues that arise.
Technology failure Failure or disruption of our technology platform, resulting in disruption to merchants' businesses, leading to customer churn, loss of data, and/or reputational damage.	Tyro relies on established technology partners who deploy high availability services and tools. Regular monitoring of platform and database performance. Business continuity, disaster recovery, and crisis management plans in place and tested regularly.
Regulatory and compliance Ability to manage regulatory and compliance risk that may impact Tyro's products, reputation and/or financial returns.	Dedicated Compliance team who monitor and provide input on any emerging changes to legislation, regulations and/or industry codes, and assess potential business impacts. Compliance frameworks, policies and training are provided for all employees, supported by internal and external audits. Risk and controls self-assessment process used to identify, evaluate, and manage compliance risks and develop associated controls. Proactive and regular dialogue with regulators and industry bodies.
Capital management and access The risk that our performance falls short of expectations resulting in negative shareholder/market sentiment, increasing the cost of capital and/or impacting access to capital.	Defined capital risk indicators set in the Group Risk Appetite Statement. Capital ratio operating targets are regularly reviewed in the context of the external economic and regulatory outlook with the objective of maintaining balance sheet strength.
Cybersecurity Security controls and processes are insufficient, leading to a breach and resulting in loss of system functionality or data, business disruption, customer churn and/or reputational damage.	Security team provide oversight of critical cyber-control activities to defend against the evolving threat environment. Proactive tools and processes provide enhanced detection and monitoring capabilities, secure configuration, vulnerability management and strong authentication methods. Increased supplier monitoring to understand and mitigate any weaknesses in their cyber defence and resilience capabilities. Security and awareness programs for all employees and annual cybersecurity scenario exercise with the Executive team and Board.
Business Resilience Ability to withstand and adapt to disruptions that may impact business operations, people, and/or assets	Business Continuity and Technology Disaster Recovery plans and testing in place for critical systems and processes. Key supplier governance, selection and monitoring processes enable us to identify and manage the risk of third-party disruptions. Crisis management exercises with the Executive Leadership team and Board.

KEY AREAS OF POTENTIAL RISK	MITIGATION STRATEGIES AND ACTIVITIES
Third Party Failure to choose and manage third party suppliers effectively, resulting in loss of system functionality or data, business disruption, customer churn and/or reputational damage.	Commitment to obtaining goods and services in a transparent, ethical, and competitive manner, consistent with our risk profile and policies. Suppliers are assessed to identify and mitigate modern slavery risks and issues. Contract owners maintain in-life relationship management to ensure compliance with contractual obligations, performance requirements, business resilience and security assurance.
Credit and Fraud risk Losses from failure of counterparties to meet their financial obligations to Tyro.	Defined credit risk and fraud risk indicators set in the Group Risk Appetite Statement. Tyro's credit risk management framework and policies outline the core values which govern credit risk-taking activities and reflect the priorities established by the Board. Regular monitoring of credit quality, arrears, policy exceptions and policy breaches. Established provisions for credit impairment based on current information and our expectations.
Market Risk Losses from unexpected changes in market rates and prices.	Defined market risk indicators set in the Group Risk Appetite Statement. Tyro's market risk policy outlines how Tyro will manage market risks particular to our business. Tyro's Asset and Liability Committee provides oversight and management within the Board set risk appetite limits.
Liquidity Risk Ability to meet financial obligations as they fall due.	Defined liquidity risk indicators set in the Group Risk Appetite Statement. Tyro's Liquidity Risk Framework and policies outline the necessary component functions to carry out effective liquidity management from identification through to a liquidity crisis management. Forecasting of future capital requirements and available capital resources to manage the business to our required levels of regulatory capital, target adequacy levels and internal capital triggers, over a forecast period.
Pandemic Ability to manage Tyro's potential financial, operational, and people risks from events such as COVID-19.	Regular oversight and monitoring of financial and operational impacts by the Executive Leadership Team and Board. Ongoing support of customers experiencing financial hardship. Proven ability to work remotely. Processes in place to ensure employees have a safe and effective working environment.
Competition and disruption New competitors or technologies that impact Tyro's ability to drive customer growth and deliver on our strategy.	Tyro's strategy actively aims to address current and emerging competition risk. Processes in place for monitoring and responding to competitor and market activity. Development of strategic partnerships and acquisitions in companies that drive new technology.

KEY AREAS OF POTENTIAL RISK	MITIGATION STRATEGIES AND ACTIVITIES
Environmental and social risks Ability to recognise and address environmental, social or corporate governance (ESG) issues	Tyro's approach to sustainability and climate change risk is managed through our Sustainability Framework with priority targets set by the Board. Regular review and oversight of ESG initiatives and risks by our Executive Leadership team. Carbon Neutral emissions, diversity, and inclusion target commitments.
Concentration risk Reliance on a limited number of products, industry verticals and geographical regions to drive growth.	Focus on promoting value-adding services to existing customers: merchant cash advance, transaction account, term deposit account and Tyro Connect. Growth of our Tyro Health business through the acquisition and integration of Medipass and a simple, unified solution for payments and claiming. Expansion into new verticals with a fit for purpose mobile payment terminal device.
Geopolitical Geopolitical issues and tension could threaten the Australian economy and destabilise supply chains, disrupting operations and impact our business and growth strategy.	The Board and the Executive Leadership Team monitors conditions and maintains provisions and capital for a range of potential economic scenarios. Investment in expanding and updating our terminal offering to mitigate potential hardware supply issues. Monitoring and ensuring sufficient hardware stock levels to meet customer demand.
Economic environment Significantly weakened global conditions could harm our business and financial position.	Regular financial oversight and monitoring across markets. Detailed financial analysis, scenario modelling and stress testing for a range of economic scenarios.
Digital adoption Ability to respond to customers' demand for simple and innovative digital services and products.	Acceleration of our digital strategy. Investing in technology and digital platforms to help drive efficiency and improve customer experience.
Machine Learning and Artificial Intelligence (AI) Ability to manage risks and opportunities from Artificial Intelligence and Machine Learning related products and features, leading to reputational, regulatory and/or financial impacts.	Researching the implications of machine learning and AI and investing in our products and technology to leverage machine learning and AI to enhance customer outcomes and improve Tyro's operating efficiency.

Sustainability

Although our operations are not subject to any particular and significant environmental regulation under any law of the Commonwealth of Australia or any of its states or territories, we still acknowledge that by working with over 68,500 merchants across Australia, we are committed to delivering our solutions in a manner that aims to create a sustainable future for all our stakeholders. This includes our shareholders, our people, our merchants, the community in which we operate, our suppliers and business partners and regulatory bodies.

We are working towards and intend to comply with the new ISSB Sustainability Reporting Standards – IFRS S1 and S2 – in line with the phased implementation approach, as outlined by Australian Treasury.

Further details on climate change risk mitigation, progress against targets and our sustainability initiatives can be found within our 2023 Sustainability Report. To view the 2023 Sustainability Report please refer to:

<https://investors.tyro.com/investor-centre/?page=sustainability>



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Directors' Report

The Directors present their report together with the Financial Report of the consolidated entity (referred to hereafter as the **Group** or **Tyro**) consisting of Tyro Payments Limited and the entities it controlled at the end of, or during, the year ended 30 June 2023 (**FY23**).

1. 2023 Corporate Governance Statement

The Group's governance arrangements and practices as compared to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition) are set out in our Corporate Governance Statement. The Group must also comply with its constitution, the *Corporations Act 2001* (Cth), the ASX Listing Rules, the *Banking Act 1959* (Cth), including the Banking Executive Accountability Regime (contained in Part IIAA of the Banking Act 1959) amongst other laws, and, as an Authorised Deposit taking Institution, with governance requirements prescribed by the Australian Prudential Regulation Authority (APRA) under Prudential Standard CPS 510 Governance and other applicable published APRA Prudential Standards.

Information about the Group's corporate governance policies and practices can be found in the 2023 Corporate Governance Statement available at:

<https://investors.tyro.com/investorcentre/?page=corporate-governance>.

2. Pillar 3 information

The Group provides information required by APRA prudential standard APS 330 Public Disclosure in the Regulatory Disclosures section at: <https://investors.tyro.com/investor-centre/?page=regulatory-disclosure>.

3. Directors

The following persons held office as Directors of the Company during the financial year and up to the date of this Report (unless otherwise stated):

Fiona Pak-Poy	Chair & Non-executive Director	Independent	Appointed as Chair 1 March 2023
David Thodey AO	Chair & Non-executive Director	Independent	Resigned 1 March 2023
David Fite	Non-executive Director	Independent	
Claire Hatton	Non-executive Director	Independent	
Aliza Knox	Non-executive Director	Independent	
Paul Rickard	Non-executive Director	Independent	
Shefali Roy	Non-executive Director	Independent	
Robbie Cooke	CEO & Managing Director	Executive	Resigned 3 October 2022

Details, including term of office, qualifications, experience and information on other directorships held by Directors, can be found on pages 91 to 94 of the Annual Report.

4. Company Secretary

Jairan (Jay) Amigh was appointed as Company Secretary on 20 February 2020. Jay holds Bachelors of Law and Commerce and has over 30 years in legal practice focusing on financial services and corporate governance.

5. Meetings of Directors

The number of meetings of the Company's Directors (including meetings of Committees of Directors) and the number of meetings attended by each Director during the financial year were:

	BOARD OF DIRECTOR MEETINGS		AUDIT COMMITTEE MEETINGS		RISK COMMITTEE MEETINGS		PEOPLE COMMITTEE MEETINGS		NOMINATIONS COMMITTEE MEETINGS	
	A	B	A	B	A	B	A	B	A	B
Fiona Pak-Poy	55	52	6	6	nm	nm	7	7	6	6
David Thodey	42	37	4	4	nm	nm	5	5	4	4
David Fite	55	54	6	6	5	5	nm	nm	6	6
Claire Hatton	55	52	6	6	nm	nm	7	7	6	6
Aliza Knox	55	49	nm	nm	5	5	7	7	6	6
Paul Rickard	55	50	6	6	5	5	nm	nm	6	6
Shefali Roy	55	52	nm	nm	5	5	7	7	6	6
Robbie Cooke ¹	9	8	nm	nm	nm	nm	nm	nm	nm	nm

A Number of meetings during the year while the Director was a member of the Board or Committee.

B Number of meetings attended by the Director as a member during the year.

nm Not a member of the relevant Committee.

¹ When he was in the role of CEO / Managing Director, Robbie Cooke was an Executive Director but was invited by the Board to attend the Risk Committee, Audit Committee and People Committee meetings (or part thereof).

In addition to the Board and Committee meeting attendances noted above, a number of Directors participated in other Committees established for special purposes. At the date of this report, the Company has an Audit Committee, Risk Committee, People Committee and Nominations Committee. The members of each Committee are as follows:

AUDIT COMMITTEE	RISK COMMITTEE	PEOPLE COMMITTEE	NOMINATIONS COMMITTEE
Paul Rickard (Chair)	Paul Rickard (Chair)	Claire Hatton (Chair)	Fiona Pak-Poy (Chair)
David Fite	David Fite	Aliza Knox	David Fite
Claire Hatton	Aliza Knox	Fiona Pak-Poy	Claire Hatton
Fiona Pak-Poy	Shefali Roy	Shefali Roy	Aliza Knox
			Paul Rickard
			Shefali Roy

6. Directors interest in securities

The relevant interest of each Director in securities of the Company at the date of this Directors' Report is as follows:

DIRECTOR ¹	RELEVANT INTEREST IN ORDINARY SHARES	OPTIONS OVER ORDINARY SHARES	RIGHTS OVER ORDINARY SHARES
Fiona Pak-Poy	183,278	83,000	-
David Fite	16,629,481	158,144	-
Claire Hatton	14,583	-	-
Aliza Knox	-	-	-
Paul Rickard	2,173,463	179,726	-
Shefali Roy	-	-	-

¹ Includes shares held by entities controlled by Directors

7. Operating and Financial Review

Refer to the CEO's Report and Operating and Financial Review on pages 19 to 42 of the Annual Report, which forms part of this Directors' Report for details of Tyro's principal activities, business strategies and financial performance and position for the year ended 30 June 2023.

8. Material risks to business strategies and prospects for future financial years

Refer to the CEO's Report and Operating and Financial Review on pages 19 to 42 of the Annual Report, which forms part of this Directors' Report for details of Tyro's material risk and strategies to mitigate risks for the year ended 30 June 2023

9. Dividends

No dividends were paid to shareholders or otherwise recommended or declared for payment during the year.

10. Share-based payments

Details of share-based payments are disclosed in our Remuneration Report on pages 53 to 87 and in Note 13 of the Financial Report.

11. Additional information indemnities and insurance

Clause 54 of the Company's Constitution provides that every person who is or has been a Director or Secretary of the Group must be indemnified by the Company, to the extent permitted by law, against:

- liabilities incurred by the person as an officer of the Company or a subsidiary; and
- for legal costs incurred by the person in defending any proceedings which relate to a liability incurred by that person as an officer of the Company.

The Company has executed Deeds of Indemnity, Insurance and Access, consistent with this Clause, in favour of all current Directors of the Company, the Company Secretary who is named in this Directors' Report and the Company's current Chief Financial Officer. The Company has also entered into equivalent Deeds of Indemnity with former Directors and Secretaries of the Company, in accordance with the Company's previous Constitution. Each Deed indemnifies those persons for the full amount of all such liabilities including costs and expenses, subject to their terms.

For the year ended 30 June 2023, no amounts have been paid pursuant to indemnities (FY22: Nil). The Company's Constitution also allows the Company to pay insurance premiums for contracts insuring the current and former Directors and Secretaries of the Company in relation to any such liabilities and legal costs.

During or since the end of the financial year, the Company has paid the premium in respect of contracts insuring each of the Directors and the Secretary named in this Directors' Report, the former Directors, and the officers of the Company as permitted by the *Corporations Act 2001*. The class of officers insured by the policy includes all officers of the Company. The terms of the contracts of insurance prohibit the disclosure of the nature of the liabilities insured against and the amount of the premium. As at the date of this report, no amounts have been claimed or paid in respect of these insurance contracts other than the premium referred to above.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties and resulting liabilities, losses, damages, costs and expenses arising from the audit (for an unspecified amount). This indemnity does not extend to matters finally determined to have arisen from Ernst & Young's negligent, wrongful or wilful acts or omissions.

12. Proceedings on behalf of the Group

In relation to the terminal outage incident in January 2021, a class action proceeding was filed against Tyro in October 2021 in the Federal Court of Australia on behalf of customers impacted by the terminal outage incident. The class action was the subject of Tyro's previous ASX announcement on 20 October 2021. The class action alleged that Tyro engaged in misleading and deceptive conduct, contravened certain statutory guarantees and breached certain contractual warranties. The claim sought compensation and damages from Tyro.

Following a Court ordered mediation, Tyro entered into a Settlement Deed relating to an in-principle settlement of the class action which was approved by the Court. The class action proceedings were dismissed by the Court on 19 June 2023. Payment of the settlement amount did not involve any additional cost or expense to Tyro. In agreeing to resolve the class action, Tyro made no admission as to liability.

13. Non-audit services

The Group may decide to employ its auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group is important.

The Board has considered the position and, in accordance with the advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Group, acting as advocate for the Group or jointly sharing economic risk and rewards.

The non-audit services paid to the auditors (Ernst & Young) was for equity plan advice amounting to \$21,500. Details of the audit and non-audit fees paid or payable for services provided by the auditors are detailed in Note 22 of the Financial Report.

14. Auditor's independence

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 89 and forms part of the Directors' Report for the financial year ended 30 June 2023.

15. Rounding of amounts

The Group is of a kind referred to in Legislative Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Legislative Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar. This Directors' Report is made in accordance with a resolution of the Directors.

16. Significant events after the end of the financial year

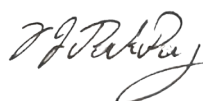
On 4 July 2023 Tyro Payments (Ben Alliance) Pty Ltd was lodged for deregistration. On 27 July 2023 Medipass Solutions Pty Ltd legally changed its name to Tyro Health Pty Ltd.

On 7 August 2023, the appeals period for the orders dismissing the class action relating to the January 2021 terminal connectivity issue lapsed. On 21 August 2023, the settlement amount was paid by the Group's insurer.

In the opinion of the Directors, other than the two matters noted above, there have been no matters or circumstances which have arisen between 30 June 2023 and the date of this report that have significantly affected or may significantly affect the operations of the Group, the result of those operations or the state of affairs of the Group in subsequent financial years.

17. Remuneration Report

The Group's Remuneration Report which forms part of the Directors' Report can be found on page 53 to 87 of this Annual Report.



Fiona Pak-Poy
CHAIR

Sydney

29 August 2023



Paul Rickard
NON-EXECUTIVE DIRECTOR

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Remuneration Report

Letter from the Chair of the People Committee

“

“We are focused on simplifying the remuneration framework and continuing to drive a performance culture across the organisation that aligns targets and rewards with shareholder interests.”

Dear Shareholders,

On behalf of the People Committee, I am pleased to present Tyro's Remuneration Report for the financial year ended 30 June 2023. Our imperative as a Board is balancing the delivery of returns to investors with long term sustainable business performance and the People Committee is focused on the alignment of these priorities.

It was an honour to be elected as the Chair of the Tyro People Committee in March of this year following Fiona's election to Chair of the Board. This financial year was defined by two key themes. The first theme was one of renewal; the renewal of our management team, our Board and Tyro's strategic priorities that we believe will position Tyro well for our next chapter of growth and profitability. The second was the near 10-month period of engaging with interested parties regarding a possible change of control transaction.

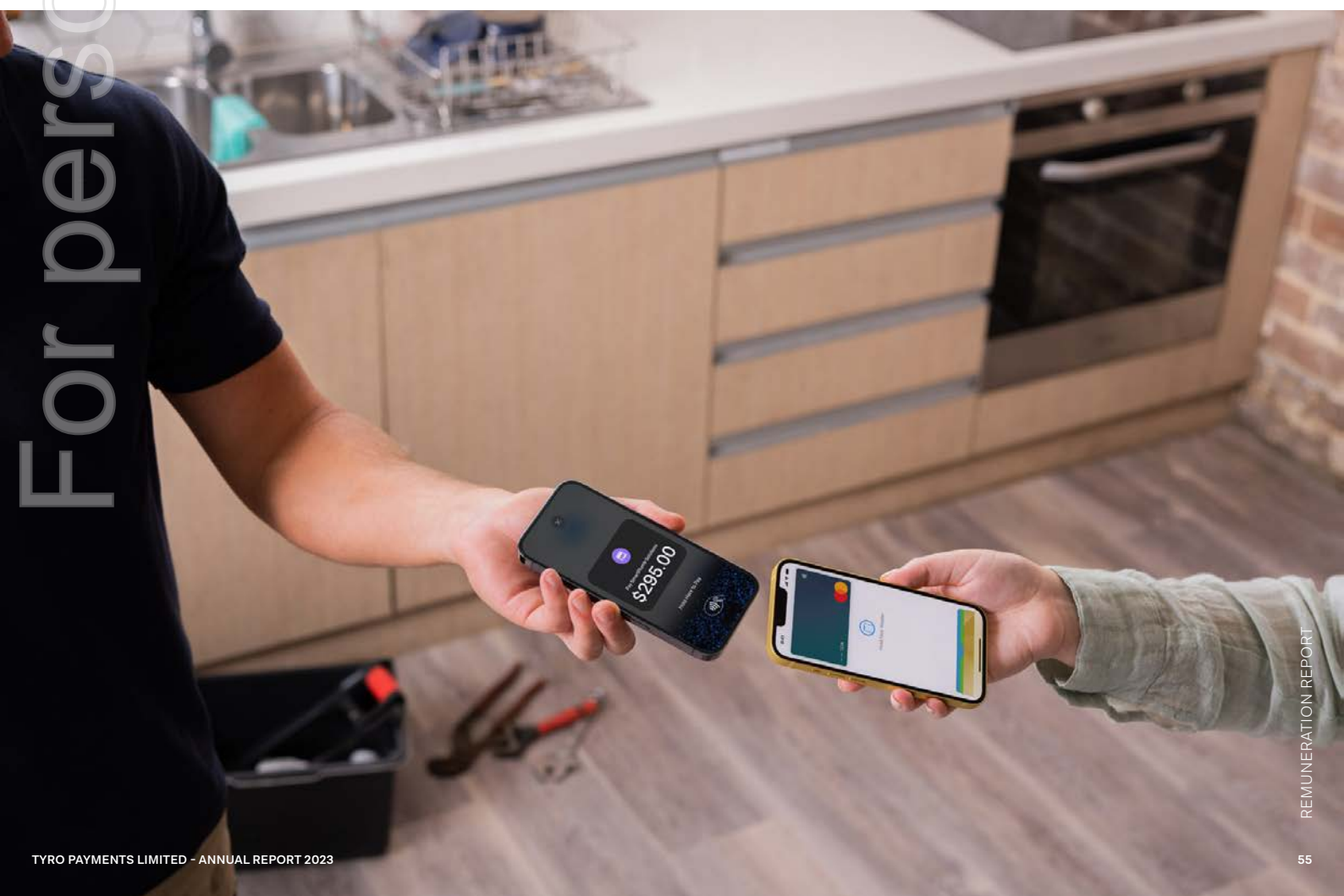
As a People Committee, we were pleased with how our Team remained focused during this time to achieve record financial results for the year and delivered new product innovations to our more than 68,500 merchants who trust us with their payments and banking needs.

Board and Management Renewal

After three years as a listed company in which we navigated the impacts of Covid and the upheaval in the tech market, the Board and People Committee saw an opportunity to renew the Tyro management team to drive our next chapter of growth and profitability. Following an extensive internal and external search, we bolstered our management team by appointing internal candidate Jon Davey as CEO in October 2022. Jon joined Tyro following our acquisition of Medipass Solutions in May 2021.

Jon renewed his leadership team with the recruitment of a new Chief Product Officer, a new Chief Growth Officer and a new leader of the Health business, as well as implementing a new operating model to better serve Tyro and our merchants going forward. In a little over 10 months as CEO, Jon has brought a renewed energy, focus, and determination to Tyro. This has seen improved accountability, productivity, and delivery with the strong financial results a clear indication of the impact he and his new leadership have had on the business in a short period of time.

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We also completed our renewal of the Board which has taken place over the past three years. In 2021 we welcomed Aliza Knox as a non-executive director, followed by myself and Shefali Roy in 2022. In March 2023, Fiona Pak Poy replaced David Thodey to become Tyro's first female Chair, and one of the few ASX300 Chairs of Asian descent. Finally, there was my appointment to replace Fiona as Chair of the People Committee in March 2023. 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.

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

Tyro FY23 Performance

Our remuneration framework aligns both the short-term and long-term rewards of employees and the Executive Leadership Team (**XLT**) with Tyro's strategic goals, financial performance and core values and links variable pay outcomes to both Group and individual performance.

With respect to the key component of our variable remuneration that directly links to Tyro's financial performance, we delivered record transaction value of \$42.6 billion, showing impressive growth of 25% from the \$34.2 billion generated in FY22. This transaction value was generated from our more than 68,500 merchants with a total of 17,168 new merchants joining Tyro in the past 12 months.

The record transaction value resulted in the achievement of record normalised gross profit of \$193.2 million for the year. This is a growth of 30% over the prior year which, together with our cost reduction program implemented in October 2022, resulted in record EBITDA of \$42.3 million, a 297% improvement over the \$10.7 million generated in the prior year with an EBITDA margin of 22%.

Furthermore, we generated positive free cash flow of \$5.7 million for the year resulting in the achievement of all guidance targets communicated to investors at the start of the year. These strong results achieved in a softening operating environment are a clear indication that Tyro is now on a path to delivering improved shareholder value as the business continues to scale.

FY23 Remuneration Outcomes

With respect to the annual salary reviews conducted in January 2023 and our stated strategy to provide fixed annual remuneration (comprised of base salary and superannuation) between the 50th and 75th percentile (based on independent benchmark data), with technology roles skewed to the higher end of the range, we provided our team with an overall average remuneration increase of 4.1% (excluding the Executive Key Management Personnel (**KMP**) and **XLT**). Executive KMP and **XLT** were provided with an average increase of 6.7%, excluding our new CEO who accepted a new employment contract with the details provided in this Remuneration Report. Non-executive Directors did not receive any increase in remuneration this year.

Following the strong results achieved in FY23, the overall FY23 short-term incentive (**STI**) outcome came in at 113% (FY22: 46%) of target with a total STI of \$11.1 million to be paid to employees. Of this, \$3.6 million will be paid in cash with the remaining \$7.5 million to be issued as equity rights.

In FY23, the People Committee amended the allocation of STI to the **XLT** to be more weighted to the issue of equity rights compared to cash. For FY23, 33.3% of the STI to **XLT** will be issued as cash (75% previously), 33.3% of the STI to **XLT** will be issued as short-term rights vesting equally over 12 months from grant, with the final 33.3% of the STI granted as long-term rights vesting in a single tranche 4 years after grant. This change was made to better align variable **XLT** remuneration to longer term shareholder wealth creation.

The FY23 long-term incentive (**LTI**) Plan was made available to 66 employees made up of Executive KMP, the **XLT** and key employees identified by the CEO and the Board. Performance Rights were granted in December 2022 to these employees with vesting based on the achievement of a defined range of statutory EBITDA growth and relative Total Shareholder Return outcomes in FY25. This plan is not due to be tested until FY25 and as such no vesting has occurred. With respect to prior year LTI plans, 75% vesting has taken place on the FY20 performance option plan and 149% vesting has taken place on the FY21 LTI Performance Rights plan as the performance hurdles for vesting were met based on the FY23 results. No vesting took place on the FY19 Performance Option plan, and these Options will lapse as no further testing is permitted by the plan rules.

“

“...this was a year where we made great progress in renewing our management team and operating model and working towards our ambition of being Australia’s leading financial services technology and innovation company.”



Looking Ahead to FY24

With the renewal of our management team and adoption of a new operating model in FY23, it is an opportune time to reconsider our remuneration framework for FY24 and ahead. We are focused on simplifying the remuneration framework and continuing to drive a performance culture across the organisation that aligns targets and rewards with shareholder interests.

We are also committed as a Board and People Committee to continuously reviewing the effectiveness of our Remuneration Framework and I invite you to provide your feedback to either myself or Fiona directly.

Finally, while there is more to be done as we focus on our new chapter of growth and profitability, this was a year where we made great progress in renewing our management team and operating model and working towards our ambition of becoming the leading specialist payments solutions provider for Australian businesses.

Thank you to the whole team for their considerable commitment and contribution through this challenging period.

Yours sincerely

Claire Hatton

CHAIR - PEOPLE COMMITTEE

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Audited Remuneration Report

This Report forms part of the Directors' Report and sets out the remuneration arrangements of the Group for the year ended 30 June 2023 and is prepared in accordance with Section 300A of the *Corporations Act*. The information has been audited as required by Section 308(3C) of the *Corporations Act 2001*.

The report details the remuneration arrangements for Tyro's Key Management Personnel (**KMP**). KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all Directors. References in this report to Executives refers only to those executives who are KMP, as outlined in section 1 below for FY23.

REMUNERATION REPORT 2023

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1. Who is covered in this Report

The Company's KMP covered in this report are Tyro's Non-executive Directors, Chief Executive Officer (**CEO**), Chief Financial Officer (**CFO**) and Chief Risk Officer (**CRO**).

Details of KMP who are Non-executive Directors, including changes made during the reporting period, are provided in the table below:

NON-EXECUTIVE DIRECTORS		TERM AS KMP
Fiona Pak-Poy ¹	Chair, Non-executive Director	Full year
David Fite	Non-executive Director	Full year
Claire Hatton	Non-executive Director	Full year
Aliza Knox	Non-executive Director	Full year
Paul Rickard	Non-executive Director	Full year
Shefali Roy	Non-executive Director	Full year
FORMER NON-EXECUTIVE DIRECTORS		
David Thodey AO ²	Chair, Non-executive Director	Partial year

1. Fiona Pak-Poy was appointed as Chair from 1 March 2023.

2. David Thodey AO ceased as KMP from 1 March 2023 after resigning as Chair and Non-executive Director.

Details of KMP who are Executives, including changes made during the reporting period, are provided in the table below:

EXECUTIVE KMP		TERM AS KMP
Jonathan (Jon) Davey ³	Chief Executive Officer	Partial year
Praveenesh (Prav) Pala	Chief Financial Officer	Full year
Steven Chapman	Chief Risk Officer	Full year
FORMER EXECUTIVE KMP		
Robert (Robbie) Cooke ⁴	CEO Managing Director	Partial year

3. Jon Davey Commenced as CEO from 3 October 2022.

4. Robbie Cooke ceased to be a KMP on 3 October 2022 and continued in a consulting capacity until 31 December 2022.

There have been no changes to KMP since the end of FY23 up to the date of signing the Directors' Report.

2. Remuneration governance

Tyro's remuneration governance and framework is overseen by the People Committee (the Committee) as a formal committee of the Board. The Committee consists of four Non-executive Directors, with one performing the role of Chair.

This Committee provides Tyro with a robust governance framework to ensure remuneration policies, practices and outcomes are reasonable and consistent with shareholder expectations.

The Committee considers recommendations from the Management team in relation to all remuneration outcomes for employees, including KMP and senior executives, ahead of recommending to the Board for approval. These recommendations take into account shareholder feedback and advice from independent remuneration consultants.

The principal responsibilities of the Committee are outlined in the People Committee Charter, available on the corporate governance page of the Group's website:

<https://investors.tyro.com/investor-centre/?page=corporate-governance>.

Under the Committee Charter, the majority of Committee members must be independent non-executive directors and the Chair of the Committee must be an independent non-executive director. Currently, all members of the Committee (including the Chair of the Committee) are independent non-executive directors.

Details of members of the Committee and their background are included in the Directors' Report on pages 91 to 94.



2.1 Use of remuneration advisors

The People Committee engages independent remuneration advisors on an as-needs basis to provide information regarding market dynamics, trends and regulatory developments, specifically those impacting financial services companies. The People Committee and the Board consider this information along with other market insights to determine what would be the most appropriate recommendations to make for Tyro regarding remuneration.

In FY23, EY and PWC were engaged to provide remuneration and equity plan advice during discussions with third parties relating to a possible change of control transaction and were paid \$25,000 for this work.

The Board is satisfied that no remuneration recommendations (as defined in the *Corporations Act 2001*) were provided by external remuneration advisors during FY23.

2.2 Remuneration Report approval at 2022 Annual General Meeting (AGM)







The Company received a vote of 95% in favour of the adoption of the 2022 remuneration report at the 2022 AGM (90% vote in favour for 2021 AGM).



3. Remuneration framework

3.1 Approach to remuneration

Our approach to remuneration is summarised in the following table with a detailed analysis of each component of Tyro's Remuneration Framework provided in Sections 3.2 to 3.5 of this Report.

TYRO'S PURPOSE - POWERING THE FUTURE OF BUSINESS					
Strategy					
					
Grow merchant share in existing core verticals	Drive profitability through pricing optimisation and operating efficiency	Drive product innovation through new payments and banking products	Cross-sell and drive growth in lending and other value-adding services	Tyro Connect – data insights, loyalty, ordering and menu integration	M&A and other strategic partnerships
Remuneration Principles					
Align reward with strategic objectives.	Our remuneration framework aligns both the short-term and long-term rewards of employees and Executives with Tyro's strategic goals and core values and linking variable pay outcomes to both Group and individual performance.				
Attract, motivate and retain a highly skilled team.	<p>Our most important competitive advantage is our people and our values driven approach to 'wowing' the customer. To attract and retain our talented team, we target remuneration at levels that ensure we can access the limited and competitive talent pool to drive our business forward.</p> <p>Our approach to remuneration also motivates team members to drive overall customer satisfaction and perform well in all market conditions and economic cycles.</p>				
Incentivise and reward high performance that delivers sustainable long-term value creation and reflects the interests of our shareholders as the owners of our business.	We aim to generate strong alignment between our Team and Executive's reward and shareholder outcomes through the structure of our short-term incentive plan and long-term incentive plan.				
Be transparent, easy to understand.	Be transparent and easy to understand so that it's clear how the Team's performance relates to their rewards and positive outcomes for external stakeholders.				
Promoting gender pay equality.	<p>We are committed to equal pay for equal work and have recently introduced policies to review our gender pay equity on an annual basis.</p> <p>Each year we also complete the Workplace Gender Equality Agency gender equality program reporting. The findings from this annual report help us tailor our approach to ensure we're achieving pay parity.</p>				

Remuneration Overview

COMPONENT	ALIGNMENT TO PERFORMANCE	ALIGNMENT TO STRATEGY
<p>Fixed Annual Remuneration (FAR)</p> <p>Consisting of:</p> <ul style="list-style-type: none"> • <i>Base salary</i> • <i>Superannuation</i> 	<ul style="list-style-type: none"> • Set at a market competitive level in relation to the scope, complexity, capabilities and individual performance in the role. • Targeted at the 50th to 75th percentile of relevant external peer group. • Provides recognition for day-to-day, operational activities in the role. 	<ul style="list-style-type: none"> • Set to attract, retain and engage the best people to design and lead the delivery of our strategy. • Annual pay reviews occur in December each year with remuneration changes effective from 1 January.
<p>Short-Term Incentive Plan (STI)</p> <p><i>At risk component set as a percentage of FAR granted in a mix of cash and performance rights to all employees</i></p>	<p>Performance assessed against:</p> <ul style="list-style-type: none"> • Financial measures (target 40%). • Customer metrics (target 40%). • Individual KPI achievement (target 20%). 	<ul style="list-style-type: none"> • Linked to Tyro's key strategic priorities. • The 67% of the Executive KMP and XLT award that is deferred into equity supports Executives' alignment with shareholder interests, as well as Executive retention.
<p>Long-Term Incentive Plan (LTI)</p> <p><i>At risk component set as a percentage of FAR and granted in the form of performance rights annually to participating executives</i></p>	<ul style="list-style-type: none"> • Performance assessed against financial measures (target 100%). • 50% of the LTI award is subject to the satisfaction of an EBITDA hurdle with the vesting percentage determined by reference to Tyro's statutory EBITDA (before share-based payments) 3-year CAGR. • 50% of each Participant's Total LTI Entitlement will be subject to satisfaction of a relative TSR hurdle with the vesting percentage determined by reference to Tyro's relative TSR ranking relative to the Total Shareholder Return (rTSR) for the S&P ASX All Technology Index (XTX index). 	<ul style="list-style-type: none"> • Targeting profitability and shareholder wealth creation through EBITDA growth and outperformance of TSR. • The 3-year vesting period encourages consideration of long-term decision making and value creation, as well as operating as a retention tool. • With a significant portion of potential remuneration based on equity, the Board provides alignment between the interests of Executives and shareholders.

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“In order to meet our commitment of ensuring remuneration is market-competitive together with attracting world class talent, we adopt a benchmarking approach to setting remuneration levels for our Non-executive Directors, Executive KMP and Executive Leadership Team.”

3.2 Remuneration benchmarking and review

In order to meet our commitment of ensuring remuneration is market-competitive together with attracting world class talent, we adopt a benchmarking approach to setting remuneration levels for our Non-executive Directors, Executive KMP and Executive Leadership Team.

As a technology company with a banking licence, we do not have any direct ASX-listed peers of a similar size. As such, we use two comparator groups. The first comparator group is based on the market capitalisation of ASX listed companies with ASX rankings within a range of 20 above and 20 below (40 companies in total) that of Tyro at the time of benchmarking (excluding REITs and secondary ASX listings).

The second comparator group, used to validate the primary market capitalisation peer group, is based on financial services companies in the ASX300, and companies in the ASX300 Diversified Financials Index, excluding those that are above a market capitalisation of \$5.0 billion and below that of \$0.5 billion (excluding REITs, insurance companies, income trusts and secondary ASX listings). This group consists of 31 companies against which our remuneration is benchmarked.

We have taken into account the fall in our market capitalisation as part of the benchmarking review we undertake acknowledging that many of the companies against whom we benchmark have experienced similar falls in market capitalisation.

3.3 Design of FY23 STI Plan

The FY23 STI plan is designed to reward for achievement of annual goals aligned with Tyro's strategy and reflecting key growth drivers to deliver returns for shareholders. The Plan provides the STI framework for the CEO, Executive KMP and XLT members and employees of the Group (**Team**).

A number of changes were made to the FY23 STI design to better align the plan with the strategic objective of driving profitability and accountability for the execution and delivery of the strategy. The key changes made are as follows:

- The performance hurdle relating to the financial component of the STI plan was changed from a hurdle based on gross profit growth in prior years to the achievement of normalised EBITDA (before share-based payments) targets as set by the People Committee at the start of the FY23 financial year.
- A change was made relating to the overall weighting attached to the financial measure of the STI plan which has been reduced from 50% to 40%.
- Furthermore, a change was made to the weighting of the individual key performance indicator (KPI) measure increasing in weighting from 10% to 20% of the overall STI plan.
- Finally, a change was made to the split between equity and cash for the FY23 STI plan for Executive KMP and XLT to adjust upwards the equity component of the award from 25% previously to 66.7% of the award to be paid in equity as short-term and long-term rights. The remaining 33.3% is paid as cash. This change now aligns the allocation of the STI between rights and cash to all employees of Tyro.

The number of employees who will participate in the STI for FY23 is 543 (FY22: 571).

In terms of the Executive KMP and XLT, the CEO has a target STI potential of 75% of FAR and a maximum opportunity of 100% of FAR. Excluding the CEO, a target STI potential of between 35% to 50% of Executive KMP fixed annual remuneration is available as an STI (between 50% to 75% at maximum). All other XLT (including team members who were previously members of the XLT (**previous XLT**)) are allocated a potential target incentive amount of between 15% and 55% of FAR.

The STI award for Executive KMP and the XLT is delivered 33.3% in cash and 66.7% in equity rights that vest as follows:

- 50% of equity rights vest in equal tranches over a 12-month period from grant with no performance hurdle and irrespective of continuous service. There is no holding lock post vesting.
- 50% of equity rights vest in a single tranche 4 years from grant with no performance hurdle but subject to malus and clawback provisions and irrespective of continuous service.

For all other employees, the STI award is delivered 33.3% in cash and 66.7% in equity rights, vesting in equal tranches over a 12-month period with no holding lock post vesting of each tranche and irrespective of continuous service.

An analysis of how the FY23 STI is calculated, specifically how the financial incentive pool is created, and the measures and weighting applied to financial performance outcomes and customer performance outcomes is set out on the next page.

3.3.1 Financial Performance Targets for FY23 – 40% of target STI:

FINANCIAL PERFORMANCE MEASURES	WEIGHTING AT TARGET	WEIGHTING AT MAXIMUM	TARGET	RATIONALE FOR METRIC
Achievement of FY23 target EBITDA (before share-based payments)	40%	84%	<ul style="list-style-type: none"> Target - \$26.9 million EBITDA (before share-based payments). No incentive pool is formed for EBITDA below \$16.0 million. Pool caps out at a maximum for EBITDA of \$37.0 million. 	<ul style="list-style-type: none"> Key indicator of financial performance and profitability. Ensures continued focus on growth and cost control. Balances growth in transaction value with generating new business at profitable margins.

3.3.2 Customer Performance Targets for FY23 – 40% of target STI:

CUSTOMER PERFORMANCE MEASURES	WEIGHTING AT TARGET	WEIGHTING AT MAXIMUM	TARGET	RATIONALE FOR METRIC
Transaction value churn	5%	10%	<ul style="list-style-type: none"> Target - 8% churn. No incentive pool is formed at transaction value churn of 11% or greater. Pool caps out at transaction value churn of 5%. 	<ul style="list-style-type: none"> Key indicator of merchant retention focussing on retention of large merchants. Aligns to all of our Group values.
Merchant number churn	5%	10%	<ul style="list-style-type: none"> Target - 10% churn. No incentive pool is formed at merchant number churn of 13% or greater. Pool caps out at transaction value churn of 7%. 	<ul style="list-style-type: none"> Key indicator of merchant retention focussing on retention of all merchants. Aligns to all of our Group values.
Customer satisfaction	10%	15%	<ul style="list-style-type: none"> Target - NPS of 40. No incentive pool is formed for NPS of 34 or lower. Pool caps out at NPS of 46. 	<ul style="list-style-type: none"> Key indicator of merchant satisfaction. Aligns to all of our Group values.
Customer satisfaction	10%	15%	<ul style="list-style-type: none"> Target - 24% of merchants signing on for two or more Tyro products. No incentive pool is formed for less than 15% of merchants signing on for two or more Tyro products. Pool caps out at 33% of merchants signing on from two or more Tyro products. 	<ul style="list-style-type: none"> Growth in value adding products. Aligns to 'Wow(ing) the Customers' value.
Merchant applications	10%	16%	<ul style="list-style-type: none"> Target - Average of 1,500 new merchant applications per month for FY23. No incentive pool is formed for less than 1,300 average new merchant applications per month. Pool caps out at 1,900 average new merchant applications per month. 	<ul style="list-style-type: none"> Key indicator of winning new business. Aligns to 'Stay Hungry' value.

3.3.3 Individual Key Performance Indicators for FY23 - 20% of target STI:

Individual KPIs are set for team members at the start of each financial year. KPIs focus on providing a measure of individual performance together with placing emphasis on the achievement of individual goals, the development of team members skills and expertise and challenging team members to achieve at their highest level.

These KPIs are assessed annually against a rating scale which informs the individual's percentage allocation against target. For FY23, the average achievement for all employees came out at 64% of target.

3.3.4 Use of discretion:

Grant of an STI is at the discretion of the Board and is assessed following the conclusion of the relevant financial year. Whether an STI is granted will depend on satisfaction of various criteria, including individual performance against key performance indicators, customer performance outcomes and financial performance outcomes, as determined by the Board.

The Board retains the full discretion in relation to revising STI targets where material changes have occurred during the year. Furthermore, all equity granted in relation to STI awards are subject to malus provisions and the Board has the discretion to adjust or lapse/forfeit an award.

3.3.5 Tyro's FY23 performance and link to FY23 STI:

One of the key principles of Tyro's remuneration framework is to align Executive KMP, XLT and employee remuneration outcomes with financial and customer performance. This section provides a summary of Tyro's performance outcomes for FY23 and the link to remuneration.

Financial performance outcomes

FINANCIAL MEASURE	FY23	FY22	FY21	FY20	FY19	5-YEAR CAGR
Transaction value	\$42.6 billion	\$34.2 billion	\$25.5 billion	\$20.1 billion	\$17.5 billion	26.1%
Gross profit (normalised)	\$193.2 million	\$148.5 million	\$119.7 million	\$93.5 million	\$83.3 million	23.4%
EBITDA (normalised ¹)	\$42.3 million	\$10.7 million	\$14.2 million	(\$4.4 million)	(\$8.6 million)	N/M
EBITDA (statutory ¹)	\$53.8 million	\$14.4 million	(\$3.1 million)	(\$4.4 million)	(\$8.6 million)	N/M
Free cash flow ²	\$5.7 million	(\$34.1 million)	(\$44.1 million)	(\$36.2 million)	(\$17.8 million)	N/M
Share price	\$1.14	\$0.60	\$3.68	\$3.50	Not listed	

1. 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. Refer to the page 25 of the FY23 Investor Presentation for a reconciliation of normalised results to statutory results.
2. 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.

Financial performance outcomes linked to FY23 STI - Financial component representing 40% of total STI:

The actual normalised EBITDA result for FY23 was the achievement of EBITDA of \$42.3 million against a target of \$26.9 million resulting in the achievement of the maximum incentive pool for the financial component of the FY23 STI plan.

	FY23 ACTUAL \$'000	FY23 TARGET \$'000	COMMENTARY
EBITDA (normalised)	42,299	26,900	EBITDA was driven by a 25% increase in transaction value and a 30% increase in gross profit. Expenses were well controlled with a 9% increase in operating expenses for the year driving the EBITDA margin to a record 22%.
STI financial component outcome	84%	40%	

Customer performance outcomes

CUSTOMER MEASURE	FY23	FY22	FY21	FY20	FY19
Transaction value churn (%)	9.3%	9.2%	8.7%	8.0%	9.3%
Merchant count churn (%)	11.7%	10.5%	11.3%	11.7%	11.7%
Net Promoter Score (#)	25	34	21	43	37
Merchants accepting two or more Tyro products (#)	19%	14%	15%	-	-
Merchant applications (#)	17,168	14,777	11,813	10,547	10,218

Customer performance outcomes linked to FY23 STI - Customer component metrics representing 40% of total STI:

	FY23 TARGET	FY23 ACTUAL ACHIEVEMENT	STI OUTCOME	% OF TARGET	% OF MAX
Transaction value churn (%)	8.0%	9.3%	Achieved at threshold range	67%	33%
Merchant count churn (%)	10.0%	11.7%	Achieved at threshold range	33%	17%
Net Promoter Score (#)	NPS of 40	NPS of 25	Achieved below threshold range	0%	0%
Merchants accepting two or more Tyro products (%)	24%	19%	Achieved at threshold range	64%	42%
Merchant applications (#)	Ave. of 1,500 per month	Ave. of 1,431 per month	Achieved at threshold range	64%	40%

CEO Key Performance Indicators

Under the FY23 STI Plan, Executive KMP and the XLT are required to individually achieve against a balanced scorecard that comprises a mixture of financial and non-financial key performance indicators (**KPIs**). These KPIs represent 20% of the total STI.

Assessment of Jon Davey's individual KPIs for FY23 were determined by the People Committee at the commencement of his duties as CEO, according to the following indicators:

KEY PERFORMANCE INDICATORS	WEIGHTING %
Financial Performance - Deliver financial performance including the cost reduction program.	35%
Delivery and Execution - Delivery of critical foundational projects, a Tyro project delivery and governance approach and a continuous innovation delivery process.	35%
Organisation - Delivery of a new operating model: <ul style="list-style-type: none"> Create a high performing and highly engaged team Promote speed, accountability and innovation Drive focus on a culture aligned to Tyro values 	15%
Customer - Drive a customer focused organisation: <ul style="list-style-type: none"> Deliver new strategic plan Drive performance to plan 	15%

Jon Davey achieved 80% of his total target KPI for FY23.

3.3.6 The key terms of the Rights relating to the FY23 STI plan are set out below:

TERMS	DESCRIPTION
Administration	The plan is administered by the Board (or the Board's delegate).
Eligibility	Full-time and part-time employees of the Company are eligible to receive awards under the STI Plan. The Board will select eligible employees to whom awards are to be granted from time to time.
Grant date	The date specified as the grant date in each participant's offer document.
Vesting dates	<p>For Executive KMP and the XLT:</p> <ul style="list-style-type: none"> • 50% of vesting takes place in equal tranches over a 12-month period (irrespective of continuous service) after grant with no performance hurdle and no holding lock post vesting. • 50% of vesting takes place in a single tranche 4 years (irrespective of continuous service) after grant with no performance hurdle and no holding lock post vesting. <p>For all other employees vesting takes place in equal tranches over a 12-month period (irrespective of continuous service) after grant with no performance hurdle and no holding lock post vesting.</p>
Exercise	Following satisfaction of the vesting condition on each vesting date, the relevant number of Rights may be exercised at nil consideration.
Rights	Each right granted entitles the holder to one share on exercise. Shares resulting from an exercise of service rights rank equally with other shares, and shareholders are entitled to the same dividend and voting rights specified in our constitution.
Holding lock period	None.
Clawback provisions	Rights may be clawed back prior to vesting where there has been a material misrepresentation of the financial outcomes on which the payment had been assessed and/or the participant's actions have been found to be fraudulent, dishonest or breached their duties or obligations to the Group (e.g. misconduct).
Amendments	The Board may amend the terms of the plan without consent of the participants if the amendment does not reduce the rights of the participants.
Other terms	The rules of the plan include other terms relating to the administration, transfer, termination and variation of the plan.

3.4 Design of FY23 LTI Plan

The FY23 LTI is designed to reward participants for their contributions towards achieving the Group's strategic priorities orientated around delivering long term sustainable shareholder value creation. Following engagement with stakeholders on the FY22 LTI Plan, the Board refined the FY23 LTI Plan by amending the financial performance hurdles applicable to vesting for the plan. 50% of the plan award now vests based on the achievement of a statutory EBITDA growth performance hurdle from FY23 to FY25 (inclusive) while a new performance hurdle representing the remaining 50% of the plan award was added based on the achievement of a TSR ranking relative to the XTX index at 30 June 2025. This change was made to better align our LTI Plan with shareholder wealth creation in the medium to long term.

The FY23 LTI Plan is open to the CEO, the Executive KMP, XLT and other nominated employees of Tyro and has been fulfilled via an issuance of performance rights. For FY23, there were 66 participants invited to participate in the plan (FY22: 77 participants).

There were no changes to the design of the plan in FY23, however the performance measures in place were amended from FY22 to focus on long-term shareholder wealth creation centred on an EBITDA profitability measure and a rTSR measure rather than only focusing on EBITDA, gross profit and revenue measures as used in prior years as Tyro moves to profitability and a focus on shareholder wealth creation.

3.4.1 Determination of the number of rights awarded under the LTI plan:

The number of performance rights to be issued to each participant was determined by reference to:

- the volume weighted average price (**VWAP**) of Tyro shares traded in the 10 trading days commencing on the day following the announcement of Tyro's FY22 full year result; and
- each participant's prescribed LTI entitlement that falls within the participant's Total Remuneration Opportunity (**TRO**) as approved under the remuneration framework.
- For FY23, the target and maximum LTI opportunity, based on a percentage of the employee's Fixed Annual Remuneration (**FAR**) is:
 - 100% at target and 200% at maximum for the CEO.
 - Between 30% and 50% at target and at maximum for the Executive KMP.
 - Between 15% to 40% at target and at maximum for the XLT (including previous members of the XLT).
 - Between 7.5% to 20% at target and at maximum for any other nominated employees.

The number of Performance Rights that qualify for exercise will depend on satisfaction of the following performance hurdles:

EBITDA hurdle (50% of the Award)

50% of a Participant's total LTI entitlement will be subject to the satisfaction of an EBITDA hurdle with the vesting percentage determined by reference to Tyro's statutory EBITDA compound annual growth rate (before share-based payments) for the period 1 July 2022 to 30 June 2025 as specified below:

i. Applicable to the CEO

STATUTORY EBITDA (BEFORE SHARE-BASED PAYMENTS) 3-YEAR CAGR TO FY25	STATUTORY EBITDA TO BE ACHIEVED IN FY25	PERCENTAGE OF AWARDS VESTING
Below 20%	<\$24.8 million	0%
At 20%	\$24.8 million	50%
Above 20% and below 60%	Between \$24.8 million to \$58.9 million	Pro-rata (50% to 99%)
At 60% (at target)	\$58.9 million	100%
Above 60% and below 100%	Between \$58.9 million to \$115.0 million	Pro-rata (100% to 199%)
At or above 100% (at maximum)	>\$115.0 million	200%

ii. **Applicable to the XLT and other nominated employees**

STATUTORY EBITDA (BEFORE SHARE-BASED PAYMENTS) 3-YEAR CAGR TO FY25	STATUTORY EBITDA TO BE ACHIEVED IN FY25	PERCENTAGE OF AWARDS VESTING
Below 20%	<\$24.8 million	0%
At 20%	\$24.8 million	50%
Above 20% and below 60%	Between \$24.8 million to \$58.9 million	Pro-rata (50% to 99%)
At or above 60% (at target and maximum)	\$58.9 million	100%

Relative Total Shareholder Return (rTSR) (50% of the Award)

The remaining 50% of each Participant's total LTI entitlement will be subject to satisfaction of a relative TSR hurdle with the vesting percentage determined by reference to Tyro's relative TSR ranking relative to the TSR for the XTX index at 30 June 2025 as specified below:

i. **Applicable to the CEO**

rTSR PERCENTILE RANKING	PERCENTAGE OF AWARDS VESTING
Below 50 th Percentile	0%
At 50 th Percentile	50%
Above 50 th and below 75 th Percentile	Pro-rata (50% to 99%)
Above 75 th and below 85 th Percentile (at target)	100%
At or above 85 th Percentile (at maximum)	200%

ii. **Applicable to the XLT and other nominated employees**

rTSR PERCENTILE RANKING	PERCENTAGE OF AWARDS VESTING
Below 50 th Percentile	0%
At 50 th Percentile	50%
Above 50 th and below 75 th Percentile	Pro-rata (50% to 99%)
At or above 75 th Percentile (at target and maximum)	100%

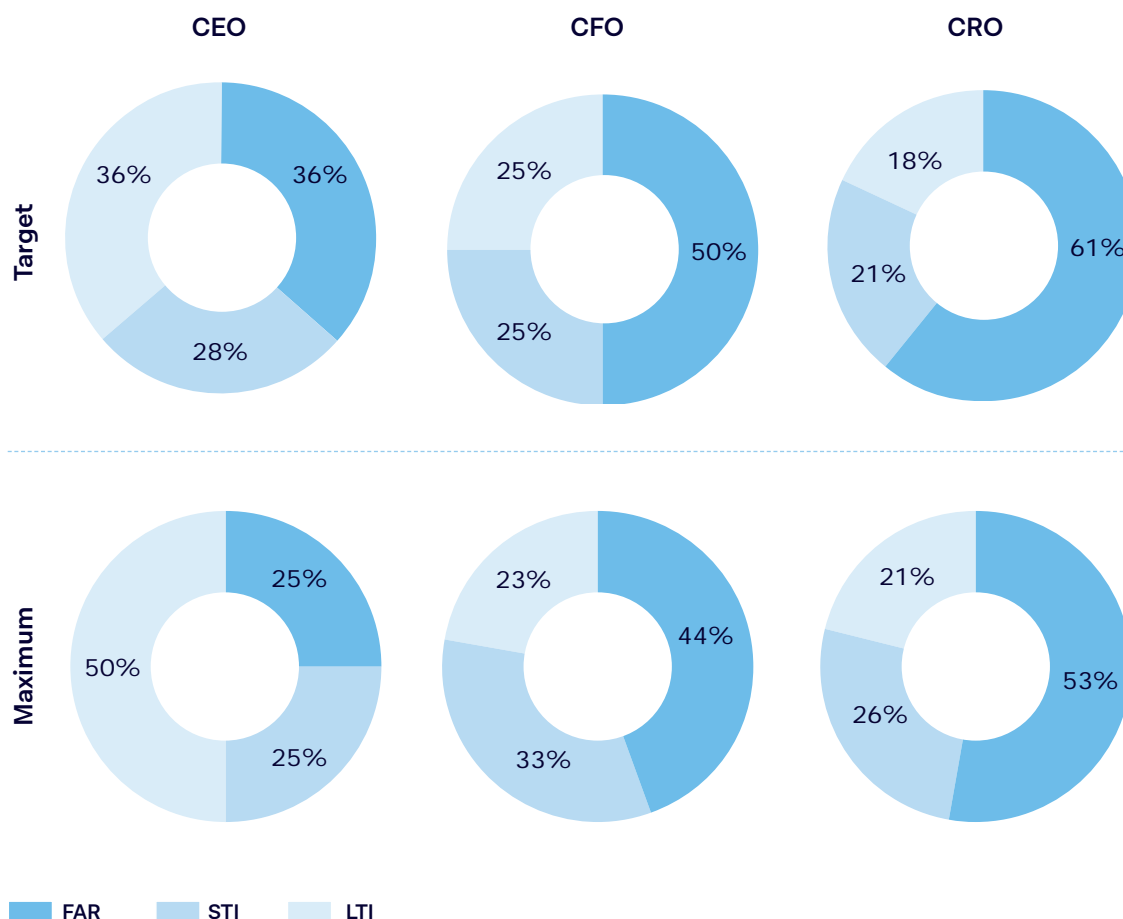
In addition to the performance hurdles, employees who participate in the FY23 LTI must remain employed by Tyro at the vesting date in order for the Performance Rights to vest.

3.4.2 The key terms of the Performance Rights relating to the FY23 LTI plan are set out below:

TERMS	DESCRIPTION
Administration	The plan is administered by the Board (or the Board's delegate).
Eligibility	Eligible participants are Directors, Executive KMP, XLT as well as other nominated employees of the Group.
Exercise price	Nil
Vesting dates	Subject to satisfying the Performance Hurdles, the Performance Rights vest in one tranche 3 years following their grant (November 2025).
Vesting condition	The holder of the rights must be employed by Tyro on the date of vesting and the number of Performance Rights that qualify for exercise will depend on satisfaction of the performance hurdles set out above.
Exercise	Once a FY23 LTI Performance Right has vested and subject to the Plan Rules, participants will be allocated with that number of fully paid Tyro Shares that corresponds to the relevant 'Vesting Percentage' multiplied by the number of FY23 LTI Performance Rights granted to participants (Vested Shares).
Rights	Each Performance Right granted entitles the holder to one share on exercise. Shares resulting from an exercise of Performance Rights rank equally with other shares, and shareholders are entitled to the same dividend and voting rights specified in our constitution.
Holding lock period	Any Vested Shares issued to participants following the vesting of the FY23 Performance Rights, will remain subject to a 12-month holding lock, commencing on the date that the Vested Shares are issued. During the Holding Lock Period, the Vested Shares cannot be transferred, sold, encumbered or otherwise dealt with.
Clawback provisions	The Performance Rights to be subject to forfeiture prior to vesting and thereafter any shares issued will be subject to claw back for up to a further 2-year period following the expiry of the 'holding lock (i.e. awards can be forfeited up to 6 years from the Grant Date).
Amendments	The Board may amend the terms of the plan without consent of the participants if the amendment does not reduce the rights of the participants.
Other terms	The rules of the plan include other terms relating to the administration, transfer, termination and variation of the plan.

4. Key remuneration components for Executive KMP

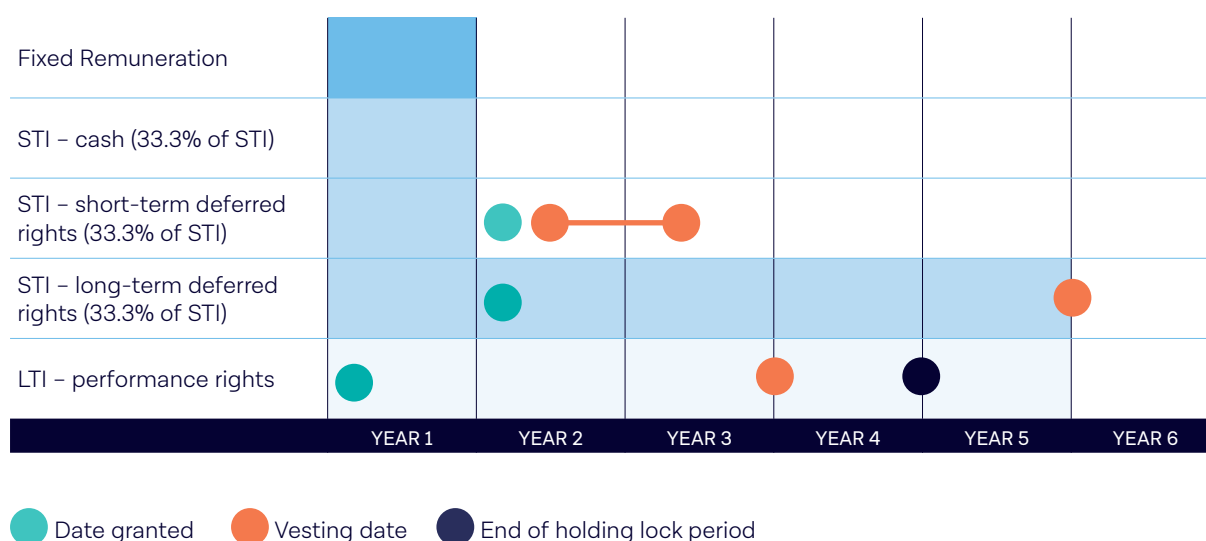
The charts below show the remuneration mix and Total Remuneration Opportunity (TRO) for Executive KMP at target opportunity and at maximum opportunity for FY23, comprising FAR, STI and LTI.



EXECUTIVE KMP	FAR	STI AT TARGET	LTI AT TARGET	TRO AT TARGET	FAR	STI AT MAXIMUM	LTI AT MAXIMUM	TOTAL AT MAXIMUM
Jon Davey	\$750,000	\$562,500	\$750,000	\$2,062,500	\$750,000	\$750,000	\$1,500,000	\$3,000,000
Prav Pala	\$610,000	\$305,000	\$305,000	\$1,220,000	\$610,000	\$457,500	\$305,000	\$1,372,500
Steve Chapman	\$390,000	\$136,500	\$117,000	\$643,500	\$390,000	\$195,000	\$156,000	\$741,000

Variable remuneration (comprising STI and LTI at target and maximum amounts) accounts for the majority of the total remuneration mix for the CEO. The actual remuneration mix will vary based on Tyro's performance and individual performance each year.

4.1 Executive KMP remuneration time horizon



4.2 Changes to Executive KMP remuneration for FY23

Jon Davey was appointed as CEO on 3 October 2022 with a FAR of \$750,000 being \$240,000 lower than the previous CEO. Prav Pala (CFO) did not receive an increase in FY23 following the increase received in FY22 and his STI and LTI allocations as a proportion of FAR did not change. Steve Chapman (CRO) was granted a 2.6% increase to his FAR for FY23 to \$390,000 with no change to his STI and LTI allocations as a percentage of FAR.

Prav Pala was also granted a one-off retention incentive of 750,000 service rights in FY23. 33.3% of the service rights vested on 9 March 2023, being 6 months from the grant date. A further 33.3% will vest on 9 March 2024, being 18 months from the grant date with the final 33.3% vesting on 9 March 2025, being 30 months from the grant date. The amortised cost of these service rights are included in the statutory remuneration for Prav Pala in FY23.

4.3 Contracts of employment

The employment conditions of the KMP (excluding Non-executive Directors) are provided in the table below. All KMP are employed under contracts of no fixed duration.

EXECUTIVE KMP	CONTRACT TERM	NOTICE PERIOD	TERMINATION PAYMENT
Jon Davey	No fixed duration	6 months	Combination of notice and payment in lieu, totalling no less than 6 months.
Prav Pala	No fixed duration	9 months	Combination of notice and payment in lieu, totalling no less than 9 months.
Steve Chapman	No fixed duration	6 months	Combination of notice and payment in lieu, totalling no less than 6 months.

In the event of serious misconduct, Tyro may terminate employment at any time without notice or a termination payment being made. Any options or rights not vested before the date of termination will lapse.

Jon Davey is subject to a post-employment restraint period of 12 months, Prav Pala is subject to a post-employment restraint period of 9 months, and Steve Chapman is subject to a post-employment restraint period of 6 months subject to all usual legal requirements.

5. FY23 Executive KMP remuneration outcomes

5.1 FY23 STI outcomes

The following table provides the FY23 STI outcomes awarded to Executive KMP. Under the FY23 STI plan, 33.3% of the award is made in non-restricted cash and 66.7% of the awarded STI is provided in equity in the form of short-term and long-term Rights.

EXECUTIVE KMP	ACTUAL STI AWARDED \$	CASH \$	DEFERRED - TO BE ISSUED AS EQUITY RIGHTS \$	STI AT TARGET \$	STI ACHIEVED AS A % OF TARGET %	STI ACHIEVED AS A % OF MAXIMUM %
Jon Davey	660,646	220,215	440,431	562,500	117.4%	88.1%
Prav Pala	358,217	119,406	238,811	305,000	117.4%	78.3%
Steve Chapman	154,857	51,619	103,238	136,500	113.4%	79.4%

5.2 FY23 LTI outcomes

The following table provides the FY23 LTI outcomes awarded to Executive KMP. Under the FY23 LTI plan, performance rights are granted in the year with vesting to take place 3 years from grant subject to performance conditions being met.

EXECUTIVE KMP	NUMBER OF PERFORMANCE RIGHTS GRANTED	VALUE OF PERFORMANCE RIGHTS GRANTED	VALUE AT GRANT DATE	GRANT DATE	AS A % OF TOTAL REMUNERATION ¹
Jon Davey	1,282,051	\$1,500,000	\$1.17	24 Dec 2022	68.9%
Prav Pala	261,538	\$306,000	\$1.17	24 Dec 2022	17.5%
Steve Chapman	99,145	\$116,000	\$1.17	24 Dec 2022	19.8%

¹ The value of the FY23 LTI performance rights granted as a percentage of total remuneration is based on total statutory remuneration as reported on page 78.

5.3 Legacy LTI Plan outcomes

Since the Group's adoption of performance based long-term incentives in 2019, there have been five awards made under the LTI Plan to Executive KMP and other nominated employees, with three awards tested. The table below sets out the details of performance rights issued over the last five financial years and the outcome of testing of those awards if testing dates have been reached.

DETAILS	FY19 AWARD	FY20 AWARD	FY21 AWARD		FY22 AWARD
			LTI AWARD	MEDIPASS AWARD	
Instrument	Options	Options	Rights	Rights	Rights
Exercise price	\$1.50	\$1.79	Nil	Nil	Nil
Grant date	1 May 2019	1 Oct 2019	1 Feb 2021	1 Jul 2021	1 Mar 2022
Test date	1 May 2023	1 Oct 2023	1 Sep 2023	30 Jun 2026	1 Sep 2024
Vesting date	¹	³	1 Sep 2023	30 Jun 2026	1 Sep 2024
Vesting hurdle(s)	²	⁴	⁵	⁶	⁷
Test result	Performance hurdles not met	Performance hurdles met	Performance hurdles met	Not due for testing	Not due for testing

¹ FY19 LTI options vest in equal tranches of 25%, commencing on 1 May 2021 and ending on 1 May 2024.

² Options granted in respect of FY19 must satisfy two performance hurdles to qualify for exercise:

- 25% compound gross revenue growth from 1 July 2018 to end of financial year of testing; and
- a positive Net Profit result (before tax and share-based expenses) for financial year of testing.

³ FY20 LTI options vest in equal tranches of 25%, commencing on 1 October 2021 and ending on 1 October 2024.

⁴ Options granted in respect of FY20 must satisfy two performance hurdles to qualify for exercise:

- 20% compound gross revenue growth from 1 July 2019 to end of financial year of testing; and
- a positive Net Profit result (before tax and share-based expenses) for financial year of testing.

⁵ The FY21 performance rights will vest subject to passing a 'Gateway' and then satisfying a prescribed 'Performance Hurdle' and will vest in one tranche after 3 years (on 1 September 2023). The 'Gateway' that must be passed prior to testing the performance hurdle is defined as Tyro reporting a positive EBITDA (before share-based payments) result for the financial year immediately preceding the vesting date, namely FY23. If the 'Gateway' is passed, the number of performance rights that qualify for exercise will depend on the vesting percentage determined by reference Tyro's compound gross profit growth rate during the vesting period (Performance Hurdle).

⁶ The number of Medipass performance rights that will vest will be determined by reference to the EBITDA (as set out in Tyro's audited financial statements) for the combined Medipass and Tyro Health businesses in respect of the financial year ended 30 June 2026.

⁷ The number of performance rights that will qualify for exercise will depend on the vesting percentage determined by reference to Tyro's FY24 statutory EBITDA (which excludes share-based payment expenses).

5.3.1 Testing of FY19 performance options

Based on the fourth and final testing of the FY19 performance options, the compound gross revenue for the period 1 July 2018 to 30 June 2023 was 24.3% with a net profit before tax and share-based payments of \$13.6 million recorded.

	FY19 \$'000	FY20 \$'000	FY21 \$'000	FY22 \$'000	FY23 \$'000
Test 1:					
Achieve Net profit before tax and share based payments	(16,475)	(27,161)	(20,433)	(24,418)	13,626
Hurdle achieved	×	×	×	×	✓
Test 2:					
25% compound gross revenue growth for each year of testing	189,770	210,675	238,522	326,143	439,776
Compound gross revenue growth (%)	-	19.2%	17.2%	21.8%	24.3%
Hurdle achieved	-	×	×	×	×

As the 25% compound gross revenue growth rate was not achieved, the option grant does not meet the performance hurdles at the final testing date and as such will lapse.

5.3.2 Testing of FY20 performance options

The FY20 performance options will be tested on 1 October 2023 relating to the first three of four tranches of vesting for the option grant (75% of vesting opportunity). Although testing will only take place on 1 October 2023, the results of the testing are known, and the indicative results provided in the table below.

	FY20 \$'000	FY21 \$'000	FY22 \$'000	FY23 \$'000
Test 1:				
Achieve Net profit before tax and share-based payments	(27,161)	(20,433)	(24,418)	13,626
Hurdle achieved	×	×	×	✓
Test 2:				
20% compound gross revenue growth for each year of testing	210,675	238,522	326,143	439,776
Compound gross revenue growth (%)	-	12.1%	19.8%	23.4%
Hurdle achieved	-	×	×	✓

As both the net profit before tax and share-based payments hurdle and the compound gross revenue hurdles have been met as at 30 June 2023, the first three tranches of the grant will vest on 1 October 2023. The final 25% tranche of the option grant will be tested on 1 October 2024 and be based on FY24 results.

5.3.3 Testing of FY21 performance rights

The FY21 performance rights will vest on 1 September 2023 relating to the single vesting tranche for the grant. Although vesting will only take place on 1 September 2023, the results of the testing are known. The results of testing are provided in the table below.

	FY23 \$'000
Test 1 - Gateway:	
Tyro reporting positive statutory EBITDA (before share-based payments) result for the financial year immediately preceding the vesting date, namely FY23	53,824
Hurdle achieved	✓
Test 2 – Gross profit CAGR growth performance hurdle:	
Reference to Tyro's compound gross profit growth rate during the vesting period:	
<ul style="list-style-type: none"> • Less than 12.5% gross profit CAGR FY20 to FY23 – Nil vesting • 12.5% gross profit CAGR FY20 to FY23 – 30% vesting • Above 12.5% to less than 20% gross profit CAGR FY20 to FY23 <ul style="list-style-type: none"> – Straight line vesting between 30% and 100% • 20% gross profit CAGR FY20 to FY23 (target) – 100% vesting • Above 20% and capping at 30% gross profit CAGR FY20 to FY23 <ul style="list-style-type: none"> – Straight line vesting between 100% and 150% 	
Compound gross profit growth rate achieved for FY20 to FY23 (%)	29.8%
Hurdle achieved	✓
Vesting percentage achieved (%)	149%

As both the EBITDA gateway and the compound gross profit performance hurdles will be met as at 30 June 2023, the FY21 LTI performance right grant will vest at 149% of the rights granted. These rights will vest on 1 September 2023.

6. Statutory Executive KMP Remuneration

The following table provides the statutory remuneration outcomes for Executive KMP for FY23 and FY22 and is prepared in accordance with Australian Accounting Standards. The statutory remuneration outcomes disclosed in this table differs from the Executive KMPs' FY23 Total Remuneration Opportunity (TRO) and the elements of the remuneration framework outlined in Section 4 of this Report. Differences arise mainly due to the accounting treatment of long-term benefits (which include annual leave and long service leave) and share-based payments (performance rights, LEPRs, remuneration sacrifice rights and option plans). Disclosures include an accounting value for current year rights and all unvested option plan awards.

The Accounting Standards require remuneration in the form of equity awards to be expensed (and therefore included as remuneration) over the performance period of the option plan even though an Executive KMP may not realise any benefit from that award.

EXECUTIVE KMP	CASH SALARY \$	SUPERANNUATION \$	OTHER \$	CASH STI AWARD \$	LONG SERVICE LEAVE \$	OPTIONS \$	RIGHTS ⁴ \$	TOTAL \$	PERFORMANCE BASED EQUITY COMPONENT %
Jon Davey¹									
FY23	543,531	18,969	61,082 ¹	220,215	-	-	1,332,611 ⁵	2,176,408	61.2%
FY22	-	-	-	-	-	-	-	-	-
Robbie Cooke²									
FY23	279,318	6,323	250,386 ⁹	-	-	(79,213) ³	72,794 ³	529,608	N/A
FY22	970,954	23,568	43,815 ⁹	177,645	-	(760,912) ³	(172,588) ³	282,482	N/A
Prav Pala									
FY23	586,432	25,292	-	119,406	15,552	(50,341) ⁸	1,053,205 ⁶	1,749,546	57.3%
FY22	573,932	23,568	-	123,183	55,450	5,422	132,677	914,232	15.1%
Steve Chapman									
FY23	362,354	25,292	-	51,619	-	(15,436) ⁸	161,472 ⁷	585,301	25.0%
FY22	360,000	23,568	-	52,718	-	(1,420)	42,979 ⁵	477,845	8.7%
Total									
FY23	1,771,635	75,876	311,468	391,240	15,552	(144,990)	2,620,082	5,040,863	
FY22	1,904,886	70,704	43,815	353,546	55,450	(756,910)	3,068	1,674,559	

¹ Jon Davey commenced as KMP effective 3 October 2022. Pro rata Fixed Remuneration figures provided from 3 October 2022 to 30 June 2023. The STI, Options and Rights figures represent the full FY23 charges. Under the terms and conditions of Jon Davey's employment agreement, Tyro will pay for travel between Jon's principal place of residency (Melbourne) and Tyro's head office (Sydney) up to an amount of \$75,000 per annum.

² Robbie Cooke ceased as CEO and Managing Director effective 3 October 2022. Pro rata Fixed Remuneration figures provided from 1 July 2022 to 3 October 2022.

³ Under the terms of the STI and LTI plan rules, any unvested share-based instruments of the CEO and Managing Director are deemed forfeited as a result of resignation except for the FY22 STI that continues to vest post termination of employment.

⁴ Rights relate to the Remuneration Sacrifice Rights Plan, the LEPR Plan, the equity rights awarded in relation to the FY21, FY22 and FY23 STI Plan, retention rights and equity rights awarded in relation to the FY21, FY22 and FY23 LTI Plan. These rights are classified as long term due to the terms of each respective Plan.

⁵ Included in the FY23 cost of Rights awarded to Jon Davey, is an amount of \$440,431 relating to the FY23 STI award and an amount of \$892,180 relating to the amortised accounting cost of his LTI awards, Medipass retention and performance awards and prior year STI awards.

⁶ Included in the FY23 cost of Rights awarded to Prav Pala, is an amount of \$238,811 relating to the FY23 STI award and an amount of \$814,394 relating to the amortised accounting cost of his LTI awards, FY23 retention award and prior year STI awards.

⁷ Included in the FY23 cost of Rights awarded to Steve Chapman, is an amount of \$103,238 relating to the FY23 STI award and an amount of \$58,234 relating to the amortised accounting cost of his LTI awards, FY23 retention award and prior year STI awards.

⁸ The negative accounting value of options for FY22 and FY23 relates to management's judgement that the FY19 LTI Option Plan will not be capable of vesting. As such, a proportion of the prior year share-based payments expense for these options have been reversed.

⁹ The other payments made to Robbie Cooke in FY23 relate to \$222,760 in unused leave balance paid on termination of employment and \$27,626 for the payment of travel between Robbie's principal place of residency (Brisbane) and Tyro's head office (Sydney) up to an amount of \$50,000 per annum. The \$43,815 relates to travel for FY22.

7. Non-executive Director Remuneration

Non-executive Directors receive a base fee, and where applicable, an additional fee in recognition of the higher workload and extra responsibilities resulting from Board Committee participation. Fees are based on peer market benchmarks and reviewed annually.

Non-executive Directors do not receive incentive payments, and following Tyro's listing on the ASX on 6 December 2019, they are no longer entitled to participate in any Tyro employee or Executive equity plans other than the remuneration sacrifice rights plan. They receive no non-monetary benefits and do not participate in any retirement benefit scheme, other than statutory superannuation contributions.

Under the ASX Listing Rules, the total amount or value of remuneration paid to Non-executive Directors in any year may not exceed the amount approved by shareholders at the Company's general meeting. This amount has been fixed at \$1,400,000 per annum, as approved by shareholders at Tyro's 2019 annual general meeting.

As at the date of this report, the Non-executive Director base fee agreed to be paid by Tyro is \$140,000 (FY22: \$140,000) per annum before superannuation contributions. Non-executive Directors are also paid additional base fees for the following roles:

- Chair of the Board: \$70,000 per annum (for total remuneration of \$210,000 per annum); and
- Chair of a Board Committee: \$20,000 per Committee Chair (for total remuneration of \$160,000 per annum), not payable if the Committee Chair is also the Board Chair.

Non-executive Directors are not paid an additional fee for being a member of a Board Committee. In addition to the remuneration above, the Company will contribute statutory superannuation to a complying superannuation fund.

Remuneration is reviewed annually and any increase to it will be at the discretion of the Board but will not exceed the aggregate amount approved by Shareholders. The table below outlines the statutory remuneration paid to Non-executive Directors in FY23 in accordance with Australian Accounting Standards.

Refer to page 48 of the Directors' Report for a summary of the Board meetings and Committee meetings that Non-executive Directors attended in FY23.



NON-EXECUTIVE DIRECTOR	CASH FEES \$	SUPERANNUATION \$	OPTIONS ⁵ \$	RIGHTS ¹ \$	TOTAL \$	PERFORMANCE BASED EQUITY COMPONENT %
Fiona Pak-Poy²						
FY23	88,333	9,275	5,428	97,608	200,644	2.7%
FY22	-	-	8,911	159,998	168,909	5.3%
David Thodey³						
FY23	154,000	-	(15,192)⁶	-	138,808	-
FY22	231,000	-	(5,368) ⁶	-	225,632	-
Hamish Corlett⁴						
FY23	-	-	-	-	-	-
FY22	-	-	(16,751) ⁶	46,663	29,912	-
David Fite						
FY23	140,000	14,700	(8,857)⁶	-	145,843	-
FY22	140,000	14,000	(4,457) ⁶	-	149,543	-
Claire Hatton⁵						
FY23	146,667	15,400	-	-	162,067	-
FY22	68,889	6,889	-	-	75,778	-
Aliza Knox						
FY23	140,000	14,700	-	-	154,700	-
FY22	161,273	16,127	-	-	177,400	-
Paul Rickard						
FY23	-	-	(13,244)⁶	198,900	185,656	-
FY22	90,000	9,000	(7,886) ⁶	90,000	181,114	-
Shefali Roy⁵						
FY23	112,000	11,760	-	30,940	154,700	-
FY22	68,889	6,889	-	-	75,778	-
Total						
FY23	781,000	65,835	(31,865)	327,448	1,142,419	
FY22	760,051	52,905	(25,551)	296,661	1,084,066	

¹ Included in rights for FY23 are the fees Non-executive Directors have salary sacrificed and issued as service rights.

² Fiona Pak-Poy was appointed as Chair from 1 March 2023. Fees related to Chair of the Board were payable from 1 March 2023 to 30 June 2023.

³ David Thodey stepped down as Chair and from the Board on 1 March 2023. Details are provided for the period 1 July 2022 to 1 March 2023.

⁴ Hamish Corlett stepped down from the Board on 3 November 2021. Remuneration details are provided for the period 1 July 2021 to 3 November 2021.

⁵ Claire Hatton and Shefali Roy were appointed as Non-executive Directors on 5 January 2022. The FY22 data in the table above reflects the Non-executive Director fees received from that date.

⁶ The negative accounting value of options for FY22 and FY23 relates to management's judgement that the FY19 LTI Option Plan will not be capable of vesting. As such, a proportion of the prior year share-based payments expense for these options have been reversed.

8. Summary of Options and Rights under issue

8.1 Rights

All unissued shares in Tyro held under STI service rights plans, LTI service rights plans, LTI performance rights plans, the Liquidity Event Performance Rights plan and remuneration sacrifice rights plans at the date of this report are shown in the table below:

AWARD TYPE	GRANT DATE	EXPIRY DATE	EXERCISE PRICE	% VESTED	% EXERCISED	NUMBER HELD AS RIGHTS
Remuneration sacrifice rights in respect of FY18 Executive STI Plan	18 Apr 2019	n/a	n/a	100%	100%	Nil
Remuneration sacrifice rights in respect of FY19 Director Fees	5 Sep 2018	n/a	n/a	100%	100%	Nil
Remuneration sacrifice rights in respect of FY19 Executive STI Plan	16 Oct 2019	n/a	n/a	100%	100%	Nil
Remuneration sacrifice rights in respect of FY20 Director Fees	16 Oct 2019	n/a	n/a	85%	85%	Nil
Remuneration sacrifice rights in respect of FY21 Director Fees	27 Oct 2020	n/a	n/a	100%	100%	Nil
Remuneration sacrifice rights in respect of FY22 Director Fees	3 Nov 2021	n/a	n/a	100%	100%	Nil
Liquidity Event Performance Rights	9 May to 6 Aug 2019	¹	n/a	100%	100%	800,000
FY20 STI service rights	14 Dec 2020	¹	n/a	85%	66%	102,251
FY21 LTI performance rights	5 Feb 2021	²	n/a	0%	0%	264,047
FY21 STI service rights	2 Sep 2021	¹	n/a	27%	15%	481,359
FY22 LTI performance rights	1 Mar 2022	²	n/a	0%	0%	576,554
Medipass service rights	1 Jul 2021	¹	n/a	0%	0%	1,008,597
Medipass performance rights	1 Jul 2021	²	n/a	0%	0%	1,008,597
FY22 LTI service rights	1 Feb 2022	¹	n/a	25%	7%	1,660,137
FY22 Retention rights	1 Jul 2022	¹	n/a	56%	25%	391,220
FY22 STI rights	24 Oct 2022	¹	n/a	65%	17%	1,754,286
FY23 LTI performance rights	24 Dec 2022	²	n/a	0%	0%	3,771,014
FY23 Retention rights	12 Jul 2022 & 9 Sep 2022	¹	n/a	26%	0%	955,480

¹ Expiry will take place 10 years after the relevant vesting date.

² FY21, FY22, FY23 and Medipass LTI performance rights expire immediately after vesting date should the performance hurdles not be met. Should the performance hurdles be met on vesting date, then shares are issued to plan participants without the requirement to exercise.

Rights held by Non-executive Directors at 30 June 2023

All rights held by Non-executive Directors in the table below relate to restricted rights issued under the Director Salary Sacrifice Rights Plan.

NON-EXECUTIVE DIRECTOR		BALANCE AT START OF YEAR	GRANTED AS COMPENSATION ¹	EXERCISED	FORFEITED	BALANCE AT END OF YEAR	VESTED AND EXERCISABLE	UNVESTED
Fiona Pak-Poy	FY23	76,858	-	(76,858)	-	-	-	-
	FY22	-	76,858	-	-	76,858	35,620	41,238
David Thodey²	FY23	59,367	-	(59,367)	-	-	-	-
	FY22	-	59,367	-	-	59,367	59,367	-
Hamish Corlett³	FY23	-	-	-	-	-	-	-
	FY22	-	47,647	-	-	47,647	35,620	12,027
David Fite	FY23	35,620	-	(35,620)	-	-	-	-
	FY22	-	35,620	-	-	35,620	35,620	-
Claire Hatton	FY23	-	-	-	-	-	-	-
	FY22	-	-	-	-	-	-	-
Aliza Knox	FY23	-	-	-	-	-	-	-
	FY22	-	-	-	-	-	-	-
Paul Rickard	FY23	46,723	-	(46,723)	-	-	-	-
	FY22	-	46,723	-	-	46,723	23,527	23,196
Shefali Roy	FY23	-	-	-	-	-	-	-
	FY22	-	-	-	-	-	-	-

¹ Rights granted as compensation in FY22 relate to director fees sacrificed in FY22.

² David Thodey stepped down as Chair and from the Board on 1 March 2023. Details are provided for the period 1 July 2022 to 1 March 2023.

³ Hamish Corlett stepped down from the Board on 3 November 2021. Details are provided for the period 1 July 2021 to 3 November 2021.

Rights held by Executive KMP at 30 June 2023

EXECUTIVE KMP		BALANCE AT START OF YEAR	GRANTED AS COMPENSATION ¹	EXERCISED	FORFEITED	BALANCE AT END OF YEAR	VESTED AND EXERCISABLE	UNVESTED
Jon Davey	FY23	631,320	1,307,365	-	-	1,938,685	-	1,938,685
	FY22	-	631,320	-	-	631,320	-	631,320
Robbie Cooke¹	FY23	1,223,587	50,611	(62,975)	(360,612)	850,611	800,000	50,611
	FY22	1,430,476	193,111	(400,000)	-	1,223,587	857,728	365,859
Prav Pala	FY23	144,478	1,046,633	-	-	1,191,111	252,159	938,952
	FY22	244,456	90,459	(190,437)	-	144,478	-	144,478
Steve Chapman	FY23	48,485	114,164	(602)	-	162,047	-	162,047
	FY22	19,469	32,942	(3,926)	-	48,485	-	48,485

¹ Robbie Cooke ceased employment as CEO and Managing Director on 3 October 2022 and continued in a consulting capacity until 31 December 2022. All remaining rights that were subject to a service condition were forfeited from that date.

8.2 Options

All unissued ordinary shares in Tyro held under option plans at the date of this report are shown in the table below:

AWARD TYPE	GRANT DATE	EXPIRY DATE	EXERCISE PRICE	% VESTED	% EXERCISED	NUMBER HELD AS RIGHTS
Options exercisable between \$0.375 to \$1.76 expiring between 17 October 2020 and 22 July 2024	Between 18 Oct 2013 to 19 Dec 2018	Between 17 Oct 2020 to 22 Jul 2024	\$0.375 to \$1.76	94%	53%	4,968,054
Options exercisable at Nil expiring between 30 December 2024 and 25 June 2025	31 Dec 2018 to 26 Jun 2019	Between 30 Dec 2024 and 25 Jun 2025	Nil	67%	54%	413,189
Options exercisable at Nil expiring on 31 August 2025	1 Sep 2019	31 Aug 2025	Nil	44%	32%	404,762
Options exercisable at \$1.50 expiring on 30 April 2026	1 May and 6 Aug 2019	30 Apr 2026	\$1.50	0%	0%	1,468,599
Options exercisable at \$1.79 expiring on 30 September 2026	1 Oct 2019	30 Sep 2026	\$1.79	0%	0%	1,850,147

Options held by Non-executive Directors at 30 June 2023

NON-EXECUTIVE DIRECTOR		BALANCE AT START OF YEAR	GRANTED AS COM-PENSATION	EXERCISED	FORFEITED	BALANCE AT END OF YEAR	VESTED AND EXERCIS-ABLE	UNVESTED
Fiona Pak-Poy	FY23	83,000	-	-	-	83,000	-	83,000
	FY22	83,000	-	-	-	83,000	-	83,000
David Thodey¹	FY23	82,286	-	-	-	82,286	11,428	70,858
	FY22	82,286	-	-	-	82,286	8,571	73,715
Hamish Corlett²	FY23	-	-	-	-	-	-	-
	FY22	68,000	-	-	-	68,000	-	68,000
David Fite	FY23	158,144	-	-	-	158,144	87,286	70,858
	FY22	158,144	-	-	-	158,144	75,679	82,465
Claire Hatton	FY23	-	-	-	-	-	-	-
	FY22	-	-	-	-	-	-	-
Aliza Knox	FY23	-	-	-	-	-	-	-
	FY22	-	-	-	-	-	-	-
Paul Rickard	FY23	201,231	-	-	(21,505)	179,726	78,568	101,158
	FY22	229,400	-	(28,169)	-	201,231	91,378	109,853
Shefali Roy	FY23	-	-	-	-	-	-	-
	FY22	-	-	-	-	-	-	-

¹ David Thodey stepped down as Chair and from the Board on 1 March 2023. Details are provided for the period 1 July 2022 to 1 March 2023.

² Hamish Corlett stepped down from the Board on 3 November 2021. Details are provided for the period 1 July 2021 to 3 November 2021.

Options held by Executive KMP

EXECUTIVE KMP		BALANCE AT START OF YEAR	GRANTED AS COM-PENSATION	EXERCISED	FORFEITED	BALANCE AT END OF YEAR	VESTED AND EXERCIS-ABLE	UNVESTED
Jon Davey	FY23	-	-	-	-	-	-	-
	FY22	-	-	-	-	-	-	-
Robbie Cooke¹	FY23	5,504,530	-	(304,761)	(5,199,769)	-	-	-
	FY22	5,504,530	-	-	-	5,504,530	1,743,720	3,760,810
Prav Pala	FY23	1,613,486	-	-	-	1,613,486	405,689	1,207,797
	FY22	1,808,186	-	(194,700)	-	1,613,486	390,805	1,222,681
Steve Chapman	FY23	342,334	-	-	-	342,334	-	342,334
	FY22	342,334	-	-	-	342,334	-	342,334

¹ Robbie Cooke ceased employment as CEO and Managing Director on 3 October 2022 and continued in a consulting capacity until 31 December 2022. All remaining rights that were subject to a service condition were forfeited from that date.



8.3 Equity grants to Executive KMP

This section sets out the required statutory disclosures of equity grants for Tyro's Executive KMP.

GRANT DESCRIPTION	GRANT DATE	NUMBER OF OPTIONS/ RIGHTS GRANTED	VESTING DATE	EXERCISE PRICE	VALUE OF OPTIONS/ RIGHTS AT GRANT DATE	VESTED %	VESTED (NUMBER)	FORFEITED/ LAPSED %	VALUE OF OPTIONS/ RIGHTS EXERCISED DURING THE REPORTING PERIOD
Jon Davey									
Medipass Service	1 Jul 2021	297,619	¹⁰	Nil	\$1,119,047	0.0%	Nil	Nil	-
Medipass Performance	1 Jul 2021	297,619	¹¹	Nil	\$1,119,047	0.0%	Nil	Nil	-
FY22 LTI Rights	1 Mar 2022	36,082	⁹	Nil	\$61,339	0.0%	Nil	Nil	-
FY22 STI Rights	24 Oct 2022	25,314	¹²	Nil	\$38,098	0.0%	Nil	Nil	-
FY23 LTI Rights	24 Dec 2022	1,282,051	¹³	Nil	\$1,903,846	0.0%	Nil	Nil	-
Robbie Cooke									
2018 Dec Linear Options	19 Dec 2018	1,818,180	¹	\$1.76	\$475,159	98.0%	1,727,271	100.0%	-
FY19 LTI Options	1 May 2019	1,567,813	²	\$1.50	\$488,235	0.0%	Nil	100.0%	-
Liquidity Event Rights	26 Jun 2019	1,200,000	³	Nil	\$1,320,000	100.0%	1,200,000	Nil	-
2019 Jun Annual Options	26 Jun 2019	380,952	⁴	Nil	\$419,047	80.0%	304,761	20.0%	\$335,237
FY20 LTI Options	1 Oct 2019	1,737,585	⁵	\$1.79	\$816,231	0.0%	Nil	100.0%	-
FY20 STI Rights	2 Sep 2020	62,975	⁶	Nil	\$209,077	100.0%	62,975	Nil	\$227,970
FY21 LTI Rights	1 Feb 2021	167,501	⁷	Nil	\$556,104	0.0%	Nil	100.0%	-
FY21 STI Rights	2 Sep 2021	28,536	⁸	Nil	\$108,437	0.0%	Nil	100.0%	-
FY22 LTI Rights	1 Mar 2022	164,575	⁹	Nil	\$279,778	0.0%	Nil	100.0%	-
FY22 STI Rights	18 Oct 2022	50,611	¹²	Nil	\$76,170	0.0%	Nil	Nil	-
Prav Pala									
2014 Oct Linear Options	10 Oct 2014	211,268	¹	\$0.45	\$31,211	100.0%	211,268	Nil	-
2015 Oct Linear Options	6 Oct 2015	166,129	¹	\$0.60	\$26,479	100.0%	166,129	Nil	-
2016 Nov Linear Options	2 Nov 2016	141,403	¹	\$1.49	\$39,580	100.0%	141,403	Nil	-
2018 Feb Linear Options	1 Feb 2018	250,000	¹	\$1.76	\$59,492	100.0%	250,000	Nil	-
2018 Dec Annual Options	31 Dec 2018	71,428	⁴	Nil	\$74,999	80.0%	57,142	Nil	-
FY19 LTI Options	1 May 2019	634,681	²	\$1.50	\$197,647	0.0%	Nil	Nil	-
Liquidity Event Rights	9 May 2019	500,000	³	Nil	\$550,000	100.0%	500,000	Nil	-
FY20 LTI Options	1 Oct 2019	558,830	⁵	\$1.79	\$262,510	0.0%	Nil	Nil	-
FY20 STI Rights	2 Sep 2020	25,930	⁶	Nil	\$86,088	100.0%	25,930	Nil	-
FY21 LTI Rights	1 Feb 2021	51,860	⁷	Nil	\$163,359	0.0%	Nil	Nil	-
FY21 STI Rights	2 Sep 2021	15,072	⁸	Nil	\$57,274	0.0%	Nil	Nil	-
FY22 LTI Rights	1 Mar 2022	75,387	⁹	Nil	\$128,158	0.0%	Nil	Nil	-
Retention Rights	9 Sep 2022	750,000	¹⁴	Nil	\$1,031,250	33.3%	250,000	Nil	-
FY22 STI Rights	24 Oct 2022	35,095	¹²	Nil	\$52,818	0.0%	Nil	Nil	-
FY23 LTI Rights	24 Dec 2022	261,538	¹³	Nil	\$388,384	0.0%	Nil	Nil	-

GRANT DESCRIPTION	GRANT DATE	NUMBER OF OPTIONS/ RIGHTS GRANTED	VESTING DATE	EXERCISE PRICE	VALUE OF OPTIONS/ RIGHTS AT GRANT DATE	VESTED %	VESTED (NUMBER)	FORFEITED/ LAPSED %	VALUE OF OPTIONS/ RIGHTS EXERCISED DURING THE REPORTING PERIOD
Steve Chapman									
FY19 LTI Options	1 May 2019	181,337	²	\$1.50	\$197,647	0.0%	Nil	Nil	-
FY20 LTI Options	1 Oct 2019	160,997	⁵	\$1.79	\$262,510	0.0%	Nil	Nil	-
FY20 STI Rights	2 Sep 2020	7,246	⁶	Nil	\$24,057	100.0%	7,246	Nil	-
FY21 LTI Rights	1 Feb 2021	14,941	⁷	Nil	\$47,064	0.0%	Nil	Nil	-
FY21 STI Rights	2 Sep 2021	3,285	⁸	Nil	\$12,483	0.0%	Nil	Nil	-
FY22 LTI Rights	1 Mar 2022	29,657	⁹	Nil	\$50,417	0.0%	Nil	Nil	-
FY22 STI Rights	24 Oct 2022	15,019	¹²	Nil	\$22,604	0.0%	Nil	Nil	-
FY23 LTI Rights	24 Dec 2022	99,145	¹³	Nil	\$147,230	0.0%	Nil	Nil	-

¹ Options granted vest monthly in equal tranches over a period of 5 years and are not subject to any performance conditions.

² Options granted vest annually in equal 25% tranches over a period of four years, commencing 24 months after the grant date and subject to the following performance conditions: (i) 25% compound gross revenue growth per annum; and (ii) a positive net profit result (before tax and share-based expenses). If a tranche does not satisfy both performance criteria on the relevant testing date, the tranche will be retested at the next testing date (if any).

³ Vesting will occur in three equal tranches, as follows: one third on the date of the liquidity event (Initial Vesting Date); one third on the date that is 12 months after the Initial Vesting Date; and one third on the date that is 24 months after the Initial Vesting Date.

⁴ Options granted vest annually in equal 20% tranches over a period of five years, commencing 12 months after the grant date and are not subject to any performance conditions.

⁵ Options granted vest annually in equal 25% tranches over a period of four years, commencing 24 months after the grant date and subject to the following performance conditions: (i) 20% compound gross revenue growth per annum; and (ii) a positive net profit result (before tax and share-based expenses). If a tranche does not satisfy both performance criteria on the relevant testing date, the tranche will be retested at the next testing date (if any).

⁶ Vesting occurs equally on a monthly basis over a 24-month period from the Initial Vesting Date.

⁷ Subject to passing the 'Gateway' and satisfying the Performance Hurdle, the Performance Rights vest in one tranche 3 years following the Effective Date.

⁸ Vesting takes place 4-years (irrespective of continuous service) after grant with no performance hurdle.

⁹ Subject to satisfying the Performance Hurdle, the Performance Rights vest in one tranche 3 years following the Effective Date.

¹⁰ Vesting takes place in a single tranche on 31 May 2026 subject to continued employment.

¹¹ Vesting takes place in a single tranche following the release of Tyro's annual financial statements in respect of the year ended 30 June 2026 and is subject to the satisfaction of EBITDA performance hurdles for Tyro Health for the year ended 30 June 2026.

¹² Vesting takes place 4-years (irrespective of continuous service) after grant with no performance hurdle.

¹³ Vesting takes place in a single tranche on 23 November 2025 and is subject to the satisfaction of a CAGR EBITDA performance hurdles for Tyro for the period 1 July 2023 to 30 June 2025 as well as a relative total shareholder return outcome in respect of the year ending 30 June 2025.

¹⁴ Vesting will occur in three equal tranches, as follows: one third on 9 March 2023, one third on 9 March 2024 and one third on 9 March 2025.

9. Summary of Shares held by Non-executive Directors and Executive KMP

The number of ordinary shares held in Tyro at 30 June 2023 by each Non-executive Director and Executive KMP, including their personally related parties, is set out below.

NON-EXECUTIVE DIRECTOR		BALANCE AT START OF YEAR	RECEIVED DURING THE YEAR ON EXERCISE OF OPTIONS/RIGHTS	OTHER CHANGES DURING THE YEAR	BALANCE AT END OF YEAR
Fiona Pak-Poy	FY23	106,420	76,858	-	183,278
	FY22	106,420	-	-	106,420
David Thodey¹	FY23	1,056,996	59,367	-	1,116,363
	FY22	990,996	-	66,000	1,056,996
Hamish Corlett²	FY23	-	-	-	-
	FY22	1,203,921	-	-	1,203,921
David Fite	FY23	16,593,861	35,620	-	16,629,481
	FY22	18,593,861	-	(2,000,000)	16,593,861
Claire Hatton	FY23	-	-	14,583	14,583
	FY22	-	-	-	-
Aliza Knox	FY23	-	-	-	-
	FY22	-	-	-	-
Paul Rickard	FY23	2,126,740	46,723	-	2,173,463
	FY22	2,098,571	28,169	-	2,126,740
Shefali Roy	FY23	-	-	-	-
	FY22	-	-	-	-

¹ David Thodey stepped down as Chair and from the Board on 28 February 2023. Details are provided for the period 1 July 2022 to 28 February 2023.

² Hamish Corlett stepped down from the Board on 3 November 2021. Details are provided for the period 1 July 2021 to 3 November 2021.

EXECUTIVE KMP		BALANCE AT START OF YEAR	RECEIVED DURING THE YEAR ON EXERCISE OF OPTIONS/RIGHTS	OTHER CHANGES DURING THE YEAR	BALANCE AT END OF YEAR
Jon Davey	FY23	-	-	-	-
	FY22	-	-	-	-
Robbie Cooke	FY23	1,028,501	367,736	-	1,396,237
	FY22	491,936	400,000	136,565	1,028,501
Prav Pala	FY23	653,626	-	-	653,626
	FY22	664,882	347,922	(359,178)	653,626
Steve Chapman	FY23	16,832	602	6,536	23,970
	FY22	8,678	2,114	6,040	16,832

10. Other information

No loans have been granted to any KMP. There were no transactions during the reporting period involving an equity instrument to KMP or related parties, other than those disclosed in this Remuneration Report.

Auditor's Independence Declaration



**Building a better
working world**

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Auditor's Independence Declaration to the Directors of Tyro Payments Limited

As lead auditor for the audit of the financial report of Tyro Payments Limited for the financial year ended 30 June 2023, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b) no contraventions of any applicable code of professional conduct in relation to the audit; and
- c) no non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Tyro Payments Limited and the entities it controlled during the financial year.

Ernst & Young

Michael Byrne
Partner
29 August 2023



Profiles

Board of Directors



FIONA PAK-POY

CHAIR OF THE BOARD

Independent non-executive Director since September 2019 and Chair since 1 March 2023.

Other Tyro Responsibilities:

- Chair of the Nominations Committee.
- Member of the People Committee.
- Member of the Audit Committee.

Relevant other Directorships held in the past three years:

- Non-executive Director of HMC Capital Partners No 1 Pty Ltd, HMC Capital Partners No 2 Pty Ltd, HMC Capital Partners No 3 Pty Ltd, all subsidiaries of Home Consortium Limited (trading as HMC Capital, ASX: HMC).
- Non-executive Director of Kain Lawyers.
- Former non-executive Director and Chair of the Audit and Risk Committee of ASX listed Booktopia, Australia's largest online book seller.
- Former non-executive Director and Chair of the People Committee of ASX-listed iSentia Limited, a media intelligence and data technology company.
- Former Director of the Sydney School of Entrepreneurship.
- Former non-executive Director of Novotech Aus HoldCo, AsiaPacific's leading contract research organisation (CRO) providing clinical research solutions world-wide.

Career:

Fiona has over 30 years experience in a variety of industries, for companies ranging from start-ups to large public companies and not-for-profits. Fiona has served on various boards including MYOB, StatePlus and the commercialisation office of The University of Adelaide. She was a strategy consultant for the Boston Consulting Group in the US and Australia, and was also a partner in an Australian venture capital fund focused on technology start-ups.

Fiona is a mentor for the Minerva Network, an organisation of leading Australian business women who mentor elite female athletes and Member of Chief Executive Women.

Qualifications:

Fiona holds an Honours degree in Engineering from The University of Adelaide and a Master of Business Administration from Harvard Business School. Fiona is a Fellow of The Australian Institute of Company Directors.



DAVID FITE

NON-EXECUTIVE DIRECTOR

Independent non-executive Director since July 2018.

Other Tyro Responsibilities:

- Member of the Audit Committee.
- Member of the Risk Committee.
- Member of the Nominations Committee.

Relevant other Directorships held in the past three years:

- Director of Evari Technologies Pty Ltd and Evari Services Pty Ltd, entities which own or help develop software for the insurance industry.
- Director of Marsello Ltd, a company that makes intelligent marketing accessible and easy for multichannel retailers.
- Director of MYOB Group Co Pty Ltd, a provider of accounting, tax and business services.

Career:

David has over 30 years experience in the financial services industry. David has held various roles at Westpac Banking Corporation, including Treasurer, Assistant Chief Financial Officer and the Group Executive responsible for all retail and business banking products in Australia.

David has also worked at Japan's Shinsei Bank (formerly known as The LongTerm Credit Bank of Japan) as Senior Corporate Executive Officer, Chief Financial Officer and a member of its Board.

David is also an active investor in various credit, financial services and technology businesses.

Qualifications:

David holds a Bachelor of Arts in Government (Magna Cum Laude) from Harvard College, and a Master of Business Administration and Masters in Economics from Stanford University..



CLAIRE HATTON

NON-EXECUTIVE DIRECTOR

Independent non-executive Director since January 2022.

Other Tyro Responsibilities:

- Chair of the People Committee.
- Member of the Audit Committee.
- Member of the Nominations Committee.

Relevant other Directorships held in the past three years:

- Non-executive Director of Lifestyle Communities Ltd (ASX: LIC).
- Non-executive Director of Farleigh Holdings Pty Ltd (formerly Australian Pacific Travel Group).
- Director and Co-founder of Full Potential Labs Pty Ltd.
- Former non-executive Director of 3P Learning Ltd (ASX: 3PL) (May 2014 to September 2021).

Career:

Claire has 23 years of experience working in digital business and 28 years of senior international business experience in travel and technology industries across Australia, Asia, and the U.K. Most recently, as an executive, Claire spent seven years on the Google Australia and New Zealand commercial leadership team before transitioning into a portfolio career and non-executive roles.

She is currently a non-executive Director of Farleigh Holdings Pty Ltd (formerly Australian Pacific Travel Group) and Lifestyle Communities Ltd, a Director and Co-founder of Full Potential Labs, and co-host of the innovation-focused 'Don't Stop Us Now' podcast.

Qualifications:

Claire holds a Bachelor of Science Honours degree specialising in Marketing from Cardiff University and an MBA from IMD, Switzerland.



ALIZA KNOX

NON-EXECUTIVE DIRECTOR

Independent non-executive Director since April 2021.

Other Tyro Responsibilities:

- Member of the People Committee.
- Member of the Risk Committee.
- Member of the Nominations Committee.

Relevant other Directorships held in the past three years:

- Non-executive Director of Healthway Medical Group Limited in Singapore.
- Former non-executive Director of Scentre Group Limited (May 2015 to April 2020).

Career:

Aliza has more than four decades of broad international marketing and management experience in the financial services and technology sectors having held senior executive roles internationally at Boston Consulting Group, Charles Schwab, Visa International, Twitter and Google.

Her previous roles include Head of APAC for Cloudflare, Chief Operating Officer at Unlockd, Vice President, Asia Pacific at Twitter, Managing Director of Commerce and Online Sales & Operations for Asia Pacific at Google Asia Pacific, Senior Vice President, Commercial Solutions and Global Product Platforms at Visa International, and Senior Vice President, International Wireless and Global Expansion Asian Focus at Charles Schwab Corporation.

Aliza was also named IT Woman of the Year (Asia) in 2020 and to the Top 100 Women in Tech in Singapore in 2021.

Qualifications:

Aliza holds an MBA in Marketing (Honors) from New York University-Leonard N. Stern, School of Business, and a B.A., Applied Mathematics and Economics (Magna Cum Laude) from Brown University.



PAUL RICKARD

NON-EXECUTIVE DIRECTOR

Independent non-executive Director since August 2009.

Other Tyro Responsibilities:

- Chair of the Risk Committee.
- Chair of the Audit Committee.
- Member of the Nominations Committee.

Relevant other Directorships held in the past three years:

- Non-executive Director of PEXA Group Ltd (ASX: PXA).
- Non-executive Director of WCM Global Growth Ltd (ASX: WQG).
- Non-executive Director of Russh Media Pty Ltd.
- Director of Switzer Financial Group Pty Ltd.
- Non-executive Director of Titan Platform Pty Ltd.

Career:

Paul was the founding Managing Director of CommSec, which he led from 1994 to 2002, and was Chairman until 2009. After a 20 year career with Commonwealth Bank finishing in the role of Executive General Manager Payments & Business Technology, Paul left in 2009 to team up with Peter Switzer and co-founded the Switzer Super Report, a subscription-based newsletter for the trustees of self-managed super funds.

An expert in investment and superannuation, Paul is a regular commentator on TV, radio and online and also oversees editorial development at Switzer Financial Group Pty Ltd. In 2005, Paul was named 'Stockbroker of the Year' and admitted to the Industry Hall of Fame of the Australian Stockbrokers Foundation.

Qualifications:

Paul holds a Bachelor of Science degree in Mathematics and Computer Science from the University of Sydney.



SHEFALI ROY

NON-EXECUTIVE DIRECTOR

Independent non-executive Director since January 2022.

Other Tyro Responsibilities:

- Member of the Risk Committee.
- Member of the People Committee.
- Member of the Nominations Committee.

Relevant other Directorships held in the past three years:

- Director, First Look Capital Advisers LLP.
- Director, First Look Capital Limited.
- Former Director of the Maker Foundation, originators of the DAI stable coin (April 2020 to July 2021).

Career:

Shefali is a Founding Partner of First Look, a London based venture fund investing in women and diverse entrepreneurs building technology in finance, health, work, and real estate. Until September 2020, Shefali was the COO and CCO at TrueLayer headquartered in the U.K.

Prior to that she held C-Suite/senior leadership roles in operations, compliance and regulatory affairs at Stripe, Apple, Christies and Goldman Sachs. Shefali is an Associate Fellow at Said Business School, Oxford University and lectures on startups, organisational behaviour and leadership, fintech and DeFi.

Qualifications:

Shefali holds an Associate Diploma of Law, a BBus in Economics and Finance and an MA in Communications from RMIT, an MSc in Economic History from the London School of Economics, and an Executive MBA from Said Business School, Oxford University.



Executive Leadership Team



JONATHAN DAVEY

GROUP CHIEF EXECUTIVE OFFICER

Jon joined Tyro in May 2021 in the role of CEO - Medipass after Tyro acquired Medipass and was appointed as Group CEO on 3 October 2022. Jon's expertise is in leading businesses through the changes necessary to succeed in a digital world.

Prior to joining Medipass, Jon was accountable for Digital, Innovation and Customer Experience at National Australia Bank. He is the founder of National Australia Bank's Innovation and Corporate Venture Capital teams.

Jon has over 25 years experience in corporate, consulting and start-up businesses. He has worked with leading Australian and International companies and is the co-founder of a technology start-up. He is a member of the Technology and Innovation Advisory Board for the Australian Institute of Company Directors.



MONICA APPLEBY

CHIEF PEOPLE, CULTURE AND COMMUNICATIONS OFFICER

Monica joined Tyro in 2020 as Head of Corporate Communications ahead of being appointed as Chief People, Culture and Communications Officer. Monica is passionate about creating high performing teams and developing a thriving culture of engagement and growth that drives business outcomes.

Monica has over 18 years experience in strategic communications, change management and business transformation, specialising in financial services and technology, having previously held roles at KMPG, Deloitte and Tabcorp. Monica holds commerce, law and change management qualifications.



DEANNE BANNATYNE

CHIEF GROWTH OFFICER

Deanne (Dee) joined Tyro in April 2023 and has extensive experience as a senior executive across the payments financial services industry, including Chief Customer Officer/MD A&NZ for global digital gifting company Prezzy, General Manager of Identity, Payments and Financial Services for Australia Post, and General Manager of Payments for NAB. Through these roles, Deanne brings significant experience in leading sales, marketing, customer service, product management, operational and digital teams.

With a relentless focus on the customer and a bias to action, Deanne has passion for leading and inspiring high performing teams to deliver transformational growth, resulting in enhanced commercial and customer outcomes.



STEVEN CHAPMAN

CHIEF RISK OFFICER

Steve is a Chartered Global Management Accountant (CGMA) and Certified Information Systems Auditor (CISA). He joined Tyro in March 2019 and was appointed as Chief Risk Officer on 10 June 2021 leading the Tyro Risk and Compliance function. Prior to this role, Steve led the Internal Audit function.

After graduating from the University of Glasgow, Steve began his career in project management for a large UK utility firm before moving into audit and risk roles. Steve moved to Australia 11 years ago with his family and has since worked for Woolworths, IAG and QBE.



PAUL KEEN

CHIEF TECHNOLOGY OFFICER

Paul joined Tyro in August 2022 in the role of Chief Technology Officer. Paul has over 20 years experience in leading engineering teams in large ASX-listed companies. Prior to joining Tyro, Paul was Vice President of Engineering for Nuix, leading Nuix's engineering teams and related activities.

Paul's previous roles included Head of Group Architecture and Engineering at Qantas, Chief Technology Officer at Airtasker and Chief Information Officer at Dick Smith Electronics. Prior to these experiences, Paul was a General Manager in Salmat's Software Development team and a General Manager of Technology and Development at RedBalloon.

Paul holds a Master of Business Administration from Macquarie University (Macquarie Graduate School of Business).



PRAV PALA

CHIEF FINANCIAL OFFICER

Praveenesh (Prav) joined Tyro in 2014 in the role of Chief Financial Officer. Prav has over 20 years experience gained in professional consulting, property funds management, financial services and the payments industry.

Since starting his career at PricewaterhouseCoopers, Prav has held several senior positions at QBE Insurance Group, Westfield Group, Domaine Mirvac Funds Management and ING Direct Australia, and has managed large integration and strategic finance related projects.

Prav holds a Bachelor of Commerce (Merit) from the University of New South Wales. He is a qualified CPA and member of the CFA Institute.



ADRIAN PERILLO

CEO TYRO HEALTH

Adrian joined Tyro in May 2021 as part of the acquisition of Medipass, and took over leadership of the Tyro Health business in October 2022. He has over 20 years experience leading digital products and businesses, in industries including financial services, health and advertising.

After starting his career as a chartered accountant and then consultant at PricewaterhouseCoopers, Adrian moved into leadership roles at Sensis, Medibank and Telstra Health, before joining Medipass in 2017 to build what is now one of Australia's leading digital payments platforms for health providers.



DOMINIC WHITE

CHIEF PRODUCT OFFICER

Dominic has held a number of senior roles in financial institutions and fintechs over the last 30 years, most recently with Visa in the UK and Ireland, giving him a unique view of innovations and trends in the payments industry. During that time, he played a key role in Visa's response to the COVID-19 pandemic, in particular helping small businesses innovate and keep trading through those difficult times.

Prior to joining Visa in 2019, Dominic held various senior roles in the payments industry in the Asia-Pacific region, including Pacific Head of Ingenico Group, Asia-Pacific Managing Director for Bambora, and senior executive roles heading up transaction banking products including Merchant Acquiring and other payments products for three of Australia's largest retail banks, ANZ, NAB and Commonwealth Bank.

Dominic has consulted to and held directorships of various organisations in Asia-Pacific and Europe, developing strategy for financial institutions and retailers, as well as acquisition and divestment options and optimisation strategies for large and small businesses. He holds a BSc, an MBA and is a Graduate of the Australian Institute of Company Directors.

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tyro

5-Year Track Record

	FY19 \$'000	FY20 \$'000	FY21 \$'000	FY22 \$'000	FY23 \$'000
Transaction value	17,496,322	20,131,045	25,453,507	34,197,353	42,601,263
<i>Transaction value annual growth</i>	31.0%	15.1%	26.4%	34.4%	24.6%
Total revenue (normalised) ¹	189,770	210,675	239,505	326,143	435,802
<i>Total revenue annual growth</i>	28.0%	11.0%	13.7%	36.2%	33.6%
Direct expenses	(106,510)	(117,200)	(119,771)	(177,640)	(242,597)
Gross profit (normalised)²	83,260	93,475	119,734	148,503	193,205
<i>Gross profit annual growth</i>	20.5%	12.3%	28.1%	24.0%	30.1%
Operating expenses (normalised)	(91,871)	(97,847)	(105,568)	(137,836)	(150,906)
EBITDA³	(8,611)	(4,372)	14,166	10,667	42,299
EBITDA Margin	N/M	N/M	11.8%	7.2%	21.9%
Share-based payments expense	(3,788)	(10,896)	(8,779)	(5,199)	(11,165)
Depreciation & Amortisation	(7,864)	(12,524)	(14,666)	(20,505)	(25,172)
EBIT (normalised)⁴	(20,263)	(27,792)	(9,279)	(15,037)	5,962
Net interest cost (normalised)	-	(535)	(517)	(1,024)	(1,484)
Profit/(loss) before tax (normalised)⁴	(20,263)	(28,327)	(9,796)	(16,061)	4,478
Adjustments to normalised earnings					
Bendigo amortisation (net of gross profit share)	-	-	-	(2,686)	(3,044)
Bendigo net interest expense	-	-	-	(2,534)	(2,228)
Bendigo transitional expenses	-	-	-	(4,669)	(974)
Costs associated with the connectivity issue	-	-	(13,285)	300	4,539
M&A project costs	-	-	(4,681)	-	(2,858)
Other one-off (costs)/benefits	-	(9,730)	(894)	(409)	2,679
Share of loss from associates	-	-	(1,119)	(3,558)	(131)
Profit/(loss) before income tax (statutory)	(20,263)	(38,057)	(29,775)	(29,617)	2,461
Profit/(loss) after income tax (statutory)	(18,439)	(38,057)	(29,823)	(29,617)	6,013
Cash, cash equivalents and investments	68,758	188,324	172,780	122,768	128,932
Free cashflow (before banking)	(17,762)	(36,193)	(44,113)	(34,146)	5,700

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 \$1.0 million associated with transition of Bendigo merchants to the Tyro platform, the Bendigo gross profit share of \$8.1 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.

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.

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.



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Financial Statements

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	2023 \$000	2022 \$000
Fees and terminal rental income	2	417,631	317,699
Interest income	2	18,712	5,630
Fair value gain on financial assets	2	2,277	627
Sale of terminal accessories and other income		1,156	2,187
Total revenue		439,776	326,143
Interchange, integration and support fees	2	(232,376)	(169,824)
Terminal accessories		(2,245)	(1,366)
Interest expense on deposits		(811)	(274)
Total direct expenses		(235,432)	(171,464)
Gross profit		204,344	154,679
Employee benefits expense (excluding share-based expense)	2	(96,957)	(92,628)
Share-based payments expense		(11,165)	(5,199)
Communication, hosting and licencing costs		(16,902)	(14,321)
Administrative and other expenses	2	(16,060)	(12,978)
Contractor and consulting expenses		(13,427)	(13,726)
Marketing expenses		(8,202)	(5,532)
Depreciation and amortisation	8, 11, 12	(36,355)	(31,681)
Lending and non-lending gains/(losses)	2	1,028	(1,115)
Other interest expenses		(3,712)	(3,558)
Total operating expenses		(201,752)	(180,738)
Share of loss from associates	10	(131)	(3,558)
Profit/(loss) before tax expense		2,461	(29,617)
Income tax benefit	4	3,552	-
Profit/(loss) for the year		6,013	(29,617)
Other comprehensive income/(loss)			
FVOCI reserve – revaluation gain/(loss), net of tax		282	(1,008)
Total comprehensive profit/(loss) for the year		6,295	(30,625)
		CENTS	CENTS
Earnings per share for profit/(loss) attributable to the Ordinary Equity Holders of Tyro Payments Limited			
Basic earnings/(loss) per share	21	1.16	(5.74)
Diluted earnings/(loss) per share	21	1.12	(5.74)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying Notes.

Statement of Financial Position

AS AT 30 JUNE 2023

	NOTE	2023 \$'000	2022 \$'000
Assets			
Current assets			
Cash and cash equivalents	5	42,603	36,885
Due from other financial institutions		15,779	14,698
Trade and other receivables	6	25,360	22,704
Loans	7	43,765	34,262
Prepayments		6,238	3,643
Financial investments	9	15,452	10,474
Inventories		2,027	388
Total current assets		151,224	123,054
Non-current assets			
Loans	7	6,761	5,242
Financial investments	9	59,072	62,221
Investment in associates	10	1,811	1,942
Property, plant and equipment	11	42,785	41,452
Right-of-use assets	8	26,344	31,158
Intangible assets and goodwill	12	126,502	132,033
Net deferred tax assets	4	16,538	12,986
Total non-current assets		279,813	287,034
Total assets		431,037	410,088
Liabilities			
Current liabilities			
Deposits	14	92,704	83,273
Trade payables and other liabilities	15	43,031	37,425
Lease liabilities	8	4,394	1,897
Provisions	16	6,762	10,532
Total current liabilities		146,891	133,127
Non-current liabilities			
Other liabilities	15	75,396	83,553
Lease liabilities	8	29,167	32,096
Provisions	16	1,899	1,712
Total non-current liabilities		106,462	117,361
Total liabilities		253,353	250,488
Net assets		177,684	159,600
Equity			
Contributed equity	17	279,422	278,798
Reserves	17	59,320	47,085
Accumulated losses	17	(161,058)	(166,283)
Total equity		177,684	159,600

The above Statement of Financial Position should be read in conjunction with the accompanying Notes.

Statement of Changes in Equity

For the year ended 30 June 2023

	NOTE	CON- TRIBUTED EQUITY \$000	FVOCI RE- SERVE \$000	SHARE- BASED PAYMENTS RESERVE \$000	GENERAL RESERVE FOR CREDIT LOSSES \$000	ACCU- MULATED LOSSES \$000	TOTAL \$000
At 1 July 2021		274,436	108	38,361	2,358	(134,599)	180,664
Loss for the year		-	-	-	-	(29,617)	(29,617)
Other comprehensive loss		-	(1,008)	-	-	-	(1,008)
Total comprehensive loss		-	(1,008)	-	-	(29,617)	(30,625)
Issue of share capital – from options and rights exercised		4,362	-	-	-	-	4,362
Share-based payments		-	-	5,199	-	-	5,199
Transfer to general reserve for credit losses		-	-	-	1,856	(1,856)	-
Transfer from FVOCI reserve		-	211	-	-	(211)	-
At 30 June 2022		278,798	(689)	43,560	4,214	(166,283)	159,600
At 1 July 2022		278,798	(689)	43,560	4,214	(166,283)	159,600
Profit for the year		-	-	-	-	6,013	6,013
Other comprehensive income		-	282	-	-	-	282
Total comprehensive income		-	282	-	-	6,013	6,295
Issue of share capital – from options and rights exercised		624	-	-	-	-	624
Share-based payments		-	-	11,165	-	-	11,165
Transfer to general reserve for credit losses		-	-	-	788	(788)	-
At 30 June 2023	17	279,422	(407)	54,725	5,002	(161,058)	177,684

The above Statement of Changes in Equity should be read in conjunction with the accompanying Notes.

Statement of Cash Flows

For the year ended 30 June 2023

	NOTE	2023 \$000	2022 \$000
Cash flows from operating activities			
Fees and terminal rental and other income received		417,418	317,406
Interchange, integration and support fees paid		(238,251)	(175,919)
Interest received		18,278	5,585
Interest paid		(1,411)	(581)
Payments to employees and contractors		(104,882)	(99,067)
Terminals purchased		(19,627)	(13,966)
Other operating expenses paid		(49,816)	(35,716)
Payments for terminal remediation		(248)	(5,041)
Movement in scheme and other receivables		3,767	(1,722)
Net cash flows from operating activities excluding loans and deposits		25,228	(9,021)
Movement in loans		(15,599)	(24,090)
Movement in deposits		9,431	7,792
Net cash flows from operating activities	5	19,060	(25,319)
Cash flows from investing activities			
Movement in term deposit investments			
Purchases		(1,000)	-
Proceeds on maturity		-	5,000
Movement in financial investments			
Purchases		(7,800)	(33,072)
Proceeds		10,460	28,500
Movement in equity investments			
Purchases		-	(501)
Movement in property, plant and equipment (excluding terminals)			
Purchases		(534)	(13,858)
Proceeds		1,257	166
Payments for recognised intangible assets		(14,543)	(10,497)
Net cash used in investing activities		(12,160)	(24,262)
Cash flows from financing activities			
Proceeds from exercise of share options and rights		624	4,362
Payments of the principal portion of leases		(1,173)	(2,788)
Net cash flows from financing activities		(549)	1,574
Net movement in cash and cash equivalents		6,351	(48,007)
Effect of foreign exchange rates on cash and cash equivalents		(633)	371
Cash and cash equivalents at beginning of year		36,885	84,521
Cash and cash equivalents at end of year	5	42,603	36,885

The above Statement of Cash Flow should be read in conjunction with the accompanying Notes.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2023

1. General information and statement of accounting policies

The financial report of the Group was authorised for issue in accordance with a resolution of the Directors on 29 August 2023.

The Group is a for-profit company listed on the Australian Securities Exchange (**ASX**), registered and domiciled in Australia. The nature of the operations and principal activities of the Group are described in the Directors' Report.

The financial report includes the consolidated and standalone financial statements of Tyro Payments Limited and its controlled entities (together referred to as the **Group**).

The significant policies which have been adopted in the preparation of this financial report are set out below.

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (**AASB**), International Financial Reporting Standards (**IFRS**) and Interpretations as issued by the International Accounting Standards Board (**IASB**). The financial report has also been prepared on a historical cost basis, except for loans, financial investments which have been measured at fair value and investments in associates which have been accounted for using the equity method.

A number of new accounting standards and amendments have been issued but are not yet effective, none of which have been early adopted by the Group in this financial report. These new standards and amendments, when applied in future periods, are not expected to have a material impact on the financial position or performance of the Group.

- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to AASB 112)*
- *Classification of Liabilities as Current or Non-Current (Amendments to AASB 101)*
- *Disclosure of Accounting Policies (Amendments to AASB 101 and AASB Practice Statement 2).*
- *Definition of Accounting Estimates (Amendments to AASB 8).*

Similar categories of income and expenses have been grouped together. Prior year comparative information for these amounts, where necessary, has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars unless otherwise stated under the option available to the Group under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Group is an entity in which the instrument applies.

(b) Going concern

The Directors consider the Group are able to pay their debts as and when they fall due, and therefore the Group are able to continue as a going concern.

(c) Significant accounting judgements, estimates and assumptions

In applying the Group's accounting policies, Management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to Management. Actual results may differ from judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by Management in the preparation of these financial statements are outlined as follows:

Share-based payments transactions - The Group recognises the cost of equity-settled transactions with employees (including Key Management Personnel) and other stakeholders by reference to the fair value of the equity instruments at the date on which they are granted. The valuation assumptions are detailed in Note 13. The equity-settled instruments are expensed using a linear or graded probability of vesting approach depending on the terms of the equity instruments.

Classification and valuation of investments - The Group classifies its investments in floating rate notes (**FRNs**) and equity securities where it does not have significant influence or control as Financial Investments - at Fair Value through Other Comprehensive Income (**FVOCI**), with movements in fair value recognised directly in equity. The fair value of listed shares has been determined by reference to published price quotations in an active market. Where no active market exists for a particular asset, the Group uses a valuation technique to arrive at the fair value. The Group prioritises the use of observable market inputs in the valuation of Level 3 fair valued investments and considers all reasonable sources of alternative information when incorporating unobservable inputs. Further details are as disclosed in Note 18.

Investments in associates are accounted for using the equity method of accounting less impairment losses. See Note 1 (m) for further details.

1. General information and statement of accounting policies (continued)

(c) Significant accounting judgements, estimates and assumptions (continued)

Valuation of loans – The Group's lending product differs from a conventional lending asset that accrues interest over time. Under the Group's current terms, a merchant borrows a loan amount plus an upfront fee. The total loan plus fee amount does not change regardless of early or late repayment. As such, the product fails the "solely payments of principal and interest (SPPI) test" under IFRS 9 "Financial Instruments" and is therefore measured at fair value through the Statements of Comprehensive Income.

The fair value of loans has been estimated using a valuation technique that converts forecasted cash flows to a present value amount (discounted cash flow method). The forecasted cash flows are actuarially determined using predictive models based partly on evidenced historical performance and expected repayment profiles. Inputs into the valuation model are detailed in Note 18.

Capitalisation of internally generated software – An intangible asset arising from development expenditure on an internal project is recognised by the Group only when the following can be demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate probable future economic benefits;
- availability of resources to complete the development; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The Group commences amortising internally generated software projects from the point the asset is ready for use.

Impairment for intangibles – The Group determines whether goodwill is impaired at least on an annual basis. Other intangible assets are reviewed at least annually to determine whether any indicators of impairment exist, and if necessary an impairment analysis is performed. Impairment testing requires an estimation of the recoverable amount of the cash generating units to which the goodwill and other intangible assets with indefinite useful lives are allocated. Refer to Note 12 (b) for the key assumptions used.

Estimation of useful lives of assets – The estimation of the useful lives of assets has been primarily based on historical experience. In addition, the condition of the assets is assessed at least once per year and considered against their remaining useful lives. Adjustments to useful lives are made when considered necessary. In assessing whether the useful life of an intangible asset is finite or indefinite, Management use judgement in determining the period over which expected future benefits will be generated, also factoring in the market that the Group operates in and the longer term strategy for the Group. An impairment assessment is conducted and reviewed by Management at least annually as to whether indicators of impairment such as technical obsolescence exist.

Remediation provision – Determining the amount of provisioning required in respect of customer related refunds requires the exercise of significant judgement. This includes forming a view on a number of different estimates, including number of impacted customers, average compensation per customer and the associated costs required to complete the remediation activities. The appropriateness of underlying assumptions is reviewed on a regular basis against actual experience and other available evidence, and adjustments are made to the provision where required.

Long service leave – Entitlements that arise in respect of non-current long service leave have been measured at their present values of expected future payments. Long service leave is calculated based on assumptions and estimates of when employees will take leave and the prevailing wage rates at the time the leave will be taken. Long service leave also requires a prediction of the number of employees that will achieve entitlement to long service leave.

Taxation – Provisions for taxation require significant judgement with respect to outcomes that are uncertain. Deferred tax assets are recognised for deductible temporary differences and carried forward tax losses after consideration of:

- likelihood of availability of future profits, including stress testing of forecasts, for utilisation of deferred tax assets; and
- outcome of Continuity of Ownership Testing (and where applicable, the Similar Business Test) to support the recognition of any carried forward tax losses.

Management does not recognise deferred tax assets where utilisation is not considered probable.

Tyro-Bendigo Bank Alliance

The Alliance has been agreed for a ten year period starting in June 2021. The trail commission payable on the existing customer network and future rollouts includes a guaranteed component for the first four years. An additional variable amount is payable based on gross profit achieved. The trail commission payable was initially measured at fair value in accordance with AASB 13 *Fair Value Measurement* when the customer relationship was obtained and is remeasured at amortised cost in accordance with AASB 9 Financial Instruments to reflect actual and revised estimates of future gross profit.

Key assumptions in respect of estimating the valuation of the trail commission payable included:

- discount rates derived from similar observed rates for comparable assets that are traded in the market;
- the merchant churn rate; and
- probability weighted forecasts considering a high, mid and low forecast estimate prepared by management and approved by the Board.

1. General information and statement of accounting policies (continued)

(c) Significant accounting judgements, estimates and assumptions (continued)

The associated intangible assets were recognised in accordance with AASB 138 *Intangible Assets*. They are carried at cost less any accumulated amortisation and any accumulated impairment losses and are reviewed annually for any indicator of impairments in accordance with AASB 136 *Impairment of Assets*. The useful life of the acquired intangible assets is judgmental and reviewed annually by management with adjustments made where deemed necessary.

(d) Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see Note 12(c)). Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination services.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Company. The Company 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1. General information and statement of accounting policies (continued)

(e) Current and non-current classification

The Group presents assets and liabilities in the statement of financial position based on current and non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period;

or

- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period;

or

- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and term deposits with an original maturity of three months or less from the date of acquisition.

(g) Due from other financial institutions

Includes term deposits with maturities greater than three months from the date of acquisition, and term deposits pledged to counterparties as collateral. These are initially measured at fair value and subsequently measured at amortised cost less allowance for expected credit losses, using the effective interest method. Amounts due from other financial institutions includes term deposits with maturities greater than three months from the date of acquisition and deposits pledged to counterparties as collateral. Refer to Note 19 (b) for details of deposits pledged as collateral.

(h) Trade and other receivables

Trade receivables, which generally have 30-day terms, are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method, less an allowance for expected credit losses (ECL). Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified.

The Group has applied the simplified approach to calculate ECL for trade receivables where a loss allowance is based on lifetime ECL at each reporting date. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. by customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

(i) Loans

Loans to merchants are classified and measured at fair value with changes in the fair value being recognised in the Statements of Comprehensive Income. The loans are unsecured with an upfront ("unearned") fee charged to the merchant. As the merchant receives daily settlements, a percentage is taken towards loan repayments. The loan repayment includes a portion which recognises the unearned fee in the Statements of Comprehensive Income as interest income. When the loan is uncollectible, it is written-off. Such write-offs of loans occur after all the necessary assessments for write-off procedures have been completed and the amount of the loss has been determined. Loan write-offs are disclosed as lending losses in the Statements of Comprehensive Income. Subsequent recoveries are recognised against these write-offs.

1. General information and statement of accounting policies (continued)

(j) Prepayments

Prepayments are recognised for amounts paid whereby goods have not transferred ownership to the Group or where services have not yet been provided. Upon receipt of goods or the service, the corresponding asset is recognised in the Statements of Financial Position or the expense is recognised in the Statements of Comprehensive Income.

(k) Inventories

(i) Cost and valuation

The costs of purchasing inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the Group from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase. Inventories are subsequently held at the lower of cost and their net realisable value. Impairment is assessed at least on an annual basis. Inventories are derecognised when the rights to benefits are transferred to a third party.

(ii) Impairment

Management makes assessments of the net realisable value of inventory at least on an annual basis. The cost of inventory may not be recoverable where the inventory is damaged, wholly or partially obsolete, or if selling prices have declined. In accordance with AASB 102 *Inventories*, where the cost of inventory exceeds the net realisable value, inventory is written down to their net realisable value.

Net realisable value is an estimate, based on the most reliable evidence at the time, of the amount the inventories are expected to realise.

(l) Financial investments

Recognition and initial measurement

The classification of financial investments at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures financial assets held at amortised cost or debt instruments held at fair value through other comprehensive income at its fair value plus transaction costs.

In order for a debt investment to be classified and measured at amortised cost or fair value through other comprehensive income (**OCI**), it needs to give rise to cash flows that are SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial investments classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Subsequent measurement

For debt investments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the Statement of Comprehensive Income. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

For equity investments at fair value through OCI, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI at initial recognition. Gains and losses on these financial assets are never recycled to profit or loss. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group elected to classify irrevocably its non-listed equity investments under this category.

Purchase and sale of investments are recognised on trade date - the date on which the Group becomes party to the contractual provisions of the investment.

(m) Investment in associates

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to significant but not controlling voting rights. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any. Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associate over the Group's share of the fair value of the identifiable net assets of the associate and is included in the carrying amount of the investments.

1. General information and statement of accounting policies (continued)

(n) Property, plant and equipment

(i) Cost

Property, plant and equipment are measured at cost less accumulated depreciation and any impairment in value. The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing parts when the cost is incurred, and the recognition criteria are met. When each major inspection is performed, its cost is recognised in the carrying amount of the item of property, plant or equipment, as a replacement, provided that the recognition criteria are satisfied.

(ii) Depreciation

Depreciation is provided on a straight-line basis over the estimated useful life of each specific item of property, plant and equipment.

Estimated useful lives are as follows:

PLANT AND EQUIPMENT:	2023	2022
Terminals	3 years	3 years
Furniture and office equipment	5 years	5 years
Computer equipment	3-4 years	4 years
Leasehold improvements	Remaining term of lease	Remaining term of lease

The assets' residual values, remaining useful lives and depreciation methods are reassessed and adjusted, if appropriate at each reporting date.

(iii) Impairment

Management identifies applicable impairment indicators in accordance with AASB 136 *Impairment of Assets*. The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The recoverable amount of plant and equipment is the greater of fair value less costs of disposal and its value in use.

(iv) Derecognition and disposal

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected to arise from continued use of the asset. Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in the Statement of Comprehensive Income in the year the asset is derecognised.

(o) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

1. General information and statement of accounting policies (continued)

(o) Leases (continued)

(ii) Lease liabilities (continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

(p) Intangible assets and goodwill

(i) Software

The Group continues to make significant investments in various projects to develop new products and enhance existing products' capabilities. For certain projects, it is more probable that future economic benefits from the assets arising from the projects will flow to the Group and their expenditure can be measured reliably with enhancements in the Group's data governance, system and reporting. Therefore, software development costs for those projects are recognised as intangible assets in the Statements of Financial Position in accordance with AASB 138 *Intangible Assets*.

Following initial recognition of the development expenditure as an asset, the intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment losses. Each development project will then be reviewed annually for any indicator of impairments in accordance with AASB 136 *Impairment of Assets*.

Acquired intangibles as part of the Medipass acquisition were valued using the replacement cost technique. This technique estimated the Fair Value as all costs necessary to construct a similar asset of equivalent utility at prices applicable at the time of reconstruction.

(ii) Customer contracts and relationships

The customer contracts were acquired as part of the Tyro-Bendigo Bank Alliance and Medipass acquisitions. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line based on the timing of projected cash flows of the contracts over their estimated useful lives.

The useful life of finite intangible assets is judgmental and reviewed annually by management with adjustments made where deemed necessary. The following method is used in the calculation of amortisation:

INTANGIBLE ASSET	AMORTISATION METHOD	USEFUL LIFE
Internally generated software	Straight line	Finite (3 - 5 years)
Customer relationships	Straight line	Finite (7 - 10 years)

(iii) Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets and liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised and is tested annually for impairment.

Goodwill is reviewed for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

(q) Deferred tax asset

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date (Note 4(c)).

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

1. General information and statement of accounting policies (continued)

(r) Deposits from customers

Deposits from customers are initially recognised at fair value. Subsequent to initial recognition, these liabilities are measured at amortised cost. Interest expense on deposits is recognised in the Statements of Comprehensive Income using the effective interest method.

(s) Trade and other payables

Merchant payables arise when the Group has received monies from the relevant schemes and financial institutions that have not yet been settled with the merchant.

Payables to merchants are only recognised to the extent that a liability arises. This liability arises when the proceeds have been paid by the schemes and financial institutions and received by the Group.

Liabilities for trade and other payables are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

Commissions payable to Bendigo Bank

The trail commission payable on the existing customer network and future rollouts includes an amount guaranteed by the Group and an additional variable amount based on revenue achieved. The trail commission payable is initially measured at fair value in accordance with AASB 13 *Fair Value Measurement* when the customer relationship was obtained and remeasured in subsequent periods at amortised cost in accordance with AASB 9 Financial Instruments to reflect actual and revised estimates of future gross profit.

The key assumptions used in estimating the valuation of the trail commission payable can be found in Note 1(c).

(t) Provisions and contingencies

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits may be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the impact of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are not recognised in the Statements of Financial Position but are disclosed in the relevant notes to the financial statements. They may arise from uncertainty as to the existence of a liability or represent an existing liability in respect of which settlement is not probable or the amount cannot be reliably measured. Only when settlement becomes probable will a liability be recognised.

Management evaluates the risk of such transactions and estimates its potential loss from chargebacks based primarily on historical experience and other relevant factors. A provision is recognised in the general reserve for credit losses for merchant losses necessary to absorb chargebacks and other losses for merchant transactions that have been previously processed and on which revenues have been recorded.

(u) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are accounted in contributed equity as a deduction, net of tax, from the proceeds of issue.

(v) General reserve for credit losses

The Group appropriates for estimated future credit losses from chargebacks, with a general reserve for credit losses. The Group estimates the reserve by using a multiple of historical losses over a rolling 120 day period of transaction values. The general reserve for credit losses is then allocated as a separate reserve within equity.

The Group also appropriates for estimated future credit losses from loans to ensure the Group has sufficient capital to cover credit losses estimated to arise over the full life of the loans as required by APRA Prudential Standard APS 220 *Credit Risk Management*.

The methodology and assumptions used for estimating the general reserve for credit losses required are reviewed regularly.

(w) Revenue recognition

Revenue from contracts with customers is recognised in accordance with AASB 15 which introduced a single, principle-based five step recognition and measurement model. The five steps are:

1. Identify the contract with a customer;
2. Identify separate performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to each performance obligations identified in Step 2; and
5. Recognise revenue when a performance obligation is satisfied.

1. General information and statement of accounting policies (continued)

(w) Revenue recognition (continued)

The Group's fee income from contracts with customers is derived primarily from the following sources:

- Merchant service fee income is generated from merchant customers for credit, debit and charge card acquiring services. Fees are charged to merchants depending on the type of transaction being performed based on a percentage of transaction value or on a fixed amount per transaction. Fees related to payment transactions are recognised at the time transactions are processed. Related interchange fees, which are collected from merchants and paid to credit institutions are recognised as an expense instead of netting-off against merchant service fee income in the Statements of Comprehensive Income; and
- Revenue from Dynamic Currency Conversion transactions generated from merchants is calculated based on the individual value of the transactions and is recognised once the transaction has been processed.

Terminal rental income generated from operating leases with merchants is recognised progressively based on a fixed monthly rental on terminals. There is no minimum rental period for merchants.

Interest income is recognised in the Statements of Comprehensive Income in accordance with AASB 9 using the effective interest method. The effective interest method measures the amortised cost of a financial asset and allocates the interest income over the relevant period using the effective interest which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(x) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Entitlements arising in respect of salaries and wages, annual leave and other employee benefits that are expected to be settled within one year have been measured at their nominal amounts. Employees are entitled to 20 days annual leave each year.

Entitlements that arise in respect of long service leave which are expected to be settled more than 12 months after the reporting date have been measured at their present values of expected future payments. Long service leave is calculated based on assumptions and estimates of when employees will take leave and the prevailing wage rates at the time the leave will be taken. Long service leave liability also requires a prediction of the number of employees that will achieve entitlement to long service leave. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match as closely as possible to the estimated future cash outflows.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave to be taken in the future by all employees at the reporting date is estimated to be less than the annual entitlement for sick leave.

(y) Share-based payment transactions

Share-based compensation benefits are provided to employees (including Key Management Personnel) via the employee share option plans, short term incentive plans and long term incentive plans, whereby employees render services in exchange for rights over the Company's shares, as well as other stakeholders under contractual arrangements. The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of any options issuance is determined using the Black-Scholes option valuation model.

The cost of equity-settled transactions is recognised, together with any corresponding increase in equity, over the period in which the employees or stakeholders become fully entitled to the award (the **vesting period**).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is based on the best available information at the reporting date. No adjustment is made for the likelihood of performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest. Details of the types of share-based payments and their respective terms and vesting conditions are disclosed in Note 13.

The Company also has share-based compensation benefits in the form of rights which are tied to performance conditions, as well as restricted rights which relate to remuneration sacrifice rights. The policy treatment is consistent with that for share options via the Employee Share Option Plan.

(z) Income taxes

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Comprehensive Income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

1. General information and statement of accounting policies (continued)

(z) Income taxes (continued)

Tax Consolidation

Tyro Payments Limited (the “Company”) and its wholly-owned Australian controlled subsidiaries (collectively, the “Group”) entered into a tax consolidated group on 1 July 2021. The head entity, Tyro Payments Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the separate taxpayer within group approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. In addition to its own current and deferred tax amounts, Tyro Payments Limited also recognises the current tax liabilities (or assets) and the deferred tax assets assumed from controlled entities in the tax consolidated group. Deferred tax assets relating to temporary differences, unused tax losses and unused tax credits are only recognised to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. At the balance date, no tax funding agreement has been entered into yet however the possibility of default is remote.

(aa) Cloud Computing arrangements

Cloud computing arrangements are service contracts providing the Group with the right to access software as a service (SaaS) over a contract period. Cost incurred to configure and customise application software in SaaS arrangements are recognised as an expense in Statement of Other Comprehensive Income when the Group does not have the ability to control and restrict access to the SaaS. A right to receive future access to the supplier’s software does not, at the contract commencement date, give the Group the power to obtain the future economic benefits flowing from the software itself and to restrict others’ access to those benefits.

The following outlines the accounting treatment of costs incurred in relation to SaaS arrangements:

ACCOUNTING TREATMENT	COST
Non-distinct costs: Recognised as an operating expense over the term of the service contract	<ul style="list-style-type: none">• Fee for use of application software (licence fee)• Customisation costs
Distinct costs: Recognised as an operating expense as the service is received.	<ul style="list-style-type: none">• Configuration costs• Data conversion and migration costs• Testing cost• Training costs

Costs incurred for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible computer software assets.

(ab) Goods and Services Tax (GST)

Revenues, expenses, assets and liabilities are recognised net of the amount of GST except for the following:

- when the GST incurred on the purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- trade receivables and trade payables are stated with the amount of GST included.

The net amount of GST recoverable from or payable to the taxation authority is included as part of other receivables or other payables in the Statements of Financial Position. Commitments and contingencies are disclosed net of the amount of GST. Cash flows are disclosed net of the amount of GST (unless stated otherwise) in the Statements of Cash Flows and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

(ac) Foreign currency translation

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the spot rate of exchange ruling at the reporting date.

Non-monetary assets and liabilities are translated at their historic rates of exchange at their respective transaction dates.

(ad) De-recognition of assets and liabilities

Assets and liabilities are de-recognised from the Statements of Financial Position upon sale, maturity or settlement. The Group de-recognises scheme receivables against associated merchant payables as the risks and rewards are passed through in line with contractual obligations.

2. Revenue and expenses

The profit/(loss) before tax expense has been arrived at after accounting for the following items:

	2023 \$000	2022 \$000
Fees and terminal rental income		
Merchant service fee	379,057	283,633
Terminal rental income	34,774	31,809
Other fee income	3,800	2,257
	417,631	317,699
Interest Income		
Effective interest income	7,653	753
Other interest income on loans ¹	11,059	4,877
	18,712	5,630
Fair value gain on financial assets		
Fair value gain on equity investment	3,974	-
Fair value (loss)/gain on loans ¹	(1,697)	627
	2,277	627
Interchange, integration and support fees		
Interchange and scheme fees	(209,399)	(155,252)
Integration, support and other fees	(22,977)	(14,572)
	(232,376)	(169,824)
Employee benefits expense (excluding share-based payments)		
Wages, salaries and incentives	(82,826)	(79,431)
Superannuation	(7,700)	(7,180)
Other employee benefits expense	(6,431)	(6,017)
	(96,957)	(92,628)
Administrative and other expenses		
Terminal management and logistics	(4,417)	(4,065)
Professional services	(2,668)	(1,381)
Insurance	(1,829)	(1,697)
Impairment of right-of-use asset	(1,184)	-
Travel and entertainment	(828)	(1,009)
Other expenses	(5,134)	(4,826)
	(16,060)	(12,978)
Lending and non-lending gains/(losses)		
Lending losses ¹	(2,880)	(600)
Non-lending losses	(631)	(515)
Remediation provision release ²	3,719	-
Insurance recoveries ³	820	-
	1,028	(1,115)

¹ Fair value (loss)/gains on loans excludes other interest income on loans or lending losses. Other interest income on loans and lending losses have been disclosed as separate items within the statement of comprehensive income.

² Remediation provision release in FY23 of \$3,719,000 is due to the provision is no longer being expected to be utilised following the approval of the settlement of the class action by the Court (Note 16).

³ The positive insurance recovery of \$820,000 relates to the terminal connectivity issue in January 2021 (Note 6).

3. Segment reporting

(a) Description of segments and principal activities

For management purposes, the Group is organised into two operating segments, comprising **Payments** and **Banking**. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, which is the CEO. The Group operates in one geographical segment being Australia.

The corporate and other segment, which is not considered an operating segment of the Group, is used to reconcile the total segment results back to the consolidated results. It consists of other income and costs that fall outside the day-to-day operations of the Group. These include the Group's Head Office, all employee benefits expenses and other operating expenses, all of which are recorded below Gross Profit.

The Group's reportable segments under AASB 8 *Operating Segments* are as follows:

REPORTABLE SEGMENT	PRINCIPAL ACTIVITIES
Payments	Acquires electronic payment transactions from merchants. Revenue is primarily earned from fees charged for processing acquired transactions. Revenue is also earned from other fee income, terminal rental income and sales of terminal accessories. Direct expenses include scheme and interchange fees, integration, support and other fees and cost of terminal accessories sold.
Banking	Complementary banking services to merchants. Revenue is earned from fees charged on loans to merchants. Interest expense is incurred on merchant deposits.

(b) Revenue and gross profit by segment

	PAYMENTS ¹ \$000	BANKING ² \$000	CORPORATE AND OTHER ³ \$000	TOTAL \$000
2023				
Revenue	419,215	9,372	11,189	439,776
Gross profit	184,597	8,558	11,189	204,344
2022				
Revenue	318,847	5,504	1,792	326,143
Gross profit	147,657	5,230	1,792	154,679

Reconciliation of gross profit to profit/(loss) before tax:

	2023 \$000	2022 \$000
Gross profit	204,344	154,679
Operating expenses (excl. depreciation and amortisation, share of loss from associates and other interest expenses)	(161,685)	(145,499)
Depreciation and amortisation	(36,355)	(31,681)
Other interest expenses	(3,712)	(3,558)
Share of loss from associates	(131)	(3,558)
Profit/(loss) before tax	2,461	(29,617)

¹ Gross profit of the Payments segment is payments revenue and income less direct expenses.

² Gross profit of the Banking segment is income from merchant lending adjusted for the fair value movement on loans and interest expense on merchant deposits.

³ Gross profit of Corporate and other includes income from investments and other revenue and income.

3. Segment reporting (continued)

(c) Assets and liabilities by segment

	PAYMENTS \$000	BANKING \$000	CORPORATE AND OTHER \$000	TOTAL \$000
2023				
Segment assets	234,534	75,824	120,679	431,037
Segment liabilities	90,392	93,569	69,392	253,353
2022				
Segment assets	216,972	71,556	121,560	410,088
Segment liabilities	97,714	83,273	69,501	250,488

4. Income tax

(a) Income tax benefit:

Major components of income tax benefit for the period ended 30 June 2023 and 30 June 2022:

	2023 \$000	2022 \$000
Current income tax		
Current income tax benefit/(expense)	-	-
Deferred income tax		
Relating to origination and reversal of temporary differences	3,487	2,703
Recognition of deferred tax on temporary differences	(2,538)	(2,703)
Recognition of previously unrecognised tax losses	2,603	-
Income tax benefit in the statement of comprehensive income	3,552	-
Amount reported directly in other comprehensive income and equity		
Deferred tax related to items recognised in equity during the period	-	-
Income tax benefit/(expense) reported in equity	-	-

(b) Reconciliation of income tax benefit and prima facie tax:

	2023 \$000	2022 \$000
Operating profit/(loss) before tax	2,461	(29,617)
At the statutory income tax rate of 30%	(738)	8,885
Share-based payment expense	(3,350)	(1,560)
Share of loss from associates	(39)	(1,067)
Fair value gain on equity investments	1,192	-
Amortisation of intangible asset	-	(596)
Other non-deductible expenses	(80)	(83)
Recoupment of prior year losses not brought to account	6,502	-
Recognition of deferred tax on previously recognised tax losses	2,603	-
Recognition of deferred tax on temporary differences	(2,538)	-
Tax effect of current year losses for which no deferred tax asset is recognised	-	(5,579)
Total income tax benefit	3,552	-

4. Income tax (continued)

(c) Deferred income tax assets and liabilities

	STATEMENT OF FINANCIAL POSITION	STATEMENT OF COM- PREHENSIVE INCOME	2023 OTHER COM- PREHENSIVE INCOME AND EQUITY	STATEMENT OF FINANCIAL POSITION	2022 STATEMENT OF COM- PREHENSIVE INCOME	2022 OTHER COM- PREHENSIVE INCOME AND EQUITY
Net deferred tax assets and liabilities	\$000	\$000	\$000	\$000	\$000	\$000
Fixed assets	7,997	2,739	-	5,258	423	-
Provisions and accruals	3,122	(3,877)	-	6,999	1,519	-
Other	1,649	1,131	-	518	(1,882)	-
Tax losses	2,603	2,603	-	-	-	-
Leases	2,165	1,314	-	851	504	-
Financial investments	624	529	-	95	(699)	-
Other Intangible Assets	(1,622)	(887)	-	(735)	135	-
Total	16,538	3,552	-	12,986	-	-

Net deferred tax assets relate to temporary differences up to \$16,538,000 (tax effected) as at 30 June 2023 (2022: \$12,986,000). In addition, approximately \$22,065,000 (tax effected) of unused tax losses, credits and temporary differences have not been recognised as an asset at balance date.

5. Cash and cash equivalents

	2023 \$000	2022 \$000
Deposits at call	42,603	36,885
	42,603	36,885

5. Cash and cash equivalents (continued)

	2023 \$000	2022 \$000
Reconciliation of profit/(loss) after tax to net cash flows used in operations		
Profit/(loss) for the year	6,013	(29,617)
Adjustments for:		
Depreciation and amortisation	36,355	31,681
Share-based payments expense	11,165	5,199
Fair value gain on me&u	(3,974)	-
Release of remediation provision	(3,719)	-
Lending losses	2,880	600
Lease interest expense	2,988	3,497
Fair value (gain)/loss on loans	1,697	(627)
Impairment of right-of-use asset	1,184	-
Obsolescence provision	141	-
Share of losses from associates	131	3,558
Impairment of intangible assets	111	-
Income tax benefit	(3,552)	-
Other	(130)	131
Changes in assets and liabilities:		
Increase in loans ¹	(15,599)	(24,090)
Purchase of terminals	(16,031)	(14,779)
Increase in trade and other receivables and other assets	(2,658)	(5,531)
Increase in term deposits held as collateral	(7)	(507)
Increase in deposits	9,431	7,792
Increase in trade payables and other liabilities	(7,485)	2,287
(Decrease)/increase in provisions	119	(4,913)
Net cash flow/(used in) operating activities	19,060	(25,319)

¹ Movement in loans balances excludes adjustments for write offs and fair value adjustments.

6. Trade and other receivables

	2023 \$000	2022 \$000
Scheme and other receivables ¹	5,206	10,014
Merchant acquiring fees	14,375	12,728
Insurance receivable ²	5,820	-
Expected credit loss provision	(41)	(38)
Intercompany receivable	-	-
	25,360	22,704

¹ Scheme receivables are presented net of merchant payables in line with the Group's accounting policy disclosed in Note 1.

² Insurance receivable relates to the insurance recovery associated with the settlement of the class action (Note 15) and other insurance recoveries relating to the terminal connectivity issue in January 2021 (Note 2).

The Group's ageing of trade and other receivables are as follows:

	TOTAL \$000	CURRENT \$000	1-30 DAYS \$000	31-60 DAYS \$000	61-90 DAYS \$000	>90 DAYS \$000	IMPAIRMENT \$000
Carrying value 2023	25,360	25,290	111	-	-	-	(41)
Carrying value 2022	22,704	22,724	18	-	-	-	(38)

7. Loans

	2023 \$000	2022 \$000
Current		
Loans (net of unearned fees)	43,765	34,262
Non-current		
Loans (net of unearned fees)	6,761	5,242
	50,526	39,504

Income from loans comprises interest income of \$11,059,000 (2022: \$4,877,000), fair value loss of \$1,697,000 (2022: gain of \$627,000) and net lending loss of \$2,880,000 (2022: net lending loss of \$600,000).

8. Leases

(a) Group as lessee – property lease

The Group entered into an agreement for a lease at 55 Market Street to January 2031, with an option to renew for a further 5 years. As it is not reasonably certain that the option to renew will be exercised, the extension period has not been recognised. The right-of-use asset for 55 Market Street was impaired during the year as the cost of an unoccupied level of the leased office is not expected to be recovered through operations. An expense of \$1,184,000 was recognised in the Statement of Comprehensive Income. The Group had total cash outflow for leases of \$1,897,000 in 2023 (FY22: \$2,849,000). The Group also has additional short term leases for offices in Bendigo and Melbourne and a warehouse in Sydney.

Set out below are the carrying amounts of the Group's right-of-use assets and lease liabilities in the Statements of Financial Position and the movements during the year:

	RIGHT-OF-USE ASSETS \$'000	LEASE LIABILITIES \$'000
As at 1 July 2021	1,654	2,812
Additions	33,578	33,041
Depreciation expense	(4,051)	-
Interest expense	-	1,013
Payments	-	(2,849)
Derecognition of short-term leases	(23)	(24)
As at 30 June 2022	31,158	33,993
As at 1 July 2022	31,158	33,993
Additions	-	-
Depreciation expense	(3,630)	-
Impairment Expense	(1,184)	-
Interest expense	-	1,465
Payments	-	(1,897)
As at 30 June 2023	26,344	33,561
Lease liabilities		
	2023 \$'000	2022 \$'000
Current		
Lease liability	4,394	1,897
Non-current		
Lease liability	29,167	32,096
Total lease liabilities	33,561	33,993
Lease liabilities – Maturity analysis		
	2023 \$'000	2022 \$'000
Contractual undiscounted cash flows		
Within one year	4,394	1,897
After one year but not more than five years	20,126	19,076
More than five years	15,227	20,671
Total undiscounted lease liabilities	39,747	41,644

8. Leases (continued)

(a) Group as lessee – property lease (continued)

The amounts recognised in the Statements of Comprehensive Income are as follows:

	2023 \$000	2022 \$000
Depreciation expense of right-of-use assets	(3,630)	(4,051)
Interest expense on lease liabilities	(1,465)	(1,013)
Impairment on right of use asset	(1,184)	-
Rent expense on short term leases	(114)	-
Total amount recognised in the statement of comprehensive Income	(6,393)	(5,064)

9. Financial investments

	2023 \$000	2022 \$000
Current		
Floating rate notes (FRNs)	15,452	8,964
Convertible note in meandu Australia Holdings Pty Ltd (me&u)	-	1,510
	15,452	10,474
Non-current		
Floating rate notes (FRNs)	55,098	62,221
Equity investment - me&u	3,974	-
	59,072	62,221

Floating rate notes have been classified between current and non-current based on maturity date. The FRNs are held as available for sale instruments for liquidity purposes and qualify as eligible collateral for repurchase agreements with the Reserve Bank of Australia.

meandu Australia holdings Pty Ltd (me&u) is a leading hospitality in-venue food ordering and payments app. The Group invested in a convertible note in me&u in March 2022. The convertible note incurred 8% interest for 6 months and was redeemed for cash on maturity date. In October 2022, Tyro's equity investment in me&u has also reduced after me&u had an additional equity raising round in which Tyro did not participate. In accordance with AASB 9 Financial Instruments, Tyro's investment in me&u is now being held as a financial asset. The impact of the initial recognition as a financial asset is taken to the Statement of Comprehensive Income. The subsequent changes in the fair value of the financial investment in me&u will be recognised in OCI.

10. Investment in associates

	2023 \$000	2022 \$000
Investment in associates		
Axis IP Pty Ltd (Paypa Plane)	1,811	1,482
me&u	-	460
	1,811	1,942

Investment in associates are recognised at cost using the equity accounting method. The carrying amounts of the investment in associates are increased or decreased by the Group's share of Paypa Plane's results after acquisition date.

Axis IP Pty Ltd (Paypa Plane) is a payments technology business transforming scheduled payments. Tyro's ownership has reduced from 17.1% to 11.0% in February 2023 after Paypa Plane had an additional equity raising round in which Tyro did not participate.

The Group's investment in me&u is now being held as a financial asset. Refer to Note 9 for details.

The following table summarises the financial information and results of me&u and Paypa Plane for the year ended 30 June 2023 and 30 June 2022.

	INVESTMENT IN ME&U		INVESTMENT IN PAYPA PLANE	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Percentage ownership interest	4.9%	14.4%	11.0%	17.1%
Current assets	15,467	48,009	7,995	1,324
Non-current assets	5,113	1,372	4,506	2,038
Current liabilities	(7,310)	(58,474)	(514)	(497)
Non-current liabilities	(1,160)	-	(739)	(25)
Net Assets (100%)	12,110	(9,093)	11,248	2,840
Group's share of net assets	598	(1,313)	1,236	485
Carrying amount of interest in associate¹	-	460	1,811	1,482
Revenue	1,242	7,734	718	144
Loss from continuing operations	(1,650)	(20,163)	(7,006)	(6,535)
Total comprehensive loss	(1,650)	(20,163)	(7,006)	(6,535)
Group's share of total comprehensive (loss)/income²	(460)	(2,872)	329	(686)

¹ The difference between the carrying value of investments and the Group's share of net assets relates to intangible assets and goodwill not recognised on the balance sheet of me&u and Paypa Plane. The investment in Paypa Plane was considered recoverable based on the value at the last equity raise completed in February 2023.

² A total loss on investment of \$131,000 (loss in FY22: \$3,558,000) has been recognised in the Statement of Comprehensive Income in the year. The share of losses for me&u are for the period in the year ended 30 June 2023 while the investment in me&u was held as an equity accounted investment.

11. Property, plant and equipment

Reconciliation of net carrying amounts at the beginning and end of the year for the Group is as below:

	TERMINALS \$000	FURNITURE AND OFFICE EQUIPMENT \$000	COMPUTER EQUIPMENT \$000	LEASEHOLD IMPROVE- MENTS \$000	TOTAL \$000
Year ended 30 June 2023					
At 30 June 2022 net of accumulated depreciation	27,909	339	3,198	10,006	41,452
Additions	16,031	3	563	161	16,758
Disposals	(116)	(24)	(29)	-	(169)
Depreciation for the year	(12,745)	(121)	(1,221)	(1,169)	(15,256)
At 30 June 2023 net of accumulated depreciation	31,079	197	2,511	8,998	42,785
At 30 June 2023					
Cost	89,585	2,708	12,142	10,374	114,809
Accumulated depreciation	(58,506)	(2,511)	(9,631)	(1,376)	(72,024)
Net carrying amount	31,079	197	2,511	8,998	42,785
Year ended 30 June 2022					
At 30 June 2021 net of accumulated depreciation	23,000	545	1,942	540	26,027
Additions	14,779	2	2,505	10,214	27,500
Disposals	(57)	(10)	(173)	-	(240)
Depreciation for the year	(9,813)	(198)	(1,076)	(748)	(11,835)
At 30 June 2022 net of accumulated depreciation	27,909	339	3,198	10,006	41,452
At 30 June 2022					
Cost	74,033	2,756	11,873	10,213	98,875
Accumulated depreciation	(46,124)	(2,417)	(8,675)	(207)	(57,423)
Net carrying amount	27,909	339	3,198	10,006	41,452

12. Intangible assets and goodwill

(a) Intangible assets

Reconciliation of net carrying amounts at the beginning and end of the year for the Group is as below:

	SOFTWARE \$000	CUSTOMER RELATION- SHIPS \$000	GOODWILL \$000	TOTAL \$000
Year ended 30 June 2023				
At 30 June 2022 net of accumulated amortisation and impairment	16,149	102,197	13,687	132,033
Additions	12,073	-	-	12,073
Impairment expense	(111)	-	-	(111)
Disposals	(24)	-	-	(24)
Amortisation for the year	(5,820)	(11,649)	-	(17,469)
At 30 June 2023 net of accumulated amortisation and impairment	22,267	90,548	13,687	126,502
At 30 June 2023				
Cost	33,117	114,913	13,687	161,717
Accumulated amortisation and impairment	(10,850)	(24,365)	-	(35,215)
Net carrying amount	22,267	90,548	13,687	126,502
Year ended 30 June 2022				
At 30 June 2021 net of accumulated amortisation and impairment	13,304	113,876	13,687	140,867
Additions	6,961	-	-	6,961
Amortisation for the year	(4,116)	(11,679)	-	(15,795)
At 30 June 2022 net of accumulated amortisation and impairment	16,149	102,197	13,687	132,033
At 30 June 2022				
Cost	21,574	114,912	13,687	150,173
Accumulated amortisation and impairment	(5,425)	(12,715)	-	(18,140)
Net carrying amount	16,149	102,197	13,687	132,033

12. Intangible assets and goodwill (continued)

(b) Goodwill

i) Allocation of goodwill

The Group has allocated goodwill acquired through business combinations to the Tyro Health Cash Generating Unit ("CGU"). As the only CGU with non-amortising intangible asset, the Group determined the Tyro Health CGU to be the only CGU subject to an annual impairment test. The Group performed its annual impairment test in June 2023.

	TYRO HEALTH CGU	
	2023 \$000	2022 \$000
Goodwill	13,687	13,687
Total allocation of goodwill	13,687	13,687

The recoverable amount of the CGU is determined based on "Value-In-Use" calculations using discounted cash flow projections based on financial budgets and forecasts covering a five-year period with an estimated terminal growth rate. The cash flows are discounted using a pre-tax discount rate reflecting an estimate of the weighted average cost of capital (WACC).

The Group determined that the carrying amount does not exceed the recoverable amount. No impairment of goodwill at 30 June 2023 has been recorded.

ii) Key assumptions and sensitivity

The cash flow projections which are used in determining any impairment require management to make significant estimates and judgements. Each of the assumptions is subject to significant judgement about future economic conditions and the ongoing development of industries in which the CGUs operate. Forecasted cashflows are risk-adjusted allowing for estimated changes in the business and the competitive trading environment.

Cash flow projections during the forecast period are based on forecast revenue growth arising from increasing total transactions volumes for Tyro Health. Forecast increases in gross margin and operating costs have been included to support the forecast growth in volumes. The pre-tax discount rate applied to the cash flow projections was 9.0% which reflects current market assessment of the time value of money and the risks specific to the relevant segments in which the CGU operates. Terminal growth rate is 3.25% consistent with industry forecasts specific to the CGU.

The Group has completed sensitivity analysis over the Tyro Health CGU. The recoverable amount of the Tyro Health CGU is in excess of the carrying amounts in the respective CGUs. Any reasonable adverse change in key assumptions will not lead to an impairment.

13. Share-based payments

The Group provides benefits to employees (including Key Management Personnel (**KMP**)) from time to time including share-based payments as remuneration for service. Additionally, the Company provides share-based payments to other stakeholders as part of contractual agreements.

(a) Employee Share Option Plan

The Employee Share Option Plan (ESOP) was established to grant options and rights over ordinary shares in the Company to employees or Directors who provide services to the Group.

Options and rights granted pursuant to the ESOP may be exercised, in whole or part, subject to vesting terms and conditions as indicated below:

TYPE OF OPTION	VESTING TERMS AND CONDITIONS
Monthly linear vesting schedule	Options and rights granted will vest in proportion to the time that passes linearly during the vesting schedule, subject to the terms and conditions of each grant during the vesting period. The options and rights generally vest in equal amounts each month over the vesting period.
Annual linear vesting schedule	Options vest similarly to the monthly linear vesting schedule; except they vest in equal amounts annually over the vesting period.
Performance linear vesting schedule	Options and rights vest in equal amounts annually over the vesting period and are also subject to performance criteria.
Performance single vesting schedule	Options and rights vest on a single vesting date and are subject to performance criteria.

Certain option and right grants and any shares issued on the exercise of those options and rights may be subject to a trading restriction for a minimum period based on the terms and conditions of each respective grant of options and rights.

13. Share based payments (continued)

(a) Employee Share Option Plan (continued)

Other relevant terms and conditions applicable to options and rights granted under the ESOP include:

- the term of each option or right grants ranges between a period of 1 year to 7 years from the date of grant as provided in the grant letter;
- each option or right entitles the holder to one ordinary fully paid share;
- all awards granted under the ESOP are equity-settled; and
- under the ESOP rules and subject to any requirements under law or the ASX listing rules, the Board, at its discretion, may determine that options and rights held by an employee or Director do not lapse on cessation of employment or Directorship and that the relevant holder of options has additional time to exercise their options.

(b) Fair value of options under the ESOP

The fair value of each option is estimated on the date of grant using the Black-Scholes option valuation model.

A zero-dividend policy assumption is used for valuing all option grants. This is in line with the Company's capital management policy and growth strategy.

Expected volatility used is the historical volatility of the Company's estimated peer group. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

There were 1,762,101 options exercised during the year ended 30 June 2023 (2022: 4,310,080).

The weighted average remaining contractual life for share options outstanding as at 30 June 2023 was 2 years (2022: 4 years).

The following table summarises further details of the Company's share options outstanding at 30 June 2023:

RANGE OF EXERCISE PRICES	CONTRACTUAL LIFE	VESTING CONDITIONS	NUMBER OF OUTSTANDING OPTIONS	
			JUN 2023	JUN 2022
179 cents	7 years	4 year annual vesting, plus performance criteria	1,850,147	5,584,832
176 cents	6 years or less	5 year monthly linear vesting	2,530,145	5,214,675
162 cents to 176 cents	7 years or less	No vesting in first 6 months of 5 year monthly linear vesting period	-	161,181
162 cents	7 years or less	5 year monthly linear vesting	40,000	40,000
150 cents	7 years	4 year annual vesting, plus performance criteria	1,468,599	4,895,120
37.5 cents to 149 cents	7 years or less	5 year monthly linear vesting	2,397,909	3,948,918
0 cents	6 years	5 year annual linear vesting	828,639	1,919,848
Total			9,115,439	21,764,574

13. Share based payments (continued)

(b) Fair value of options under the ESOP (continued)

The following table illustrates the number and weighted average exercise prices (WAEP) in cents and movements of share options during the year:

	JUN 2023 NUMBER	JUNE 2023 WAEP (CENTS)	JUNE 2022 NUMBER	JUN 2022 WAEP (CENTS)
Monthly linear and annual linear vesting				
Opening	11,284,622	126	16,945,628	119
Granted	-	-	-	-
Exercised	(1,762,101)	35	(4,310,080)	70
Forfeited or expired	(3,725,828)	149	(1,350,926)	119
Closing	5,796,693	140	11,284,622	126
Of which: Exercisable at the end of the year	5,374,024	150	9,332,889	108
Performance based vesting				
Opening	10,479,952	165	12,409,865	165
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited or expired	(7,161,206)	165	(1,929,913)	166
Closing	3,318,746	166	10,479,952	165
Of which: Exercisable at the end of the year	-	-	-	-
Total outstanding at the end of the year	9,115,439		21,764,574	
Total exercisable at the end of the year	5,374,024		9,332,889	

13. Share-based payments (continued)

(c) Performance rights, service rights, remuneration sacrifice rights and rights to shares under other contractual arrangements

During the period, the Company granted 7,310,724 (2022: 7,230,128) service and performance rights as part of the short and long term incentive arrangements and nil (2022: 308,431) remuneration sacrifice rights as part of an equity incentive arrangement. The following model inputs were used in the Black-Scholes valuation model to determine the fair value:

	FY22 SERVICE RIGHTS (XLT) ²	FY22 SERVICE RIGHTS ²	FY23 LTI PERFORMANCE RIGHTS
Grant date:	Oct-22	Oct-22	Dec-22
Vesting period	4 years	1 year with 12 equal monthly tranches	3 years
Expiry date	Oct-34	Oct-34	Employment conditions apply
Share price at grant date (\$) ¹	\$1.51	\$1.51	\$1.49
Dividend yield (%)	0%	0%	0%
Expected volatility (%)	N/A	N/A	N/A
Risk-free interest rate (%)	N/A	N/A	N/A

	ONE-OFF GRANT - CTO	ONE-OFF GRANT - CFO
Grant date:	July-22	Sept-22
Vesting period	3 years with 3 equal annual tranches	30 months with 3 equal tranches vesting 6 month, 18 months and 30 months from grant date
Expiry date	Employment conditions apply	Employment conditions apply
Share price at grant date (\$) ¹	\$0.66	\$1.38
Dividend yield (%)	0%	0%
Expected volatility (%)	N/A	N/A
Risk-free interest rate (%)	N/A	N/A

¹ The Company considers the listed share price near grant date, when determining fair value.

² FY22 Service Rights (XLT) and FY22 Service Rights were granted during the year ended 30 June 2022 and were issued during the year ended 30 June 2023.

	JUN 2023 NUMBER	JUN 2023 WAEP (CENTS)	JUN 2022 NUMBER	JUN 2022 WAEP (CENTS)
Opening	9,535,747	-	5,412,550	-
Granted	7,310,724	-	7,538,559	-
Exercised	(1,374,464)	-	(1,571,915)	-
Forfeited or expired	(2,358,772)	-	(1,843,447)	-
Closing	13,113,235	-	9,535,747	-
Exercisable at the end of the year	2,783,331	-	1,363,456	-

14. Deposits

	2023 \$000	2022 \$000
Deposits	70,667	79,204
Term deposits	22,037	4,069
	92,704	83,273

The deposits are at call, earn daily interest with rates that increase for every dollar held for longer than 30 days, 60 days and 90 days. Term deposits are held by merchants for a range of up to 365 days. Deposits and Term Deposits are guaranteed by the Australian Government up to \$250,000 per customer.

15. Trade payables and other liabilities

	2023 \$000	2022 \$000
Current		
Accounts payable	3,475	6,370
Scheme fees, commissions, incentives and other accruals	16,986	15,701
Commissions payable to Bendigo Bank	9,653	9,228
Clearing account and other liabilities	7,917	6,126
Class action settlement ¹	5,000	-
	43,031	37,425
Non-current		
Commissions payable to Bendigo Bank	75,396	83,553
	75,396	83,553

¹ The class action settlement is the amount payable by Tyro in accordance with the Court approved settlement of the class action relating to the terminal connectivity issue in January 2021. The settlement is recoverable from the Group's insurer (Note 6).

Commissions payable to Bendigo Bank

In October 2020, the Group announced an alliance with Bendigo and Adelaide Bank Limited (Bendigo Bank) for merchant acquiring services (**Alliance**). As part of the Alliance, Bendigo Bank agreed to transfer existing and refer potential customers to the Group for the provision of a co-branded merchant acquiring service and receive upfront consideration and commission from existing and newly referred Bendigo Bank business customers who use the Group's merchant acquiring services.

The present value of the commission payable on existing customer network and future rollouts includes an amount guaranteed by the Group and an additional variable amount based on revenue achieved as follows:

	2023 \$000	2022 \$000
Guaranteed amount	18,793	28,108
Variable amount	66,256	64,673
	85,049	92,781

Key assumptions in respect of estimating the variable amount can be found in Note 1(c).

16. Current and non-current provisions

	ANNUAL LEAVE \$000	LONG SERVICE LEAVE \$000	MAKE GOOD PROVISION \$000	OTHER PROVISIONS \$000	TOTAL \$000
Balance at 1 July 2022	5,597	1,866	548	4,233	12,244
Amounts provided/(utilised) or (released) during the period	(225)	484	17	(3,859)	(3,583)
Balance at 30 June 2023	5,372	2,350	565	374	8,661
Current	5,372	1,016	-	374	6,762
Non-current	-	1,334	565	-	1,899
Balance at 30 June 2023	5,372	2,350	565	374	8,661

The make good provision is for the costs of restoring the office space at 55 Market Street to its original condition at the conclusion of the lease.

In 2021, the Group raised a provision for remediation of the terminal connectivity issue that occurred in January 2021. Total remediation payments during the year totaled \$248,000 (30 June 2022: \$5,041,000). Following the settlement of class action which is recoverable from the Group's insurer as noted in Note 6 and Note 15, Tyro has released the remaining remediation provision of \$3,719,000 that is not expected to be utilised due to the Court orders dismissing the class action proceedings.

17. Contributed equity and reserves

(i) Movement in ordinary shares on issue

	NUMBER OF SHARES	\$000
At 1 July 2021	511,672,422	274,436
Share options and rights exercised	5,881,995	4,362
At 30 June 2022	517,554,417	278,798
At 1 July 2022	517,554,417	278,798
Share options and rights exercised	3,136,565	624
At 30 June 2023	520,690,982	279,422

Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends when declared and in the event of winding up of the Company to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on ordinary shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company. All issued share capital is paid up in full.

(ii) FVOCI reserve

	2023 \$000	2022 \$000
Balance at the beginning of the year	(689)	108
Revaluation gain/(loss), net of tax	282	(1,008)
Transfer to accumulated losses	-	211
Balance at the end of the year	(407)	(689)

17 Contributed equity and reserves (continued)

(iii) Share-based payments reserve

	2023 \$000	2022 \$000
Balance at the beginning of the year	43,560	38,361
Share-based payments transactions	11,165	5,199
Balance at the end of the year	54,725	43,560

The share-based payments reserve is used to record the value of share-based payments or benefits provided to any Directors, employees as part of their remuneration or compensation, and share-based payments provided to other stakeholders as part of contractual agreements.

(iv) General reserve for credit losses

	2023 \$000	2022 \$000
Balance at the beginning of the year	4,214	2,358
Transfer from accumulated losses:		
Appropriation for chargeback losses	200	567
Appropriation for lending losses	588	1,289
Balance at the end of the year	5,002	4,214
Total reserves at the end of the year	59,320	47,085

The general reserve for credit losses has been created to satisfy APRA's prudential standards for authorised deposit-taking institutions (ADIs) as described in Note 1(v). The Group applies an internal methodology to estimate the credit risk of its merchant customers and the maximum losses based upon a number of assumptions concerning the performance of merchants in relation to the Group's credit risk grading system and actual experience.

(v) Accumulated losses

	2023 \$000	2022 \$000
Balance at the beginning of the year	(166,283)	(134,599)
Profit/(loss) attributable to shareholders of the Group	6,013	(29,617)
Transfer to general reserve for credit losses	(788)	(1,856)
Transfer from FVOCI reserve	-	(211)
Balance at the end of the year	(161,058)	(166,283)

18. Financial risk management objectives, policies and processes

The Group's principal financial instruments include cash and cash equivalents, deposits due from other financial institutions, trade and other receivables, loans, financial investments, deposits, lease liabilities, trade payables and other liabilities.

(i) Risk management

The Board has responsibility for setting the Group's strategy and the Risk Management Framework (**RMF**). The RMF includes the Risk Management Strategy (**RMS**), the Risk Appetite Statement (**RAS**) and the Internal Capital Adequacy Assessment Process (**ICAAP**). The RMS supports the Group in achieving its strategic priorities by clearly articulating the approach to managing risks aligned with the material risk types that are consistent with the RAS. The CEO and Management team are responsible for implementing the RMS, and for developing policies, controls, processes and procedures for identifying and managing risk.

Various management committees, including the Executive Risk Committee (**ERC**), the Pricing Committee (**PriceCo**) and the Asset and Liability Management Committee (**ALCO**), ensure appropriate execution of the RMS is applied to the day-to-day operations and regularly report to the Board Risk Committee (**BRC**).

(ii) Risk controls

Risks are identified, managed and controlled through the Risk and Control Self-Assessment (**RCSA**) process. The RCSA is an assessment of key risks and controls which enable the business to understand its operational risk environment and facilitate decision-making, prioritisation, allocation of resources and effective governance. Business risks are controlled within tolerance levels approved by the Board through the RAS.

(iii) Internal audit

The Group has an independent and adequately resourced Internal Audit function. The Internal Audit function provides independent assurance to the Board on the adequacy and effectiveness of the control environment and risk framework.

(iv) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its lending and investing activities, including deposits with banks and financial institutions, foreign exchange transactions and financial investments in floating rate notes.

The maximum exposure to credit risk is represented by the carrying amounts of the financial assets at the reporting date. The Group's credit risk management framework outlines the core values which govern its credit risk-taking activities and reflect the priorities established by the Board.

The framework is used to develop underwriting standards and credit procedures which define the operating processes. Ongoing monitoring, reporting and review allows the Group to identify changes in credit quality at the client and portfolio levels and to take corrective actions in a timely manner.

Credit losses from chargebacks

In addition, the Group is subject to the risk of credit card losses via chargebacks. The maximum period the Group is potentially liable for such chargebacks is up to 540 days after the latter of the transaction date or expected delivery date. The Group manages credit risk associated with its merchant portfolio both at an individual and a portfolio level.

It is the Group's policy that all merchants are subject to credit verification procedures including an assessment of their independent credit rating, past behaviour and an overview of trading history.

As part of equity, a General Reserve for Credit Losses (**GRCL**) is maintained to cover losses due to uncollectible chargebacks that have not been specifically identified. The reserve is calculated based on internal methodology as described in Note 1(v). The Group does not hold any credit derivatives or collateral to offset its credit exposure. The Group's exposure to bad debts from chargebacks is not significant at the reporting date.

Credit losses from loans

The Group is also subject to the risk of credit losses from its unsecured loan product and loan product operating under the Government SME guarantee scheme. The Group manages this risk in accordance with the Board approved Lending Credit Risk Policy. Responsibility for monitoring and management of this risk is delegated to the Chief Risk Officer (**CRO**). The CRO is also responsible for ensuring the Lending Credit Risk Policy is reviewed regularly and submitted to the BRC for endorsement and approval by the Board.

To manage the risk of credit losses, various underwriting criteria are in place before a loan can be offered. A merchant must satisfy the onboarding requirements to be eligible for a loan offer, as well as providing a personal guarantee. Tyro only offers loans to merchants with a Tyro EFTPOS terminal.

The Group maintains a GRCL to also cover credit losses estimated but not certain to arise over the full life of the loans as described in Note 1(v).

18. Financial risk management objectives, policies and processes (continued)

(iv) Credit risk (continued)

This table summarises the Group's credit risk exposures as at reporting date:

30 JUNE 2023				
STANDARD & POORS CREDIT RATING ¹	CASH AND CASH EQUIVALENTS \$000	DUE FROM OTHER FINANCIAL INSTITUTIONS \$000	TRADE AND OTHER RECEIVABLES \$000	LOANS ² \$000
AAA	35,675	-	265	-
AA	-	-	-	-
AA-	6,928	15,779	9,694	-
A+	-	-	883	-
A	-	-	-	-
A-	-	-	-	-
BBB+	-	-	509	-
unrated	-	-	14,009	50,526
	42,603	15,779	25,360	50,526

30 JUNE 2022				
STANDARD & POORS CREDIT RATING ¹	CASH AND CASH EQUIVALENTS \$000	DUE FROM OTHER FINANCIAL INSTITUTIONS \$000	TRADE AND OTHER RECEIVABLES \$000	LOANS ² \$000
AAA	28,615	-	308	-
AA	-	-	-	-
AA-	8,241	14,698	3,795	-
A+	-	-	776	-
A	-	-	132	-
A-	-	-	-	-
BBB+	-	-	359	-
unrated	29	-	17,334	39,504
	36,885	14,698	22,704	39,504

¹ Long-term credit rating

² Includes loans issued under the Government SME guarantee scheme of nil (2022: \$38,643).

(v) Operational risk

Operational risk is the risk that arises from inadequate or failed internal processes and systems, human error or misconduct, or from external events. It includes, amongst other things, fraud, technology risk, model risk and outsourcing risk.

The BRC is responsible for monitoring the operational risk profile, the performance of operational risk controls, and the development and ongoing review of operational risk policies.

18. Financial risk management objectives, policies and processes (continued)

(vi) Market risk

Market risk is the potential loss of value or potential reduction in expected earnings resulting from movements in interest rates, foreign exchange rates, commodity prices and other prices. The Group's balance sheet activities expose the profit and loss to earnings volatility. Ultimately, the aim of managing market risks is to stabilise earnings. Market risks comprise four types of risk: interest rate risk, foreign currency risk, commodity price risk and other price risk, such as equity price risk. The Group does not engage in financial market trading activities nor assume any foreign exchange, interest rate or other derivative positions and does not have a trading book. The Group does not undertake any hedging around the values of its financial instruments as any risk of loss is considered insignificant to the operations of the Group at this stage.

Any floating rate notes that the Group holds are for investment or liquidity purposes and held in the normal course of business in line with investment and liquidity guidelines.

Each component of market risk is detailed below as follows:

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group has exposure to interest rate risk primarily on its variable interest-bearing cash and cash equivalent balances, term deposits, floating rate notes, loans and variable deposits (bank accounts for businesses).

Interest rate sensitivity analysis

The following demonstrates the sensitivity to a reasonably possible change in interest rates. With all other variables held constant, the profit is affected as follows:

An increase of 100 basis points for 12 months in the general cash rate (assuming other factors remain constant) will increase the Group's profit and increase equity by \$878,000 (2022: \$790,000). A decrease of 100 basis points in the general cash rate decrease the Group's profit and decrease equity by \$878,000 (2022: \$790,000).

The following table shows the Group's financial assets and liabilities on which the interest rate sensitivity analysis has been performed.

30 JUNE 2023	VARIABLE INTEREST RATE \$000	< 3 MONTHS \$000	FIXED INTEREST RATE 3 TO 12 MONTHS \$000	> 1 YEAR \$000	TOTAL \$000
Financial assets					
Cash and cash equivalents	42,603	-	-	-	42,603
Due from other financial institutions	-	13,818	1,961	-	15,779
Loans	-	26,075	17,690	6,761	50,526
Floating rate notes	70,550	-	-	-	70,550
Financial liabilities					
Deposits	(70,667)	(3,937)	(18,100)	-	(92,704)
30 JUNE 2022	VARIABLE INTEREST RATE \$000	< 3 MONTHS \$000	FIXED INTEREST RATE 3 TO 12 MONTHS \$000	> 1 YEAR \$000	TOTAL \$000
Financial assets					
Cash and cash equivalents	36,885	-	-	-	36,885
Due from other financial institutions	-	14,678	20	-	14,698
Loans	-	21,530	12,732	5,242	39,504
Floating rate notes	71,185	-	-	-	71,185
Convertible note in me&u	-	1,510	-	-	1,510
Financial liabilities					
Deposits	(79,204)	(4,069)	-	-	(83,273)

18. Financial risk management objectives, policies and processes (continued)

(vi) Market risk (continued)

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is not exposed to foreign currency risk in the settlement of merchant transactions as all monies received and paid are in Australian dollars. The Group's settlement of fees with card schemes and the purchases of terminals and repairs from foreign suppliers are transacted in foreign currencies at the exchange rate prevailing at the transaction date. At the reporting date the Group has US Dollar, Euro and British Pound Sterling exposures.

Foreign currency sensitivity analysis

The following demonstrates the sensitivity to a reasonably possible change in the US dollar and Euro exchange rates, with all other variables held constant:

An appreciation of 15% of the US dollar and Euro compared to the Australian dollar (assuming other factors remain constant), will increase both the Group's profit and equity by \$177,000 (2022: \$246,000). A depreciation of 15% of the US dollar and Euro compared to the Australian dollar will reduce both the Group's profit and equity by \$240,000 (2022: \$182,000).

The following table shows the financial assets and liabilities on which the foreign currency sensitivity analysis has been performed:

		AUD 2023 \$000	AUD 2022 \$000
USD term deposit	USD	1,961	1,887
Trade payables	EUR	-	(2,862)
Trade payables	USD	(20)	(412)
Trade payables	GBP	-	(6)

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market conditions (other than those arising from interest rate risk or foreign currency risk), for example from changes in equity prices and commodity prices.

(vii) Capital Management

The Group's capital management objectives are to:

- maintain a sufficient level of capital above the regulatory minimum to provide a buffer against losses arising from unanticipated events, and allow the Group to continue as a going concern; and
- ensure that capital management is closely aligned with the Group's business and strategic objectives.

The Group manages capital adequacy according to the framework set out by the APRA Prudential Standards.

APRA determines minimum prudential capital ratios that must be held by all ADIs. Accordingly, the Group is required to maintain a minimum prudential capital ratio on a Level 1 basis as determined by APRA.

The Board considers the Group's strategy, financial performance objectives, and other factors relating to the efficient management of capital in setting target ratios of capital above the regulatory required levels. These processes are formalised within the Group's ICAAP. The Group operates under the specific capital requirements set by APRA. The Group has satisfied its minimum capital requirements throughout the 2023 financial year in the form of Tier 1 Capital which is the highest quality component of capital.

18. Financial risk management objectives, policies and processes (continued)

(vii) Capital Management (continued)

Capital Adequacy

	2023 \$000	2022 \$000
Tier 1 Capital		
Common Equity Tier 1 Capital		
Contributed capital	279,422	278,798
Accumulated losses & reserves	(107,293)	(124,672)
	172,129	154,126
Regulatory adjustments to Common Equity Tier 1 Capital		
Deferred tax assets in excess of deferred tax liabilities	(17,149)	(13,721)
Capitalised expenses	(20,686)	(12,974)
Goodwill and other intangible assets	(42,242)	(55,361)
Other adjustments	(5,784)	(2,542)
	(85,861)	(84,598)
Common Equity Tier 1 Capital	86,268	69,528
Additional Tier 1 Capital	-	-
Total Tier 1 Capital	86,268	69,528
Tier 2 Capital		
General reserve for credit losses ¹	1,931	2,123
Total Tier 2 Capital	1,931	2,123
Total Capital	88,199	71,651
Total risk weighted assets	169,904	185,613
	%	%
Risk-based capital ratios		
Common Equity Tier 1	51	37
Tier 1	51	37
Total Capital ratio	52	39

¹ Standardised approach (to a maximum of 1.25% of total credit risk weighted assets).

(viii) Liquidity risk

The Group's liquidity risk is the risk that the Group will have insufficient liquidity to meet its obligations as they fall due.

The Group manages this risk by the Board approved liquidity framework. Responsibility for liquidity management is delegated to the Chief Financial Officer (**CFO**) and Chief Executive Officer (**CEO**). The CFO manages liquidity on a daily basis and submits regular reports to ALCO, and to the BRC at the seating of the BRC. The CFO is also responsible for monitoring and managing capital planning. The capital plan outlines triggers for additional funding should liquidity be required. The CRO provides oversight of the business' adherence with the Liquidity Risk framework and reports to the BRC. The liquidity risk management framework models the Group's ability to fund under both normal conditions and periods of stress. The capital plan and liquidity management are reviewed at least annually. At the reporting date, the Board of Directors determined that there was sufficient cash available to meet its financial liabilities and anticipated expenditure.

18. Financial risk management objectives, policies and processes (continued)

(viii) Liquidity risk (continued)

Maturity analysis

Amounts in the table below are based on the Group's contractual undiscounted cash flows for the remaining contractual maturities.

Financial liabilities

AS AT 30 JUNE 2023	CONTRACTUAL CASH FLOWS					TOTAL
	< 3 MONTHS	3 TO 6 MONTHS	>6 TO 12 MONTHS	>1 TO 5 YEARS	>5 YEARS	
	\$000	\$000	\$000	\$000	\$000	
Variable rate deposits	(70,667)	-	-	-	-	(70,667)
Term deposits	(4,087)	(4,663)	(13,138)	(149)	-	(22,037)
Lease liabilities	(1,069)	(1,069)	(2,256)	(20,126)	(15,227)	(39,747)
Commissions payable to Bendigo Bank	(2,440)	(2,468)	(5,004)	(44,691)	(39,915)	(94,518)
Trade payables and other liabilities	(33,378)	-	-	-	-	(33,378)
	(111,641)	(8,200)	(20,398)	(64,966)	(55,142)	(260,347)
AS AT 30 JUNE 2022						
Variable rate deposits	(79,204)	-	-	-	-	(79,204)
Term deposits	(4,069)	-	-	-	-	(4,069)
Lease liabilities	-	-	(1,897)	(19,076)	(20,671)	(41,644)
Commissions payable to Bendigo Bank	(2,273)	(2,360)	(4,783)	(42,598)	(51,920)	(103,934)
Trade payables and other liabilities	(28,009)	-	-	-	-	(28,009)
	(113,555)	(2,360)	(6,680)	(61,674)	(72,591)	(256,860)

Amounts falling due after greater than 2 years include variable component of commissions payable to Bendigo and Adelaide Bank under the Tyro-Bendigo Alliance.

(ix) Fair values

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1	The fair value is calculated using quoted prices in active markets.
Level 2	The fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
Level 3	The fair value is estimated using inputs for the asset or liability that are not based on observable market data.

Quoted market price represents the fair value determined based on quoted prices in active markets as at the reporting date without any deduction for transaction costs.

The table below shows the Group's financial assets that are measured at fair value, or where not measured at fair value, their fair value equivalent. Management has assessed that for other financial assets and liabilities not disclosed in the table below, due to their short-term maturity or repricing profile, the carrying amount is an approximation of fair value.

FINANCIAL ASSETS	30 JUNE 2023 (\$000)				30 JUNE 2022 (\$000)			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Floating rate notes	70,550	-	-	70,550	71,185	-	-	71,185
Loans	-	-	50,526	50,526	-	-	39,504	39,504
Financial investment in me&u	-	-	3,974	3,974	-	-	-	-
Convertible note in me&u	-	-	-	-	-	-	1,510	1,510
	70,550	-	54,500	125,050	71,185	-	41,014	112,199

18. Financial risk management objectives, policies and processes (continued)

(ix) Fair values (continued)

Floating rate notes

The floating rate notes invested in by the Group have a short-term repricing profile and are of high credit quality. The fair value of these floating rate notes is obtained from an independent third party pricing service that uses tradeable prices and quotes from active markets.

Loans

Loans are included in Level 3 due to one or more of the significant inputs used in determining the fair value being based on unobservable inputs. To determine the fair value, an income valuation approach is used. This technique converts forecasted cash flows to a present value amount (also known as a discounted cash flow method). Forecast cash flows are actuarially determined using predictive models based partly on evidenced historical performance and expected repayment profiles.

The fair value model is periodically reviewed, tested and refined as needed.

The fair value of loans requires estimation of:

- the expected future cash flows;
- the expected timing of receipt of those cash flows; and
- discount rates derived from similar observed rates for comparable assets that are traded in the market.

The main inputs used in measuring the fair value of loans are as follows:

- loan balance – accepted principal and fee, outstanding principal and fee, and date of acceptance;
- annual settlement amount – forecasted total annual settlements for loan customers;
- current repayment percentage – percentage of daily settlements through the loan customers' terminals that go towards loan repayments;
- historical default and recovery information; and
- discount rates – market benchmarked discount rate which allows for a market level of default risk.

The unobservable pricing inputs which determine fair value are based on:

- the pricing of loans including adjustments for credit risk, with the risk adjustments ranging between 30% and 36%;
- historical data with respect to behavioural repayment patterns – generally ranging between 3 to 12 months;
- default experience for loans deemed uncollectable and which are valued at Nil; and

These inputs directly affect the fair value of the loans. A sensitivity of a change of 10% in the value ascribed to credit risk for loans to merchants that are either not trading completely, or are on repayment holidays, will have an impact of between negative \$112,000 (June 22: \$47,000) and positive \$112,000 (June 22: \$47,000) to profit and loss.

Equity investments

At the reporting date, the Group held unlisted equity instruments in Paypa Plane and 100% of the share capital of Medipass which was acquired on 31 May 2021. Paypa Plane is valued using the equity accounting method as noted in Note 10.

Transfer between categories

There were no transfers between Level 1, Level 2 or Level 3 during the financial year.

19. Commitments and contingencies

(a) Commitments relating to BECS

The Group pays merchants through the Bulk Electronic Clearing System (**BECS**). As a result of BECS intra-day settlements which went live in November 2013, all merchant settlements committed are processed on the same day.

(b) Contingent liabilities arising from commitments

Contingent liabilities arising from commitments are secured by way of standby letters of credit or bank guarantees as follows:

	2023 \$000	2022 \$000
Contingent liabilities - secured		
<i>(i) Irrevocable standby letters of credit in favour of:</i>		
Mastercard International	3,361	3,287
Visa International	524	524
	3,885	3,811
<i>(ii) Bank Guarantees in favour of:</i>		
Bendigo and Adelaide Bank Limited - Alliance Agreement	6,000	6,000
Guarantees in relation to office leases	4,893	4,887
National Australia Bank Limited to guarantee for Medipass Direct Debit Facility	1,000	-
	11,893	10,887

The Group has provided irrevocable standby letters of credit of \$3,885,000 (2022: \$3,811,000) secured through fixed charges over term deposits with the Commonwealth Bank of Australia and Westpac Banking Corporation, to Mastercard International and Visa International. These are one-year arrangements that are subject to automatic renewal on a yearly basis. Mastercard International and Visa International, at their discretion, may increase the required amounts of the standby letters of credit upon written request to the Group. The required amounts of the standby letters of credit are dependent on Mastercard International's and Visa International's view of their risk exposure to the Group.

A bank guarantee in favour of Bendigo and Adelaide Bank Limited is held with Westpac Banking Corporation to mitigate the default risk created by Bendigo settling funds to Alliance merchants that hold a settlement account with Bendigo ahead of funds receipt from Tyro.

The bank guarantee in relation to office leases is mainly held in relation to the lease arrangement for the 55 Market Street office premises. The amount represents 6 months rent, outgoings and GST and is refundable on expiry of the lease agreement, subject to satisfactory vacation of the leased premises.

A bank guarantee in favour of National Australia Bank to guarantee a direct debit facility for Medipass Solutions Pty Ltd.

20. List of subsidiaries

	PRINCIPAL PLACE OF BUSINESS	OWNERSHIP INTEREST	
		2023	2022
Parent entity			
Tyro Payments Limited	Australia		
Subsidiaries			
Medipass Solutions Pty Ltd ¹	Australia	100%	100%
Medipass Solutions Limited ²	United Kingdom	100%	100%
Tyro Payments (Ben Alliance) Pty Ltd ³	Australia	100%	100%

¹ Medipass Solutions Pty Ltd has changed its name to Tyro Health Pty Ltd on 27 July 2023.

² Medipass Solutions Ltd was lodged for strike off on 28 June 2023.

³ Tyro Payments (Ben Alliance) Pty Ltd was lodged for deregistration on 4 July 2023.

21. Earnings per share

Basic loss per share shows the loss attributable to each ordinary share. It is calculated as the net loss attributable to ordinary shareholders divided by the weighted average number of ordinary shares in each year.

Diluted loss per share shows the loss attributable to each ordinary share if all the dilutive potential ordinary shares had been ordinary shares. There are no discontinued operations of the Group.

Earnings

	2023 \$000	2022 \$000
Net profit/(loss) attributable to ordinary shareholders used to calculate basic and diluted earnings per share	6,013	(29,617)
	2023 NUMBER	2022 NUMBER
Weighted average number of ordinary shares used in calculating basic earnings per share	519,211,261	515,660,709
Weighted average number of potentially dilutive ordinary shares	535,823,484	542,333,850
	2023 CENTS	2022 CENTS
Basic	1.16	(5.74)
Diluted	1.12	(5.74)

For the year ended 30 June 2022 Diluted EPS is consistent with basic EPS due to the Group currently generating negative earnings.

22. Auditor's remuneration

	2023	2022
Fees in respect of the role of the appointed auditor		
Audit and review of the financial reports ¹	440,000	415,000
Fees for other non-assurance services		
Tax compliance	-	17,000
Other assistance and services	21,500	-
	461,500	432,000

¹ This includes fees in the capacity as the appointed auditor under APRA's APS 310 Audit and Audit Related Matters.

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors are of the opinion that the services disclosed above do not compromise the external auditor's independence for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants* issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing economic risks and rewards.

23. Related party disclosures

(a) Compensation of Key Management Personnel

The amounts disclosed in the table are the amounts recognised as an expense during the financial year related to the following Key Management Personnel.

DIRECTORS	TITLE	APPOINTED
David Thodey ¹	Chair and Non-executive Director	16 November 2018
Fiona Pak-Poy ²	Chair and Non-executive Director	4 September 2019
Robbie Cooke ³	Chief Executive Officer and Managing Director	18 October 2019
David Fite	Non-executive Director	3 July 2018
Claire Hatton	Non-executive Director	5 January 2022
Aliza Knox	Non-executive Director	21 April 2021
Paul Rickard	Non-executive Director	28 August 2009
Shefali Roy	Non-executive Director	5 January 2022
EXECUTIVES	TITLE	APPOINTED
Robbie Cooke ³	Chief Executive Officer and Managing Director	23 March 2018
Jonathan Davey	Chief Executive Officer	3 October 2022
Steve Chapman	Chief Risk Officer	11 June 2021
Praveenesh Pala	Chief Financial Officer	20 October 2014

¹ Resigned as Chair and Non-executive Director on 1 March 2023

² Elected as Chair on 1 March 2023

³ Resigned as Chief Executive Officer and Managing Director on 3 October 2022

23. Related party disclosures (continued)

(a) Compensation of Key Management Personnel (continued)

	2023	2022
Compensation of Key Management Personnel		
Short-term benefits	3,032,583	3,062,298
Post employment benefits	141,711	123,609
Termination Benefits	222,760	-
Long-term benefits (long service leave)	15,552	55,450
Share-based payments ¹	2,770,675	(482,733)
Total	6,183,281	2,758,624

¹ The negative accounting value mainly relates to management's judgement that the FY19 LTI Option Plan only has a certain percentage probability of vesting. As such, a proportion of the prior year share-based payments expense for these options was reversed.

Interests held by Key Management Personnel

Share options and rights held by Key Management Personnel to purchase ordinary shares have the following expiry dates and exercise prices.

ISSUE YEAR	EXPIRY YEAR	EXERCISE PRICE (\$)	2023 NUMBER OUTSTANDING	2022 NUMBER OUTSTANDING
FY15/16	FY22/23	\$0.600	-	21,505
FY16/17	FY23/24	\$1.490	159,401	159,401
FY17/18	FY23/24	\$1.760	375,000	375,000
FY18/19	FY24/25	\$0.000	57,144	480,953
FY18/19	FY24/25	\$1.760	-	1,818,180
FY18/19	FY25/26	\$1.500	982,318	2,618,131
FY18/19	FY28/29	\$0.000	-	800,000
FY19/20	FY26/27	\$1.790	802,827	2,540,412
FY20/21	No expiry date	\$0.000	66,801	234,302
FY20/21	FY32/33	\$0.000	2,159	76,192
FY21/22	No expiry date	\$0.000	141,126	535,833
FY21/22	FY33/34	\$0.000	18,357	46,893
FY21/22	No expiry date	\$0.000	297,619	-
FY21/22	FY33/34	\$0.000	297,619	-
FY22/23	FY34/35	\$0.000	75,428	-
FY22/23	No expiry date	\$0.000	1,642,734	-
FY22/23	FY32/33	\$0.000	750,000	-

During the year, 2,468,162 rights were granted to Key Management Personnel (2022: 582,726).

24. Parent entity disclosures

As at, and throughout the financial year ended 30 June 2023, the parent entity of the Group was Tyro Payments Limited.

	2023 \$000	2022 \$000
Result of parent entity		
Profit/(loss) for the year	6,650	(28,197)
Other comprehensive income/(loss)	282	(1,008)
Total comprehensive income/(loss) for the year	6,932	(29,205)
Financial position of parent entity at year end		
Current assets	148,641	122,152
Non-current assets	283,791	288,846
Total assets	432,432	410,998
Current liabilities	146,096	132,484
Non-current liabilities	106,462	117,361
Total liabilities	252,558	249,845
Net assets	179,874	161,153
Total equity of parent entity comprising of:		
Contributed equity	279,422	278,798
Reserves	59,320	47,085
Accumulated losses	(158,868)	(164,730)
Total equity	179,874	161,153

25. Contingent Liabilities

In relation to the terminal connectivity issue in January 2021, a class action proceeding was filed against Tyro in October 2021 in the Federal Court of Australia on behalf of impacted customers.

In February 2023, following a Court-ordered mediation, Tyro entered into a Settlement Deed relating to an in-principle settlement of the class action proceeding. On 19 May 2023, the Federal Court of Australia approved the settlement of the class action and on 19 June 2023, the court dismissed the proceedings (such dismissal being a bar of any future claim or proceeding except for any merchants that opted out of the proceedings). As at 30 June 2023, Tyro recognised a class action settlement payable of \$5,000,000 (being the agreed settlement amount) (Note 15) which is to be paid by Tyro's insurer (Note 6). As a result, no contingent liability remains at 30 June 2023. Tyro is also expected to recover \$820,000 in costs relating to the terminal connectivity issue in January 2021 (Note 2).

On 7 August 2023, the appeals period for the orders dismissing the class action lapsed.

26. Matters subsequent to the end of the financial year

On 4 July 2023 Tyro Payments (Ben Alliance) Pty Ltd was lodged for deregistration. On 27 July 2023 Medipass Solutions Pty Ltd legally changed its name to Tyro Health Pty Ltd.

On 7 August 2023, the appeals period for the orders dismissing the class action relating to the January 2021 terminal connectivity issue lapsed. On 21 August 2023, the settlement amount was paid by the Group's insurer.

In the opinion of the Directors, other than the two matters noted above, there have been no matters or circumstances which have arisen between 30 June 2023 and the date of this report that have significantly affected or may significantly affect the operations of the Group, the result of those operations or the state of affairs of the Group in subsequent financial years.

Directors' Declaration

In the opinion of the Directors:

- (a) the Consolidated Financial Statements and Notes of the Group set out on pages 101 to 147:
 - (i) comply with the Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) give a true and fair view of the Group's financial position as at 30 June 2023 and its performance for the financial year ended on that date.
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable;
- (c) the remuneration disclosures set out in the Directors' Report comply with Accounting Standard AASB 124 *Related Party Disclosures* and the *Corporations Regulations 2001*; and
- (d) the Financial Statements and Notes also comply with International Financial Reporting Standards as disclosed in the Financial Statements.

The Directors have been given the declarations by the CEO and Chief Financial Officer required by Section 295A of the *Corporations Act 2001*. The declaration is made in accordance with a resolution of the Directors.



Fiona Pak-Poy
Chair



Paul Rickard
Non-executive Director

Sydney, 29 August 2023

Independent auditor's report to the members of Tyro Payments Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Tyro Payments Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2023 and of its consolidated financial performance for the year ended on that date; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Valuation of contingent consideration

Why significant

As detailed in Note 1(c) of the financial report, the Group has a long-term merchant acquiring alliance with Bendigo and Adelaide Bank Limited. The consideration under the alliance contract included a contingent component based on future revenue that is recorded as a liability. The contingent consideration is required to be re-measured at each reporting date to reflect the Group's estimate of the amount of further consideration it expects to pay.

Given the value of the contingent consideration liability recorded and the judgement involved in measuring the liability, this was considered to be a key audit matter.

How our audit addressed the key audit matter

Our audit procedures included the following:

- ▶ Read relevant agreements to obtain an understanding of the key terms.
- ▶ Evaluated, with the involvement of our valuation experts, the methodology used by the Group to determine the value of the contingent consideration at reporting date, the underlying assumptions and estimates applied, and the mathematical accuracy of the supporting calculations.
- ▶ We considered the consistency of judgements and assumptions made with respect to other accounting estimates and models.
- ▶ Evaluated the financial performance of the alliance against forecasts on which the valuation of the contingent consideration is based.
- ▶ Assessed the adequacy of the related disclosures within the financial report regarding the contingent consideration.

Recoverability of deferred tax assets

Why significant

The financial statements include \$16.5 million of deferred tax assets. The assessment of their recoverability was subject to significant judgements made by the Group in forecasting future taxable profits and determining the availability and expected timing of utilising the deferred tax assets against future taxable income in accordance with tax legislation.

The judgements involve expected business growth which is dependent upon market and economic conditions and the ability of the Group to generate sufficient future taxable profits.

Accordingly, this was considered to be a key audit matter.

How our audit addressed the key audit matter

Our audit procedures included the following:

- ▶ Assessed the mathematical accuracy of the Group's deferred tax asset utilisation model.
- ▶ Agreed the amount of unused tax benefits carried forward as deferred tax assets to prior period lodged income tax returns.
- ▶ Evaluated the Group's assumptions and estimates in relation to the likelihood of generating sufficient future taxable income based on most recent Board approved forecasts, prepared by the Group, principally by performing sensitivity analyses and evaluating and testing the key assumptions used to determine the amounts recognised.

Why significant

Disclosures relating to deferred tax assets are set out in in Notes 1(c) and 4.

How our audit addressed the key audit matter

- ▶ Considered the consistency of judgements and assumptions made with respect to other accounting estimates and models.
- ▶ Assessed the historical accuracy of the Group's previous future taxable profit forecasts by comparing to actual outcomes.
- ▶ Involved our taxation specialists in reviewing the Group's assessment of their ability to utilise carry forward tax losses in accordance with income tax legislation.

Revenue recognition – merchant service fees

Why significant

As detailed in Note 2 of the financial report, the Group generated \$379.1 million in revenue from merchant service fees for the year ended 30 June 2023.

Given the importance of revenue to the users of the financial report, specifically as a key performance indicator for the Group and a key metric for senior management of the Group, this was considered to be a key audit matter.

How our audit addressed the key audit matter

Our audit procedures included the following:

- ▶ Understood the Group's revenue accounting and assessed whether the Group's accounting policies complied with the requirements of Australian Accounting Standards.
- ▶ Assessed the operating effectiveness of key controls over the recognition and measurement of revenue.
- ▶ For a sample of merchant service fee revenue transactions, we obtained supporting evidence such as customer contracts and transaction records to support the timing and value of revenue recognised.
- ▶ Analysed accounting entries impacting revenue that did not arise from the system-generated reporting of underlying transactions.

IT systems and controls over financial reporting

Why significant

The Group's operations and financial reporting systems are heavily dependent on IT systems, including automated accounting procedures and IT dependent manual controls. The Group's controls over IT systems include:

How our audit addressed the key audit matter

Our procedures included evaluating and testing the design and operating effectiveness of certain controls over the continued integrity of the IT systems that are relevant to financial reporting.

- ▶ The framework of governance over IT systems;
- ▶ Controls over program development and changes;
- ▶ Controls over access to programs, data and IT operations; and
- ▶ Governance over generic and privileged user accounts.

Given the reliance on the IT systems in the financial reporting process, we considered this to be a key audit matter.

We also carried out specific tests, on a sample basis, of system functionality that was key to our audit approach in order to assess the accuracy of certain system calculations, the generation of certain reports and the operation of certain system enforced access controls. Our IT specialists were involved in performing these procedures.

Where we noted design or operating effectiveness matters relating to IT system controls relevant to our audit, we performed alternative audit procedures. We also considered mitigating controls in order to respond to the impact on our overall audit approach.

Carrying value of goodwill

Why significant

As detailed in Note 12, the Group recorded \$13.7 million in goodwill as at 30 June 2023. Goodwill is tested annually for impairment and requires the Group to estimate the recoverable amount of the relevant cash-generating unit (CGU) to be determined. The key inputs and judgements involved in the impairment assessment includes:

- ▶ Determination of CGUs;
- ▶ Discount rates, terminal growth rates and revenue and expense assumptions used in the discounted cashflow models; and
- ▶ Considering the sensitivity of the impairment assessment to reasonable possible changes in key assumptions.

Given the high degree of judgement and complexity in assessing the carrying value of goodwill, we considered this to be a key audit matter.

How our audit addressed the key audit matter

Our audit procedures included the following:

- ▶ Assessed the Group's determination of CGUs used in the impairment model, based on our understanding of the nature of the Group's business and the economic environment in which it operates.
- ▶ Understood and evaluated the Group's process for performing goodwill impairment assessments and the determination of any asset impairment outcomes.
- ▶ We involved our valuation specialists to assist in assessing the appropriateness of the impairment models including key inputs into the models such as the discount rates and growth rates.
- ▶ We tested the mathematical accuracy of the impairment models.
- ▶ We assessed whether cash flow forecasts incorporated in the impairment assessment were consistent with Board approved forecasts.
- ▶ We assessed the Group's sensitivity analysis and evaluated whether any reasonably foreseeable change in assumptions could lead to an impairment.
- ▶ We assessed the adequacy of the disclosures in Note 12 of the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's 2023 annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 53 to 87 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Tyro Payments Limited for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our

responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Ernst & Young



Michael Byrne
Partner
Sydney
29 August 2023

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Other Information

The shareholder information set out below is based on the information recorded in the Tyro Payments Limited share register as at 15 August 2023.

Ordinary Shares

Tyro has on issue 521,767,011 fully paid ordinary shares.

Voting Rights

The voting rights attaching to each class of equity securities are set out below:

- Ordinary shares – On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.
- Options and rights – No voting rights.

Substantial Shareholders

The following is a summary of the current substantial shareholders pursuant to notices lodged with the ASX in accordance with section 671B of the Corporations Act:

NAME	DATE OF INTEREST	NUMBER OF ORDINARY SHARES ¹	% OF ISSUED CAPITAL ²
Regal Funds Management Pty Ltd and its associates	13 July 2023	38,444,222	7.38%

¹ As disclosed in the last notice lodged with the ASX by the substantial shareholder.

² The percentage set out in the notice lodged with the ASX is based on the total issued share capital of Tyro at the date of interest.

On Market Buy-Back

There is no current on-market buy-back in respect of Tyro's ordinary shares.

Distribution of Securities Held

Analysis of number of ordinary shareholders by size of holding:

RANGE	ORDINARY SHARES ¹	%	NO. OF HOLDERS	%
100,001 and Over	415,487,515	79.63	213	1.18
10,001 to 100,000	68,036,652	13.04	2,517	13.89
5,001 to 10,000	18,342,394	3.52	2,424	13.38
1,001 to 5,000	16,661,636	3.19	6,409	35.37
1 to 1,000	3,238,814	0.62	6,557	36.19
Total	521,767,011	100.00	18,120	100.00
Unmarketable Parcels	0	0.00	0	0.00

¹ Ordinary shares include shares offered to employees under the Company's incentive arrangements.

There were no holders of less than a marketable parcel of ordinary shares.

Top 20 Largest Shareholders

The names of the 20 largest quoted equity security holders as they appear on the Tyro share register at 15 August 2023 are listed below:

	NAME	NUMBER OF SHARES	% OF TOTAL SHARES
1	CITICORP NOMINEES PTY LIMITED	84,820,610	16.3
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	72,469,700	13.9
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	71,542,666	13.7
4	NATIONAL NOMINEES LIMITED	19,519,806	3.7
5	MS DANITA RAE LOWES	19,028,582	3.6
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	17,908,875	3.4
7	INVIA CUSTODIAN PTY LIMITED	11,475,000	2.2
8	PACIFIC CUSTODIANS PTY LIMITED	5,101,218	1.0
9	JASGO NOMINEES PTY LTD	5,060,726	1.0
10	HANS-JOSEF JOST STOLLMANN	4,659,442	0.9
11	UBS NOMINEES PTY LTD	4,526,822	0.9
12	WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	4,500,000	0.9
13	BNP PARIBAS NOMS PTY LTD	4,089,669	0.8
14	JH 7 PROPERTIES PTY LTD	3,272,728	0.6
15	SOPHIA-KONSTANTINA FIONA STOLLMANN	3,261,237	0.6
16	BNP PARIBAS NOMS(NZ) LTD	2,651,424	0.5
17	MR KENNETH JOSEPH HALL	2,500,000	0.5
18	EUCLID CAPITAL PARTNERS LLC	2,425,000	0.5
19	BNP PARIBAS NOMS PTY LTD	2,279,202	0.4
20	SANDINI PTY LTD	2,022,702	0.4
	Total	343,115,409	65.8

Domicile of Ordinary Shareholders¹

DOMICILE	NUMBER OF SHARES	%	NUMBER OF HOLDERS	%
Australia	520,053,073	99.7	18,009	99.0
Australia Capital Territory	1,849,669	0.4	319	1.8
New South Wales	332,679,490	63.8	8,452	46.5
Northern Territory	264,094	0.1	71	0.4
Queensland	21,253,411	4.1	2,639	14.5
South Australia	8,226,446	1.6	1,097	6.0
Tasmania	1,107,329	0.2	202	1.1
Victoria	141,752,205	27.2	4,022	22.1
Western Australia	12,920,429	2.5	1,207	6.6
Overseas	1,713,938	0.3	180	1.0
Total	521,767,011	100.00	18,189	100.00

¹ As at 31 July 2023.

Unquoted Equity Securities

	NUMBER ON ISSUE
Performance rights in respect of ordinary shares issued under the Tyro STI and LTI Rights Plans, the Tyro Remuneration Sacrifice Rights Plan and the Liquidity Event Performance Rights Plan	11,817,486
Options in respect of ordinary shares issued under the Tyro Options Plans	9,028,113

Go Online to Manage Your Shareholding

Online share registry facility

Tyro offers shareholders the use of an online share registry facility through www.linkmarketservices.com.au or <https://investorcentre.linkmarketservices.com.au/> to conduct standard shareholding enquiries and transactions, including:

- update registered address;
- lodge or update banking details;
- notify Tax File Number / Australian Business Number;
- check current and previous shareholding balances; and
- appoint a proxy to vote at the Annual General Meeting.

Directors

Fiona Pak-Poy – Non-executive Director & Chair of the Board

David Fite – Non-executive Director

Claire Hatton – Non-executive Director & Chair of People Committee

Aliza Knox – Non-executive Director

Shefali Roy – Non-executive Director

Paul Rickard – Non-executive Director & Chair of Audit Committee and Risk Committee

Registered and Principal Administrative Office in Australia

Tyro Payments Limited

18/55 Market Street
Sydney, NSW, 2000, Australia

Telephone: 1300 966 639

ABN: 49 103 575 042

Website Address

www.tyro.com

<https://investors.tyro.com/investor-centre/>

Australian Securities Exchange (ASX) Listing

Tyro Payments Limited shares are listed on the ASX under the code TYR.

Director Profiles

Refer to profiles on pages 91 to 94.

Executive Leadership Team

Refer to profiles on pages 95 to 97.

Special Counsel and Company Secretary

Jairan Amigh

email: jamigh@tyro.com

Investor Relations

Giovanni Rizzo

email: grizzo@tyro.com

Media

Gemma Garkut

email: ggarkut@tyro.com

Auditor

E&Y Australia

200 George Street
Sydney, NSW, 2000, Australia

Share Registry

Link Market Services Pty Limited

Level 12, 680 George Street
Sydney, NSW, 2000, Australia

email: registrars@linkmarketservices.com.au

Telephone within Australia: 1300 554 474

Telephone outside Australia: +61 1300 554 474

Fax: +61 2 9287 0303

To maintain or update your details online and enjoy full access to all your holdings and other valuable information, simply visit <https://investorcentre.linkmarketservices.com.au>.

Tyro ASX Announcements

Details of all announcements released by Tyro Payments Limited can be found on our Investors page at <https://investors.tyro.com/investor-centre/>

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